STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, *Governor*

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

**DIVISION OF STATE FINANCIAL ASSISTANCE**

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June 16, 2022

**MEMORANDUM FOR:** POTENTIAL APPLICANTS

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

**SUBJECT:** **Infill Infrastructure Grant Program of 2019 Notice of Funding Availability for Small Jurisdiction Set Aside and Qualifying Infill Areas**

The California Department of Housing and Community Development (Department or HCD) is pleased to announce the release of this Notice of Funding Availability (NOFA) for approximately $160 million in funds available under the Infill Infrastructure Grant Program of 2019 (IIG-2019 or Program).

The primary goal of IIG-2019 is to promote infill housing development by providing financial assistance for Capital Improvement Projects (Capital Improvement Projects or CIP) that are an integral part of, or necessary to facilitate the development of, a Qualifying Infill Project (Qualifying Infill Project or QIP) or a Qualifying Infill Area (Qualifying Infill Area or QIA). Under the Program, grants are available as gap funding for infrastructure improvements necessary for specific residential or mixed-use infill development projects or areas.

**Application materials must be submitted electronically via the Financial Assistance Application Submittal Tool (FAAST) system, available online at** [**https://faast.waterboards.ca.gov**](https://faast.waterboards.ca.gov) **as follows:**

|  |  |
| --- | --- |
| Small Jurisdictions(QIAs and QIPs) | Over-the-Counter applications accepted August 25, 2022 through September 22, 2022\* |
| Large Jurisdictions (QIAs only)  | August 25, 2022  |

*\*if funds remain after the September 22, 2022 closing date, the Department will reopen the NOFA for a subsequent round of OTC applications.*

Regarding the applications from Small Jurisdictions, the Department will begin accepting applications and awarding funding on a first-come, first-served basis beginning August 25, 2022, until September 22, 2022 (or such time as the Department has received enough eligible applications to reasonably use all the available funds, whichever occurs first).

**Infill Infrastructure Grant Program of 2019**

**Notice of Funding Availability**

**Page 2**

The FAAST portal application upload and submittal instructions will be released with the application documents. HCD 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.

The NOFA application, online workshop details, and IIG-2019 Guidelines are posted on HCD’s website at <https://www.hcd.ca.gov/infill-infrastructure-grant>. The NOFA application will be available and posted to the website no later than June 30, 2022. To receive information regarding online workshops and other updates, please [subscribe to the HCD email list](https://www.hcd.ca.gov/i-am/sub_email.shtml) at <https://www.hcd.ca.gov/i-am/sub_email.shtml>.

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

Attachment

**INFILL INFRASTRUCTURE GRANT**

**PROGRAM OF 2019**

 **2022 Notice of Funding Availability**

**Small Jurisdiction Set Aside and**

**Qualifying Infill Areas**



**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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**June 16, 2022**

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# Overview

## Notice of Funding Availability

The California Department of Housing and Community Development (Department or HCD) is pleased to announce the initial release of this Infill Infrastructure Grant Program of 2019 (IIG-2019) Notice of Funding Availability (NOFA) for approximately $160 million in funds. IIG provides grant assistance available as gap funding for infrastructure improvements necessary for specific residential or mixed-use infill development projects. Under IIG, eligible infrastructure improvements are referred to as Capital Improvement Projects, which are an integral part of, or necessary to facilitate the development of, a Qualifying Infill Project or Qualifying Infill Area.

This NOFA will provide financial assistance to nonprofit or for-profit Developers, cities, counties, or public housing authorities for Capital Improvement Projects in support of:

* Qualifying Infill Areas in Small Jurisdictions (for which funding will be allocated through an Over-the-Counter process)
* Qualifying Infill Projects in Small Jurisdictions (for which funding will be allocated through an Over-the-Counter process)
* Qualifying Infill Areas in Large Jurisdictions (for which funding will be allocated through a competitive process, based on the merits of the individual applications)

Small Jurisdiction is defined as a county with a population of less than 250,000 as of January 1, 2019, or any city within that county, pursuant to Health and Safety Code Section 53559.1 (amended by Stats. 2020, ch. 192 (AB 434)).

Large Jurisdiction is defined as any county that is not a Small Jurisdiction.

Funding for this NOFA is provided by the General Fund (as appropriated in the 2021 Budget Act):

|  |  |
| --- | --- |
| **IIG-2019** | **Approximate Funding Available** |
| Small Jurisdictions (QIA and QIP) | $90 million |
| Large Jurisdictions (QIA only) | $70 million |
| **Total NOFA funds available:** | **$160 million** |

Where practical, IIG-2019 was aligned with AB 434 programs for consistency and expediency. Nevertheless, the IIG-2019 Guidelines maintain the distinctive features of the Program by establishing Program-specific threshold criteria and other Program-specific provisions.

## Timeline

Small Jurisdictions:

|  |  |
| --- | --- |
| **NOFA Release** | **June 16, 2022** |
| **Application Release** | **June 30, 2022**  |
| **NOFA Application Portal (FAAST) Opens** | **August 25, 2022** |
| **Application Period\*** **(Over-the-Counter)** | **Between August 25, 2022 and September 22, 2022 by 4:00 p.m. PDT** |
| **Award Announcements** | **Ongoing** |

*\*This cutoff is necessary to coordinate application submittals under this NOFA with applications submitted under the Multifamily Super NOFA as described in Section III.E below. If funds remain after the September 22, 2022, closing date, the Department will reopen the NOFA for a subsequent round of OTC applications.*

Large Jurisdictions:

|  |  |
| --- | --- |
| **NOFA Release** | **June 16, 2022** |
| **Application Release** | **June 30, 2022**  |
| **NOFA Application Portal (FAAST) Opens** | **June 30, 2022** |
| **Application Due Date** | **August 25, 2022 by 4:00 p.m. PDT** |
| **Award Announcement** | **December, 2022** |

## Authorizing Legislation, Regulations, and Guidelines

Applications submitted under this NOFA are subject to the Infill Infrastructure Grant Program of 2019 Guidelines (IIG-2019 Guidelines), dated March 30, 2022, and as published on the Department’s website at <https://www.hcd.ca.gov/super->nofa-final-program-guidelines, all applicable statutory requirements, and this NOFA. Section references in this NOFA refer to IIG-2019 Guidelines unless otherwise noted. Capitalized terms in this NOFA are either defined herein or in the IIG-2019 Guidelines. The IIG-2019 Guidelines and NOFA are available on the [IIG](https://cahcd.sharepoint.com/sites/DFARouting/Shared%20Documents/IIG/2022%20Infill%20Infrastructure%20Grant%20Program%20of%202019%20%28IIG-2019%29%20NOFA/IIG) website at <https://www.hcd.ca.gov/infill-infrastructure-grant>.

The administration of IIG-2019 is governed by the IIG-2019 Guidelines that implement, interpret, or make specific the requirements set forth in Health and Safety Code Sections 53559, 53559.1, and 53599.2. IIG-2019 was established by Part 12.5 (commencing with Section 53559) of Division 31 of the Health and Safety Code.

The IIG-2019 Guidelines create two separate rating components to which the Department will dedicate a specified amount of funds:

* 1. Qualifying Infill Areas in Large Jurisdictions.
1. For Qualifying Infill Areas in Large Jurisdictions, funds will be allocated through a competitive process, based on the merits of the individual applications;
2. Applications shall be rated using the Scoring Criteria outlined in Section IV (“Scoring Criteria”) below. The Scoring Criteria includes the following scoring categories: extent to which the project serves households at the lowest income levels, state policy priorities, project Applicant and property manager experience, project readiness, adaptive reuse/infill/proximity to amenities, sustainable building methods, and cost containment, and Prohousing Policies.
	1. Qualifying Infill Projects and Qualifying Infill Areas in Small Jurisdictions.
3. Applications for Qualifying Infill Projects and Qualifying Infill Areas in Small Jurisdictions will be accepted and evaluated for threshold requirements and eligibility on a continuous basis via an Over-the-Counter (OTC) process;

# Program Requirements

*\*\*The information provided below is a summary of the programmatic requirements detailed in the IIG-2019 Guidelines. All applicants are encouraged to read the IIG-2019 Guidelines in their entirety prior to applying. \*\**

A Project is not eligible for an award unless it meets all the threshold requirements of IIG-2019. All Applicants are encouraged to review the IIG-2019 Guidelines Sections 200 (“Eligible Capital Improvement Projects”) and 202 (“Threshold Requirements”) for complete information.

Further, applications from Large Jurisdictions applying for a Qualifying Infill Area must achieve a minimum point score of 90 points in Scoring Criteria to be considered for a funding award. Please review the IIG-2019 Guidelines Section 402 (“Application Scoring and Selection Criteria”) and Section IV (“Scoring Criteria”) below for complete information on application scoring.

## Eligible Applicants

1. Eligible Applicants shall be one of the following:

1. A city, county, city and county, or public housing authority that has jurisdiction over a Qualifying Infill Area, or
2. A nonprofit or for-profit Developer of a Qualifying Infill Project that has received a letter of support from the governing body of the city, county, or city and county that has jurisdiction over a Qualifying Infill Project. The Department must receive the letters of support within 60 days of the application submittal. For purposes of this paragraph, “governing body” means a city council or a board of supervisors of a county or city and county. A nonprofit or for-profit Developer may include a Tribally Designated Housing Entity that is the Developer of a Qualifying Infill Project.

For the purpose of Section 201, “public housing authority” shall be interpreted to include Tribally Designated Housing Entity as defined at 25 USC 4103 (22).

For additional experience and capacity requirements please see Section 201 (“Eligible Applicant”) of the IIG-2019 Guidelines.

1. Definition of Small Jurisdictions and Large Jurisdictions

Based on the Department of Finance provided provisional population and housing estimates for the state, counties, and cities dated January 1, 2019. ([E-5 Population and Housing Estimates for Cities, Counties, and the State – January 1, 2011-2019](https://dof.ca.gov/forecasting/demographics/estimates/estimates-e5-2010-2021/)), the following counties meet the eligibility criteria of Small and Large Jurisdictions:

1. Small Jurisdictions - The report identified the following counties as having less than 250,000 residents. As such, these counties meet the eligibility criteria of a Small Jurisdiction:

Alpine Kings San Benito

Amador Lake Shasta

Butte Lassen Sierra

Calaveras Madera Siskiyou

Colusa Mariposa Sutter

Del Norte Mendocino Tehama

El Dorado Modoc Trinity

Glenn Mono Tuolumne

Humboldt Napa Yolo

Imperial Nevada Yuba

Inyo Plumas

Counties that are not included qualify for Large Jurisdictions and are found below.

1. Large Jurisdictions

The report identified the following counties as having 250,000 or more residents. As such, these counties meet the eligibility criteria of a Large Jurisdiction:

Alameda Sacramento Sonoma

Contra Costa San Bernardino Stanislaus

Fresno San Diego Tulare

Kern San Francisco Ventura

Los Angeles San Joaquin

Marin San Luis Obispo

Merced San Mateo

Monterey Santa Barbara

Orange Santa Clara

Placer Santa Cruz

Riverside Solano

## Eligible Use of Funds

To be eligible for funding, a Capital Improvement Project must be an integral part of or be necessary to facilitate the development of a Qualifying Infill Project or a Qualifying Infill Area. In addition, eligible Projects must meet the requirements set forth in Section 200 (“Eligible Capital Improvement Projects”) of IIG-2019 Guidelines.

IIG funds shall be used only for approved eligible costs that are incurred on the Capital Improvement Projects as set forth in the Guidelines Section 203 (“Eligible Use of Funds”). In addition, the costs must be necessary and consistent with the lowest reasonable cost consistent with the Project's scope and area as determined by the Department.

## Program Funding Amounts and Terms

1. Funding Limits

|  |  |  |
| --- | --- | --- |
| QualifyingInfillProject | Minimum Award | $1 million |
| Minimum Award (Rural Areas) | $500,000 |
| Maximum Award | $7.5 million |

|  |  |  |
| --- | --- | --- |
| QualifyingInfillAreas | Minimum Award | $2 million |
| Minimum Award (Rural Areas) | $1 million |
| Maximum Award | $30 million |

Over the life of the IIG program (to include the Infill Incentive Grant Program of 2007, the Infill Infrastructure Grant Program of 2019, and any future iterations of the Program), the total of all Program Awards for any single Qualifying Infill Project or Qualifying Infill Area shall not exceed $60 million.

1. Grant Calculation

Pursuant to Section 205 (“Grant Terms and Limits”) of the IIG-2019 Guidelines, the total grant amount shall be determined by the number of Units in the Qualifying Infill Project or the Qualifying Infill Area, the bedroom count of these Units, and the density and affordability of the housing to be developed. The total eligible grant amount shall be based upon the lesser of the amount necessary to fund the Capital Improvement Project or the maximum amount permitted by the IIG Grant Amount Calculation table, whichever is less. See the IIG Grant Amount Calculation table below.

| **IIG Grant Amount Calculation** (Amounts[[1]](#footnote-2) are represented on a per unit basis) |
| --- |
| **Income Level & Tenure** | **0-Bdrm** | **1-Bdrm** | **2-Bdrm** | **3-Bdrm** | **4-Bdrm** |
| 200% FMR[[2]](#footnote-3) or exceeds CALHFA Sales Prices | $4,000 | $8,000 | $11,900 | $15,900 | $19,900 |
| Program Unrestricted[[3]](#footnote-4) | $26,500 | $30,500 | $35,400 | $43,700 | $47,700 |
| Moderate Income Owner | $30,500 | $34,400 | $41,100 | $49,000 | $52,900 |
| Low Income Owner | $34,400 | $38,400 | $46,300 | $54,200 | $59,600 |
| 60% AMI Rental | $34,400 | $38,400 | $46,300 | $54,200 | $59,600 |
| 50% AMI Rental | $39,800 | $45,000 | $51,600 | $62,100 | $66,200 |
| 30% AMI Rental | $46,300 | $49,000 | $55,600 | $71,500 | $75,400 |

*\*Increase based* [*on December Consumer Price Index*](https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUUR0400SA0,CUU) *at* [*https://data.bls.gov/pdq/SurveyOutputServlet?data\_tool=dropmap&series\_id=CUUR0400SA0,CUU*](https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUUR0400SA0,CUU) *per U.S. Bureau of Labor Statistics (BLS).*

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

|  |
| --- |
| **Net Density Adjustment Factor** |
| **Net Density****(Housing units per acre)** | **Adjustment Factor** |
| Fewer than 45 | 1 |
| 45 – 49.9 | 1.04 |
| 50 – 54.9 | 1.08 |
| 55 – 59.9 | 1.12 |
| 60 – 64.9 | 1.16 |
| 65 – 69.9 | 1.20 |
| 70 – 74.9 | 1.24 |
| 75 – 79.9 | 1.28 |
| 80 – 84.9 | 1.32 |
| 85 – 89.9 | 1.36 |
| 90 – 94.9 | 1.40 |
| 95 – 99.9 | 1.44 |
| 100 – 104.9 | 1.48 |
| 105 and above | 1.52 |

1. Award Terms

Grant terms will be outlined in the Standard Agreement.

The terms of the award are set forth in the Performance Deadlines subsection of this NOFA below.

There shall be a Covenant recorded against the fee interest of the real property site(s) of the Qualifying Infill Project or Qualifying Infill Area. This Covenant shall impose development, use, and affordability restrictions upon the real property. The Covenant shall be binding, effective and enforceable commencing upon its execution and shall continue in full force and effect for a period of not less than 55 years for Rental Housing Developments (or 30 years for Homeownership Housing Developments) after a certificate of occupancy or its equivalent has been issued for the Affordable Housing Development by the local jurisdiction or, if no such certificate is issued, from the date of initial occupancy of the Affordable Housing Development.

Where the Qualifying Infill Project or Qualifying Infill Area is receiving low-income housing tax credits, the Recipient may provide Program funds to the Sponsor of the Qualifying Infill Project in the form of a zero percent deferred payment loan, with a term of at least 55 years. The loan may be secured by a deed of trust, which shall be subordinate to all Department loan and grant documents, and which may be recorded with the local county recorder’s office, provided the beneficiary of the loan shall not under any circumstances exercise any remedy, including, without limitation, foreclosure, under the deed of trust without the prior written consent of the Department, in its sole and absolute discretion.

Additional requirements are set forth in Section 205 (“Grant Terms and Limits”) of the IIG-2019 Guidelines.

1. Performance Deadlines
2. The Qualifying Infill Project shall complete construction of the housing units which were used as the basis for calculating the Program Award within three years of securing all permanent financing commitments. Completion of construction must be evidenced by a certificate of occupancy or equivalent documentation submitted to the Department.
3. Program funds must be disbursed by the liquidation date of June 30, 2026. The Recipient must submit final disbursement requests no later than March 31, 2026.
4. In addition, all Recipients will be subject to the Department’s Disencumbrance Policy. The Disencumbrance Policy, [Administrative Notice Number 2022-02](https://www.hcd.ca.gov/sites/default/files/2022-03/Disencumberance-Policy-FINAL-03-31-22.pdf) dated March 30, 2022, and as published on the Department’s website at <https://www.hcd.ca.gov/grants-and-funding>, is hereby incorporated by this reference to the IIG-2019 Guidelines as if set forth in full herein, and shall apply with equal force as all other provisions set forth herein. Failure to deliver the Project as approved by the Department within applicable timeframes is also a basis for negative points assessment under the Negative Points Policy Section 102(e).

## Site Control

The Qualifying Infill Project, Qualifying Infill Area, and Capital Improvement Project shall comply with the site control requirements as set forth in UMR Sections 8303 and 8316, with the additional requirements that the Applicant shall demonstrate site control at the time of application and shall maintain site control throughout the term of the Award, as stated in the IIG-2019 Guidelines and this NOFA.

1. The following additional requirements shall apply to Qualifying Infill Projects and Qualifying Infill Areas:
2. Where site control is in the name of another entity, the Applicant shall provide documentation, in form and substance reasonably satisfactory to HCD (e.g., a purchase and sale agreement, an option, a leasehold interest/option, a disposition and development agreement, an exclusive right to negotiate with a public agency for the acquisition of the site), which clearly demonstrates that the Applicant has some form of right to acquire or lease the project property (e.g., the entity’s organizational documents, a purchase and sale agreement, an option, an assignment).
3. Where site control will be satisfied by a long-term ground lease, the Department will require the execution and recordation of the Department’s form lease rider, which shall be entered into by and among the ground lessor, the ground lessee, the Department, and any other applicable parties. In all cases, the lease rider shall be recorded against the fee interest in the project property.

1. The following shall apply to offsite work proposed for Capital Improvement Projects and shall be evidenced prior to the disbursement of Program funds:
	1. Recipient/Sponsor shall have a right of way or easement, which is either perpetual, or of sufficient duration to meet Program requirements, and which allows the Recipient and/or Sponsor to access, improve, occupy, use, maintain, repair, and alter the property underlying the right of way or easement; and
	2. Recipient/Sponsor shall have an executed encroachment permit for construction of any improvements or facilities within the public right of way or on public land.
2. For Qualifying Infill Projects and Capital Improvement Projects developed in Indian Country, the following exceptions to the foregoing requirements apply:
3. Where site control is a ground lease, the lease agreement between the Tribal Entity and the Sponsor/project owner is for a period not less than 50 years; and
4. An attorney’s opinion regarding chain of title and current title status is acceptable in lieu of a title report.

## Geographic Distribution of Funds and Use of Discretionary Funds

1. Geographic Distribution of Funds: Large Jurisdictions Only

To the extent possible, the Department will target 48 percent of the total funds to Projects in Southern California, 32 percent to Northern California, and 10 percent to Projects in Rural areas. Ten (10) percent shall not be subject to a specific geographic distribution. In its sole discretion, HCD may determine the geographic distribution targets have been met based either on individual Program funding components or on the amount of total funds awarded under this NOFA.

1. For the purpose of geographic distribution, "Rural" is defined to be consistent with the definition used by the Tax Credit Allocation Committee (TCAC) for the tax credit program. A list of Rural areas, as well as the methodology to determine Rural or Non-Rural status, can be found on TCAC's website at <https://www.treasurer.ca.gov/ctcac/> and in the 2022 Methodology for Determining Rural Status of Project Site for 2021 Applications Memo at <https://www.treasurer.ca.gov/ctcac/2022/rural-status.pdf>.

|  |
| --- |
| Geographic Distribution(Large Jurisdictions only) |
| Northern | Alameda, Contra Costa, Fresno, Marin, Merced, Monterey, Placer, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Tulare | 32% of NOFAfunds |
| Southern | Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Ventura | 48% of NOFAfunds |
| Rural | A list of Rural areas, as well as the methodology to determine Rural or Non-Rural status, can be found on TCAC's website at <https://www.treasurer.ca.gov/ctcac/> and in the 2022 Methodology for Determining Rural Status of Project Site for 2021 Applications Memo at <https://www.treasurer.ca.gov/ctcac/>2022/rural-status.pdf. | 10% of NOFAfunds |

Approximately ten (10) percent of the total NOFA funds for Large Jurisdictions shall be used to facilitate full gap funding of Projects pursuant to this NOFA and to award highest scoring Projects without regard to regional location goals.

## Funding Limits

Use of multiple HCD funding sources on the same Assisted Units is permitted, subject to the following limitations. (For the purpose of identifying funding limits, Units used in the calculation of IIG grant amounts will be considered assisted):

1. The [HCD Repeal of Stacking Prohibition of Multiple Department Funding Sources Memorandum](https://www.hcd.ca.gov/docs/Admin_Memo21-06_Stacking_Prohibition_Repeal.pdf), dated August 20, 2021, shall remain applicable. A maximum of four HCD funding sources comprised of no more than two development loans and two housing-related infrastructure grants may be used on a single project. Housing related infrastructure grants are those grants provided through the Affordable Housing and Sustainable Communities Program (AHSC) and include the following: Housing Related Infrastructure (HRI) grants, Transit-Oriented Development (TOD) Implementation Program - Infrastructure grants, Infill Incentive Grant Program of 2007 (IIG-2007), and Infill Infrastructure Grant Program of 2019 (IIG-2019).
2. Total HCD funding, including NOFA funds, shall not exceed the following percentages of the total development cost:
	* 40 percent for projects utilizing 9 percent tax credits
	* 50 percent for projects utilizing 4 percent tax credits
	* 75 percent for projects not utilizing tax credits

For the purposes of calculating total HCD funding, all funding, inclusive of prior awards received, any funds awarded under this NOFA, and any applicable future HCD awards subsequent to any NOFA Award shall be considered.

All Department funding sources listed in the [HCD Repeal of Stacking Prohibition of Multiple Department Funding Sources Memorandum](https://www.hcd.ca.gov/docs/Admin_Memo21-06_Stacking_Prohibition_Repeal.pdf), dated August 20, 2021, are applicable to the percentages of total development cost listed above. These Department funding sources include both loans and grants. This HCD-wide Department funding cap applies not only to 2022 NOFA Awards, but to all Department Awards.

At the sole discretion of the Director of HCD, funding levels in excess of the percentages above may be approved as exceptions to the limits if they uniquely advance state policy priorities. Examples include large development projects that include transformative community investments and advance climate goals through infill development, high density construction and proximity to transit.

To request an exception, the project Sponsor/Applicant must submit justification prior to their application under this NOFA. Exception requests will be evaluated on a first-come, first-served basis and it is in the Sponsor’s/Applicant’s interest to submit justification as early as possible. After justifications are submitted, a recommendation from staff will be made based upon the strength of evidence and offered to the Director's Office for consideration. If approved, Applicants must submit documentation of Department approval with any subsequent Department applications for the applicable project. A form for outlining the justification of the exception request will be provided by the Department and require evidence of financial necessity.

##

## Threshold

To be considered for Program funding, all Large Jurisdiction Qualifying Infill Area applications must include a Qualifying Infill Project, including those Qualifying Infill Projects used to establish the eligibility of a Qualifying Infill Area. This provision does not apply to Small Jurisdiction Qualifying Infill Area applications.

In addition, a Project is not eligible for an Award unless it meets all the threshold requirements of the Program. Please review the full list of threshold requirements set forth in IIG-2019 Guidelines Sections 200 (“Eligible Capital Improvement Projects”) and 202 (“Threshold Requirements”) for complete information, including the specific information on requirements for Small (see IIG-2019 Section 200(e)) and Large Jurisdictions (see IIG-2019 Section 200(d)).

## Scoring and Ranking: Qualifying Infill Areas in Large Jurisdictions

*\*\*Please note: Applications from Small Jurisdictions submitted in response to this NOFA are not subject to rating and ranking.\*\**

Applications from Large Jurisdictions submitted in response to this NOFA will be rated based on the following criteria:

Scoring Overview

Qualifying Infill Project applications shall be rated based on the criteria set forth in Section 402 (“Application Scoring and Selection Criteria for Qualifying Infill Areas in Large Jurisdictions”) of the IIG-2019 Guidelines. For the purposes of the NOFA, the details of Scoring Criteria have been outlined in Section IV (“Scoring Criteria”) of this NOFA.

Applications that pass the initial threshold review will be scored using the Scoring Criteria outlined below. In the event of tied point scores, HCD shall rank tied applications based on three factors pursuant to the tie-breaker system detailed in the Scoring Criteria: the lowest weighted average affordability of all residential units, leverage of other funds, and cost containment.

Incomplete applications or others not expected to receive an Award of funds due to relatively low scores may not be fully evaluated.

Ranking Overview

Applications meeting all the threshold requirements of IIG-2019 and achieving a minimum point score of 90 points in Scoring Criteria will be considered for funding pursuant to the process described below. Please note, however, that regional targets and set-asides will only be funded to the extent that eligible applications (those meeting all threshold requirements including minimum point score) exist. If the Department receives fewer eligible applications than funding available, any unawarded funds within the regional targets or set-asides may be used to fund remaining eligible applications based on ranked score.

##

## Negative Points and Disencumbrance Policies

The Department’s Negative Points Policy ([Administrative Notice Number 2022-01](https://www.hcd.ca.gov/sites/default/files/2022-03/Disencumberance-Policy-FINAL-03-31-22.pdf)), dated March 30, 2022 and Disencumbrance Policy ([Administrative Notice Number 2022-02](https://www.hcd.ca.gov/sites/default/files/2022-03/Disencumberance-Policy-FINAL-03-31-22.pdf)), dated March 30, 2022 and published on the Department’s [website](https://www.hcd.ca.gov/grants-funding/index.shtml) at <http://www.hcd.ca.gov/grants-and-funding>, are hereby incorporated by this reference to this NOFA as if set forth in full herein, and shall apply with equal force as all other provisions set forth herein.

If the Recipient/Applicant is subject to a negative points assessment based on the criteria outlined in the Department’s Negative Points Policy or is determined to be ineligible for funding, HCD shall notify the Recipient/Applicant in writing in the initial point score letter.

# Application Submission and Review Procedures

## Application Submission Process

Applications must meet eligibility requirements upon submission. See Program Requirements above for eligible Applicants, eligible Projects, and eligible uses of funds. 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. It is the Applicant’s responsibility to ensure the application is clear, complete, and accurate. Excel forms must be submitted in Excel format, not a PDF document.

For application forms, visit the Department’s website at:

<http://www.hcd.ca.gov/grants-and-funding>.

1. **Electronic Submission**

Application materials must be submitted electronically via the Financial Assistance Application Submittal Tool (FAAST) system at <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 4:00 p.m. Pacific Daylight Time on September 22, 2022, for Small Jurisdictions and August 25, 2022, for Large Jurisdictions.**

Requirements for uploading the NOFA application and required supporting documentation, including naming conventions, are described in the NOFA application instructions page. Do not modify naming conventions when uploading documents.

Over-the-Counter applications will be accepted beginning on the date set forth in this NOFA and reviewed on a first-come, first-served basis. Projects will be selected for Award based on order of submittal.

## Application Workshops and Pre-Application Consultation

HCD will conduct application workshops and/or webinars for the NOFA. Please visit the IIG-2019 website at <https://www.hcd.ca.gov/infill-infrastructure-grant> for the dates and registration information. Pre-application consultations are also available and can be requested by contacting infill@hcd.ca.gov.

## 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 (Gov. Code, § 6250 et seq.). As such, any materials provided are subject to disclosure to any person making a records request under this Act. HCD cautions Applicants to use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, social security 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.

## Concurrent Applications

Due to the unique circumstances of the current challenging funding environment, the Department will allow NOFA Applicants to pursue more than one funding scenario. This means that a separate, concurrent application to other HCD program funding source(s) is permitted under this NOFA. These Applicants, however, MUST submit within each application a disclosure of all HCD applications under review or anticipated to be submitted. All anticipated applications with NOFAs subsequent to this NOFA application due date must be disclosed to NOFA staff no later than September 22, 2022. In addition, Applicants must notify NOFA Program staff via the NOFA mailbox at the time the second application is submitted (infill@hcd.ca.gov).

In instances where such Applicants are competitive for an Award, the Department will also engage in consultation with Applicants to discern which funding scenario(s) are optimal for project feasibility while balancing cost containment. However, it is the Department’s intent to avoid any possibility of over-subsidizing.

In the absence of compelling reasons to do otherwise, HCD’s approach for NOFA Applicants will be to reduce the NOFA Award commensurately with any amounts awarded under another HCD program. The Department retains full discretion and authority to determine which funding scenarios are optimal both from a project-specific perspective, as well as policy perspective.

1. Multifamily Finance Super NOFA vs Stand-Alone IIG-2019 NOFA

Qualifying Infill Project applications from Small Jurisdictions are eligible to apply under this NOFA as well as the Multifamily Finance Super NOFA (Super NOFA).

For Small Jurisdictions, application documents will be similar to minimize duplication of effort for those who wish to pursue both opportunities simultaneously. However, Applicants must indicate in both applications that they have entered into both the IIG-2019 and the Super NOFA competitions.

Furthermore, the financing structure and the Development Sources sheets of the Super NOFA and the stand-alone IIG-2019 NOFA applications must be identical. Any differences in proposed financing will result in disqualification from both Award opportunities. The Department strongly encourages Applicants to determine whether one program is a better fit for their project rather than duplicate applications (e.g., IIG-2019 Small Jurisdiction Over-the-Counter process requires 50 percent developed boundary, whereas IIG in the Super NOFA requires a 75 percent developed boundary). Projects that will require an Award of the Multifamily Housing Program (MHP), the Veterans Housing and Homelessness Prevention Program (VHHP), or the Joe Serna, Jr. Farmworker Housing Grant Program (FWHG or Serna) are encouraged to apply exclusively to the Super NOFA.

1. **Prior Awards**

Applicants seeking to substitute previously awarded funds, including but not limited to substitutions to increase the amount of an Award, must first withdraw their previous Award in writing and provide reasonable justification that the substitution is necessary to ensure project feasibility. A consultation with Department Program staff is required at the time of the withdrawal. Substitutions based solely upon Applicant preference or convenience will not be permitted. However, it is allowable for Applicants that wish to retain their previous Award to apply for another funding source available within this NOFA, so long as the previous Award is unmodified. In this case, the Department will also allow previously awarded projects to lower their proposed income targets from one application to the next, so long as the total unit count remains the same. The Department will restrict units to the lowest targeting across all awarded funds and will require projects awarded from a program with prioritized target populations to maintain the special population units (increasing target population and/or Restricted Units is permitted). However, for projects proposing a reduction to AMI levels on the unit mix, the awardee must engage with Program staff of their prior Award and confirm the change does not impact project feasibility and would not cause a reduction in awarded funds pursuant to that program’s requirements.

## Significant Changes in Project After Application

The Department will review and score based on information provided in the application. If there is a significant departure from the application, the Department may re-evaluate the project’s score, reduce the grant amount, or assign negative points to the Applicant.

# Scoring Criteria for Large Jurisdiction QIA only

1. **Summary**

The criteria detailed below and summarized in the following table shall be used to rate applications:

|  |
| --- |
| **Point Score Criteria**(Used in project ranking separate from Threshold Review) |
|  **Criterion**  | **Maximum Score** |
|  Scoring Criteria | Extent to Which the Project Serves Households at the Lowest Income Levels | 30 |
|  State Policy Priorities | 7 |
| Project Sponsor / Applicant and Property Management Experience  | 20 |
| Project Readiness  | 20 |
| Adaptive Reuse / Infill / Proximity to Amenities / Sustainable Building Methods  | 21 |
|  Cost Containment  | 5 |
|  |  Prohousing Policies  | 5 |
| Total Possible Points | 108  |

1. **Extent to which the project serves households at the lowest income levels (30 points maximum)**

If a project includes both rental and ownership units, scores will be calculated separately for the rental portion of the project and the ownership portion of the project and then scaled proportionally to create one final score. For example, if 65 percent of the units in the project are rental units and 35 percent of the units in the project are ownership units, the rental units will receive one score (out of 30) based on the rating criteria for rental units and the ownership units will receive another score (out of 30) based on the rating criteria for ownership units. The final score for the project (out of 30) will be calculated by adding 65 percent of the rental score and 35 percent of the ownership score.

Applications will be scored based on the percentage of Restricted Units limited to various percentages of AMI, adjusted by household size, and as follows (please see different rating criteria for rental and ownership projects):

1. Rental Units

A maximum of 30 points will be awarded based on the Lowest Income Points

Table below.

The “Percent of Area Median Income” or “AMI” category may be used only once. For instance, 50 percent of Restricted Units at 50 percent of AMI cannot be used twice for 100 percent of units at 50 percent AMI and receive 25 points, nor can 50 percent of Restricted Units at 50 percent of AMI for 12.5 points and 40 percent of Restricted Units at 50 percent of AMI be used for an additional 10 points. However, the “Percent of Restricted Units” may be used multiple times. For example, 50 percent of Restricted Units at 50 percent of AMI for 12.5 points may be combined with another 50 percent of Restricted Units at 45 percent of AMI to achieve the maximum points.

Point values that are only available to projects in Rural Areas are marked with an asterisk.

|  |
| --- |
| **Lowest Income Points Table** |
| **Percent of Area Median Income (AMI)** |
| **Percent of Restricted Units** |   | **55%** | **50%** | **45%** | **40%** | **35%** | **30%** | **25%** | **≤20%**  |
|  **50%**  | 5\* | 12.5\* | 16.9 | 17.5 | 18.75 | 30 | 30 | 30 |
|  **45%**  | 5\* | 11.25\* | 16.9 | 17.5 | 18.75 | 30 | 30 | 30 |
|  **40%**  | 5\* | 10 | 15 | 17.5 | 18.75 | 27.5 | 30 | 30 |
|  **35%**  | 4.4\* | 8.75 | 13.15 | 17.5 | 18.75 | 25 | 27.5 | 30 |
|  **30%**  | 3.75\* | 7.5 | 11.25 | 15 | 18.75 | 22.5 | 25 | 30 |
|  **25%**  | 3.15\* | 6.25 | 9.4 | 12.5 | 15.65 | 18.75 | 21.9 | 25 |
|  **20%**  | 2.5\* | 5 | 7.5 | 10 | 12.5 | 15 | 17.5 | 20 |
|  **15%**  | 1.9\* | 3.75 | 5.65 | 7.5 | 9.4 | 11.25 | 13.1 | 15 |
|  **10%**  | 1.25\* | 2.5 | 3.75 | 5 | 6.25 | 7.5 | 8.75 | 10 |

To receive any points in this category, at least 10 percent of the Restricted Units must be restricted to households with incomes not exceeding 30 percent of AMI.

Deeply Affordable Units under this paragraph (2) - those units with up to 30 percent AMI targeting - cannot be concentrated among a project’s smaller units. They must be distributed proportionately across all unit sizes, or, alternately, more heavily represented among larger units. To ensure a proportional spread of deeply Affordable Units, at least 10 percent of the larger units in the project must be provided at 30 percent of AMI, as applicable. So long as the Applicant meets the 10 percent standard project-wide, the 10 percent standard need not be met among all the smaller units.

Example:

|  |  |
| --- | --- |
| **60 Total Units in project** | **Required ELI Units (30% AMI)** |
| 18 three-bedroom | 2 units |
| 21 two-bedroom | 3 units |
| 21 one-bedroom | 1 unit |
| Total (10%) | 6 units |

In projects that rely on renewable project-based rental assistance contracts to maintain Fiscal Integrity consistent with the targeted income limits (and associated tenant Rents), scores will be based on the applicable income and Rent limits.

1. Ownership Units

A maximum of 30 points will be awarded based on the criteria below:

Applications will be awarded points based on the percentage of units in the Qualifying Infill Projects within a Qualifying Infill Area restricted to occupancy by various income groups. Applications designating ownership units must utilize the scale set forth below. Where appropriate based on the mix of income groups, applications must demonstrate units affordable to Lower-Income groups are spatially integrated throughout the Qualifying Infill Projects within a Qualifying Infill Area.

Owner-occupied units shall be subject to a recorded Covenant with a duration of at least 30 years that includes either a resale restriction or a requirement for sharing equity upon resale. The following scale must be used for developments that include ownership units:

1. 0.15 points will be awarded for each percent of total units that are owner-occupied and restricted to occupancy by households with incomes not exceeding the Moderate Income limit.
2. 0.40 points will be awarded for each percent of total units that are owner-occupied and restricted to occupancy by households with incomes not exceeding the Lower Income limit.
3. **State Policy Priorities (7 points maximum)**
4. Projects located in a “High Resource” or “Highest Resource” Area as shown on the TCAC/HCD Opportunity Area Map (5 points)

An Applicant may choose to utilize the applicable census tract, or census block group, or resource designation from the TCAC/HCD Opportunity Area Maps in effect when the initial site control (pursuant to UMR Section 8303(a)) was obtained up to seven (7) calendar years prior to the application.

1. Public Excess Lands (2 points maximum)

Two (2) points will be awarded if a new construction project is located on a site selected under Executive Order N-06-19 to enter into a ground lease with the state to create affordable housing on excess state-owned property.

1. **Project Sponsor/Applicant and Property Management Experience (20 points maximum)**
2. Rental Units

NOTE: The Applicant’s experience will be evaluated in addition to Sponsor experience for housing development (Applicant and Sponsor may or may not be the same entity).

“Projects” as used in paragraphs (2) and (3) below means Rental Housing Developments of over ten (10) Affordable Units that are subject to a recorded Regulatory Agreement, or, in the case of housing on Indian Country, where federal United States Department of Housing and Urban Development (HUD) funds have been utilized in affordable rental developments. Points in paragraphs (2) and (3) will be awarded in the highest applicable category and are not cumulative. For points to be awarded in paragraph (3), an enforceable management agreement executed by both parties for the subject application must be submitted at the time of application.

By applying for and receiving points in these categories, Applicants certify that the property shall be owned and managed by entities with equivalent experience scores for the entire Regulatory Agreement period.

1. Development and Ownership Experience

Applications will be scored based on the number of subsidized rental housing projects (including tax credit projects) that the Sponsor/Applicant has completed and operated and whether the Sponsor/Applicant is subject to penalties pursuant to paragraph (4) below.

For completed projects, a Sponsor/Applicant may include the experience of its controlled affiliated entities or its principals (e.g., employed by, and under the control of the Sponsor/Applicant and responsible for managing development activities), but not the experience of non-management board members. A Sponsor/Applicant may include the experience of a partner (e.g., Joint Venture partners pursuant to the Defined Terms of the IIG-2019 Guidelines) to gain experience points; however, the experienced partner must have a controlling interest in the project’s ownership and a substantial and continued role in the project’s ongoing operations, as evidenced in the organizational documents for the owner. Experience among partners shall not be aggregated. Any change in the ownership shall require prior written approval by the Department.

If a Sponsor/Applicant relies upon the experience of its Principal for scoring, documentation of the principal’s experience is required as set forth in the NOFA and application.

The experience of an Emerging Developer’s principal shall not be used to qualify an Emerging Developer Sponsor/Applicant for maximum development and ownership experience points. An Emerging Developer cannot have developed, owned, or operated more than three (3) Affordable Housing Developments. If the experience of an Emerging Developer’s principal is used for scoring and exceeds three (3) Affordable Housing Developments, the Sponsor/Applicant does not meet the qualifications of an Emerging Developer.

To receive points under this paragraph the following conditions must be met:

* 1. Submit a certification that the projects for which points are requested have maintained Fiscal Integrity for the year in which each Rental Housing Development’s last financial statement has been prepared, a positive operating cash flow from typical residential income alone and have funded reserves in accordance with the partnership agreement and any applicable loan documents.

To obtain points for projects previously owned, a certification must be submitted with respect to the last full year of ownership by the Sponsor/Applicant, along with verification of the number of years that the project was owned by that Sponsor/Applicant. To obtain points for projects previously owned, the ending date of ownership or participation must be no more than ten (10) years from the application deadline.

Points are available as follows:

|  |  |
| --- | --- |
| 3-4 projects in service more than 3 years, of which 1 shall be in service more than 5 years and 2 shall be Department-regulated or projects utilizing low-income housing tax credits allocated by TCAC | 10 points   |
| 5 or more projects in service more than 3 years, of which 1 shall be in service more than 5 years and 2 shall be Department-regulated or projects utilizing low-income housing tax credits allocated by TCAC           | 15 points   |
| For Special Needs projects or Community-Based Developers only with experience serving target population(s) proposed to be served in the application, points are available as described above or as follows:  |
| For Special Needs projects:* 4 or more Special Needs projects in service more than 3 years, of which 1 shall be Department-regulated or a project utilizing low-income housing tax credits allocated by TCAC.

For Community-Based Developers:* 4 or more projects in service more than 3 years, of which 1 shall be Department-regulated or a project utilizing low-income housing tax credits allocated by TCAC.

The property manager shall have three or more years’ experience serving the target population(s) proposed to be served in the application. | 15 points   |

Applicants with fewer than four active Rental Housing Developments in service more than three years shall contract with a bona-fide management company which itself earns a minimum total of five Property Management Experience points at the time of application.

* 1. To obtain development and ownership experience points, Tribal Entities, Community-Based Developers or Emerging Developers may contract with a Developer who will not be the project owner and may receive points commensurate with the Developer’s experience pursuant to (a) above.

For purposes of this subparagraph only, a Developer is defined to include an entity pre-approved by the Department that has developed but not owned the requisite number of projects described in (a) above and that provides the certification described in (a) above for the projects for which experience points are requested. If the projects for which the entity requests experience points do not include two Department-regulated projects in service more than three years, the Tribal Entity shall also contract with a bona-fide management company which itself earns a minimum total of five Property Management Experience points at the time of application. For this purpose, only, “develop” shall mean developing the project scope and timeline, securing financing, hiring, or performing the services of a general contractor, and overseeing completion of construction and placement in service as well as asset managing the project for at least three years after construction completion. When seeking the Department’s pre-approval, the entity shall provide fully executed copies of contracts demonstrating the Department’s criteria for “develop” as specified above have been met.

The contract shall be in effect at least until the project’s stabilized occupancy (90 percent occupancy for single room occupancy (SRO) and Special Needs projects and 95 percent for all other projects), completion of all permanent loan closings, and achievement of all stabilization milestones of the project’s ownership agreement. Tribal Entities exercising the option under this subparagraph (b) to contract with a Developer for these experience points shall also contract for asset management for at least the term of the 15-year federal compliance period with an entity that has provided three (3) years of asset management for at least two Department-regulated projects.

1. Property Management Company Experience. To receive points under this paragraph, the property management company must meet the following conditions:
	* + - 1. To obtain points for projects previously managed, the ending date of the property management role must be no more than ten (10) years from the application deadline. In addition, the property management experience with a project shall not pre-date the project’s construction completion date.

Points are available as follows:

|  |  |
| --- | --- |
| 6-10 projects managed over 3 years, of which 2 shall be Department-regulated or projects utilizing low-income housing tax credits allocated by TCAC. | 3 points   |
| 11 or more projects managed over 3 years, of which 2 shall be Department-regulated or projects utilizing low-income housing tax credits allocated by TCAC. | 5 points |
| For Special Needs projects and for Community-Based Developers, points are available as described above or as follows: |
| For Special Needs projects:* 4 or more Special Needs projects in service more than 3 years, of which 1 shall be Department-regulated or a project utilizing low-income housing tax credits allocated by TCAC.

For Community-Based Developers:* 4 or more projects in service more than 3 years, of which 1 shall be Department-regulated or a project utilizing low-income housing tax credits allocated by TCAC.
 | 5 points |

When contracting with an experienced property management company under the terms of paragraphs (2) or (3) above, the Sponsor/Applicant or property co-management entity must obtain training in: project operations, on-site certification training in federal fair housing law, and manager certification in Internal Revenue Code (IRC) Section 42 Low-Income Housing Credit Program requirements from a TCAC-approved, nationally recognized entity. Additionally, the experienced property management agent, or an equally experienced substitute, must remain for a period of at least three years from the construction completion date (or, for ownership transfers, three years from the sale or transfer date) to allow for at least one HCD monitoring visit to ensure the project is in compliance with HCD requirements for inspection and monitoring contained in the Regulatory Agreement. Thereafter, the experienced property manager may transfer responsibilities to the remaining general partner or property management firm following formal written approval from HCD.

1. Negative Points – An application will be assessed negative points based on the following:
2. Performance penalties assessed pursuant to the Department’s [Negative Points Policy](https://www.hcd.ca.gov/sites/default/files/2022-04/Negative-Points-Policy-FINAL-33022_ADA.pdf) as may be amended from time to time.

Negative points will be assessed as a reduction to the score earned under paragraphs (2) and (3) above and will serve as the final score for this criterion. For example, if a project earns 15 points under paragraph (2) Development and ownership experience and 5 points under paragraph (3) Project Management Company Experience but is assessed 3 negative points, the final score for this criterion would be 17 (15 + 5 - 3).

If the Sponsor/Applicant is subject to negative points assessment, HCD shall notify the Sponsor/Applicant in writing within the point score letter and will provide opportunity to appeal negative points assessment pursuant to the appeals process as set forth in the NOFA.

1. Ownership Units.

To obtain experience points, the eligible Applicant must demonstrate the following:

1. Provide evidence that it has completed at least:

|  |  |
| --- | --- |
| 2 homeownership development projects that are similar to the proposed Qualifying Infill Project(s) in scope and size during the ten (10) years preceding the application due date | 5 points   |
| 3 homeownership development projects that are similar to the proposed Qualifying Infill Project(s) in scope and size during the ten (10) years preceding the application due date | 8 points |
| 5 homeownership development projects that are similar to the proposed Qualifying Infill Project(s) in scope and size during the ten (10) years preceding the application due date | 10 points |

1. Demonstrate that it has the capacity (i.e., the present ability, competency, workforce, and resources) to complete the proposed Qualifying Infill Project(s) in accordance with the Program requirements (10 points).

## Project Readiness (20 points maximum, negative 5 points maximum)

Points will be awarded to projects under each of the following rating factors as documented in the application and as indicated below. If a particular rating factor is not applicable, full points shall be awarded in that category.

1. Financing Commitments (10 points maximum)
2. Five (5) points will be awarded for evidencing Enforceable Funding Commitments for all construction financing, not including funds applied for under this NOFA, an allocation of tax exempt-bonds, and 4 percent or 9 percent tax credits. Commitment of bond financing is required and must be evidenced by a lender commitment.
3. Five (5) points will be awarded for evidence of Enforceable Funding Commitments for all permanent financing, grants, project-based rental assistance, and operating subsidies, excluding funds applied for under this NOFA, an allocation of tax-exempt bonds, and 4 percent or 9 percent tax credits. Commitment of bond financing shall be evidenced by a lender commitment.

For both construction financing commitments and permanent financing commitments, the assistance will be deemed to be an Enforceable Funding Commitment as this term is defined in the Defined Terms of the IIG-2019 Guidelines (homeownership projects may include but are not limited to the types of Enforceable Funding Commitments included in the definition, subject to Department approval), if it has been awarded to the project or if the Department approves other evidence that the assistance will be reliably available. Contingencies in commitment documents based upon the receipt of an allocation of tax-exempt bonds, 4 percent tax credits or 9 percent tax credits will not disqualify a source from being counted as committed.

To receive points under paragraphs (a) and (b) above for deferred payment financing, grant funds, or subsidies from other Department programs, these funds must be awarded prior to finalizing the preliminary point scoring of applications under this NOFA.

1. Local and Environmental Approvals (7 points maximum)
	1. Land use approvals (5 points maximum) – Points will be awarded under either item i, ii, or iii below.
		1. Five (5) points will be awarded for obtaining all land use approvals or entitlements necessary prior to issuance of a building permit, including any required discretionary approvals. Notwithstanding this requirement, design review, variances, and development agreements are not required to be completed. Project sites where the planning department confirms eligibility for Streamlined Ministerial Approval (including but not limited to the Senate Bill 35 (2017) Streamlined Ministerial Approval Processing) are eligible for these points.

For projects located within city limits where a FEMA Major Disaster Declaration has been made up to three years preceding the application due date, these five (5) points will be awarded for certification that all necessary land use approvals or entitlements necessary prior to issuance of a building permit will be completed within 90 days of Award.

For projects located outside of city limits where a FEMA Major Disaster Declaration has been made and the local government responsible for land use approvals or entitlement review is not a city, the Applicant must, in addition to providing this certification, demonstrate to the Department’s satisfaction that the project contributes to providing housing for disaster-impacted households.

* + 1. Four (4) points will be awarded for submission of a complete application to the relevant local authorities for land use approval under a Nondiscretionary Local Approval Process, where the application has been neither approved nor disapproved.
		2. One (1) point will be awarded for a letter signed by a planner certified by the American Institute of Certified Planners indicating that, in their opinion, the project meets all of the requirements for approval under a Nondiscretionary Local Approval Process, where an application has not been approved or disapproved by the local authorities.

* 1. Environmental Approvals (2 points maximum) – Points will be awarded for local certification of CEQA (California Environmental Quality Act) exemption or completion.

For projects located within city limits where a FEMA Major Disaster Declaration has been made up to three years preceding the application due date, these two points will be awarded for certification that the project is exempt from CEQA or that the CEQA review will be completed prior to the issuance of the Department’s Standard Agreement for funds under this NOFA. For projects located outside of city limits where a FEMA Major Disaster Declaration has been made and the local government responsible for environmental review is not a city, the Applicant must, in addition to providing this certification, demonstrate to the Department’s satisfaction that the project contributes to providing housing for disaster-impacted households.

For projects receiving federal funds subject to review under the National Environmental Policy Act (NEPA), a copy of the project’s Authority to Use Grant funds must be provided prior to the construction loan closing. It is not necessary to have the Authority to Use Grant Funds at application stage.

1. Organizational Documents (3 points maximum) – Points will be awarded if the Recipient, including all affiliated entities, is fully formed and all required organizational documents are submitted with the application.
2. TCAC Hybrid projects – A total of five (5) points will be subtracted for a project utilizing low-income housing tax credits that will be part of an application to TCAC seeking hybrid tie-breaker incentives.

## Adaptive Reuse / Infill / Proximity to Amenities / Sustainable Building Methods (21 points maximum)

Applications will receive five (5) points for each of paragraphs (1), (3), (4) and six (6) points for paragraph (2) of the following four conditions, up to a maximum of 21 points as defined below:

* Infill development and Net Density
* Proximity to amenities
* Broadband access
* Sustainable building methods
	1. Infill development and Net Density. Five (5) points will be awarded for infill development, including adaptive reuse of a vacant and underutilized non-residential building located in a developed area served with public infrastructure. The project must meet one of the following requirements of (a) or (b) below:

* + - * 1. Located on a site where either:
1. At least 75 percent of the site was previously improved (including areas where improvements have been demolished) or used for any use other than Open Space, agriculture, forestry, or mining waste storage; or

1. At least 75 percent of the perimeter of the site’s adjoining parcels that are developed with Urban Uses (residential, commercial, industrial, public institutional, transit or transportation passenger facility use, or retail use, or any combination of those uses) but not including lands used for agricultural uses or parcels in excess of 15,000 square feet in size and containing only one single family residence, or is separated from parcels that are developed with Urban Uses only by an improved public right-of-way. In calculating this percentage, perimeters bordering navigable bodies of water and improved Parks shall not be included; or

1. The combination of at least 50 percent of site area as previously improved (including areas where improvements have been demolished) or used for any use other than Open Space, agriculture, forestry, or mining waste storage, and at least 50 percent of the perimeter of the site adjoining parcels that are developed with Urban Uses or is separated from parcels that are developed with Urban Uses only by an improved public right-of-way. In calculating this percentage, perimeters bordering navigable bodies of water and improved Parks shall not be included.

* + - * 1. Developed at average residential Net Densities on the parcels to be developed that are greater than the densities described below:
1. For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area:  sites allowing at least 20 units per acre.
2. For an unincorporated area in a nonmetropolitan county not included in clause (i):  sites allowing at least 15 units per acre.
3. For a suburban jurisdiction:  sites allowing at least 25 units per acre.
4. For a jurisdiction in a metropolitan county:  sites allowing at least 45 units per acre.
5. For a Rural Area: sites allowing at least 15 units per acre.
	1. Proximity to Amenities. Maximum of six (6) points, may combine options under (a) and (b)
		* + 1. Projects will receive one-third point per site amenity point that would be awarded under TCAC Regulations, Title 4 CCR, Division 17, Chapter 1, Section 10325(c)(4)(A) or successor regulation. (In TCAC regulations, this is a 15-point category, however, achieving all 15 points under TCAC translates to 5 points under this category.)

Transit points must be for a Transit Stop or Major Transit Stop and distance must be measured by a Walkable Route. “Walkable Route” means a route which, after completion of the proposed project, shall be free of negative environmental conditions that deter pedestrian circulation, such as barriers; stretches without sidewalks or walking paths; noisy vehicular tunnels; streets, arterials or highways without regulated crossings that facilitate pedestrian movement; or stretches without adequate lighting.

* + 1. Projects within one-quarter mile of a Transit Station or Major Transit Stop shall receive one point.

These transit points shall be measured by a Walkable Route from the nearest boundary of the project to the outer boundary of the site of the Transit Station or Major Transit Stop.

* 1. Broadband access. Five (5) points will be awarded for projects meeting the following requirements:
		1. Residential dwelling units that can accommodate broadband service with at least a speed of 100 megabits (50 megabits for rural) per second for downloading and 20 megabits per second (10 megabits for rural) for uploading. Internet service and its ongoing fee is not required; and
		2. The application includes a plan for reducing barriers to access for project residents. The plan should be tailored to the needs of the tenant population and may include programs providing free or reduced internet prices; reasonable access to project facilities, computers, and shared Wi-Fi; and computer and Wi-Fi literacy training and technical assistance.

1. Sustainable building methods. Points will be awarded based on the following (up to a maximum of five (5) points):
	1. 2.5 points will be awarded if the project supports the implementation of a sustainable communities strategy or alternative planning strategy that has been determined by the California Air Resources Board to achieve the region's greenhouse gas emissions target or other adopted regional growth plan intended to foster land use. Consistency with such plans must be demonstrated by a letter or resolution executed by an officer or an equivalent representative from the metropolitan planning organization, regional transportation agency, planning, or local transportation commission.
	2. If a sustainable communities strategy is not required for a region by law, 2.5 points will be awarded if the project supports a regional plan that includes policies and programs to reduce greenhouse gas emissions. Evidence of consistency with such plans must be demonstrated by a letter or resolution executed by an officer of, or an equivalent representative from, the metropolitan planning organization or regional transportation planning agency or local transportation commission.
	3. A project in which not less than 50 percent of the land area is within a Transit Priority Area shall receive 2.5 points. Evidence of project location within, or partially within, a Transit Priority Area must be demonstrated by a letter or resolution executed by an officer of, or an equivalent representative from, the metropolitan planning organization, regional transportation planning agency, or local transportation commission.

“Transit Priority Area” means an area within one-half mile of a Major Transit Stop that is existing or planned, if the planned stop is scheduled to be completed within the planning horizon included in a Transportation Improvement Program adopted pursuant to Title 23 of the Code of Federal Regulations Section 450.216 or 450.322.

* 1. Five (5) points will be awarded for a project that is designed to achieve green building status beyond state mandatory building code requirements as verified upon construction completion by a certified LEED Green rater, certified Green Point rater, or licensed engineer. Applicants may select from the following green building certification programs:

|  |  |
| --- | --- |
| **Program**  | **Minimum Required Tier or Designation**  |
| CalGreen  | Tier 2  |
| U.S. Green Building Council LEED Certification  | Gold  |
| GreenPoint Rated  | New Construction: Gold Rehabilitation: Whole Building  |
| ENERGY STAR  | Certified Home  |
| Living Future Challenge  | Living Building  |

* 1. Three (3) points for projects that achieve near electrification – projects where two out of three of the major energy appliances (cook stoves, space heating, water heating) are electric. Projects must be wired to be electric-ready, defined as having 240 volts outlets near each gas appliance.
	2. Five (5) points will be awarded for projects that are powered entirely through electricity with no connections to natural gas infrastructure.

## Cost Containment (5 points maximum)

* 1. Rental Units

A project shall receive one (1) point for each full percent that the project's eligible basis is less than the project's adjusted threshold basis limit, up to a maximum of (5) points. The percentage is calculated by dividing the project’s eligible basis by the project’s adjusted threshold basis limit.

|  |
| --- |
| Total Eligible Basis per the Development Budget |
| Adjusted Threshold Basis Limit *(Per CDLAC Regulation Section 5230)* |

For purposes of this subdivision, a project's adjusted threshold basis limit shall be the project's threshold basis limit, as if it were a 4 percent LIHTC project, as determined pursuant to Section 10327(c)(5) of the TCAC regulations, except that the increase for deeper targeting pursuant to Section 10327(c)(5)(C) of the TCAC regulations shall be limited to 80 percent. Section 10327(c)(5) of the TCAC regulations states that for projects financed through CDLAC, “an increase of 1 percent in the threshold basis limits shall be available for every one percent of the project's Low Income and Market Rate Units that will be income and rent restricted at or below 50 percent but above 35 percent of AMI. An increase of 2 percent shall be available for every 1 percent of the project's Low Income and Market Rate Units that will be restricted at or below 35 percent of AMI. In addition, the Applicant must agree to maintain the affordability period of the project for 55 years (50 years for projects located on tribal Trust Land).” The Department, however, will only restrict to income levels in 5 percent increments.

Any project may be subject to performance penalties if the project’s total eligible basis determined upon construction completion exceeds the revised total adjusted threshold basis limits for the year the project completes construction (or the original total eligible threshold basis limit if higher) by 40 percent.

* 1. Ownership Units.

The Project shall receive one (1) point for each two full percent that the requested grant amount is less than the maximum grant amount, up to a maximum of (5) points. The percentage is calculated by dividing the Project’s requested grant amount by the total allowable maximum grant amount in accordance with the maximum calculated grant amount per Section 205 (“Grant Terms and Limit”) of the IIG-2019 Guidelines. All such ratios will be rounded to the nearest second decimal place.

## Prohousing Policies (5 points maximum)

Points will be awarded based on the extent to which the Project meets the following:

1. Five (5) points will be awarded to Projects located in jurisdictions that have been designated prohousing at time of application based upon their adoption of prohousing local policies, pursuant to the Department’s Prohousing Designation Program.
2. For Projects located in jurisdictions that are not designated prohousing pursuant to the Department’s Prohousing Designation Program, but have applied for the designation, two (2) points will be awarded if the jurisdiction has at least three of the following in place:
3. Projects located in jurisdictions with policies that involve meaningful actions towards Affirmatively Furthering Fair Housing pursuant to GC Section 8899.50, including, but not limited to, rezoning higher density in higher opportunity areas, prioritizing funding in higher opportunity areas or areas of concentrated poverty or lower opportunity, place based (e.g., acquisition/rehabilitation, infrastructure improvements, enhancement of community amenities and resources) or displacement strategies in areas of concentrated poverty, lower opportunity or high displacement risk.
4. Projects located in jurisdictions permitting missing middle housing uses (e.g., triplexes and fourplexes) by right in existing low-density, single-family residential zones or increasing allowable density in low-density, single-family residential areas beyond the requirements of state Accessory Dwelling Unit Law (e.g., permitting more than one ADU or JADU per single-family lot) and Government Codes sections 65852.21 and 66411.7.
5. Projects located in jurisdictions with density bonus programs which exceed statutory requirements by 10 percent or more.
6. Projects located in jurisdictions that are reducing or eliminating parking requirements for residential development as authorized by GC Sections 65852.2; adopting vehicular parking ratios that are less than the relevant ratio thresholds at subparagraphs (A), (B), and (C) of GC Section 65915, subdivision (p)(1); or adopting maximum parking requirements at or less than ratios pursuant to GC Section 65915, subdivision (p).
7. Establishment of ministerial approval processes for a variety of housing types, including single-family and multifamily housing.
8. Establishment of an Enhanced Infrastructure Financing District or similar local financing tool that, to the extent feasible, directly supports housing developments in an area where at least 20 percent of the residences will be affordable to Lower Income households.
9. Projects located in jurisdictions that zone more sites for residential development or zoning sites at higher densities than is required to accommodate 150 percent of the minimum regional housing need allocation for the Lower-Income allocation in the current housing element cycle.
10. Projects located in jurisdictions with measures that reduce costs for transportation-related infrastructure or programs that encourage active modes of transportation or other alternatives to automobiles. Qualifying policies include, but are not limited to, publicly funded programs to expand sidewalks or protect bike/micro-mobility lanes; creation of on-street parking for bikes; transit-related improvements; or establishment of carshare programs.
11. Projects located in jurisdictions that have established pre-approved or prototype plans for missing middle housing types (e.g., duplexes, triplexes, and fourplexes) in low-density, single-family residential areas.
12. Establishment of streamlined, program-level CEQA analysis and certification of general plans, community plans, specific plans with accompanying Environmental Impact Reports (EIR), and related documents and Projects located in jurisdictions that have documented practice of streamlining housing development at the Project level, such as by enabling a by-right approval process or by utilizing statutory and categorical exemptions as authorized by applicable law (Pub. Resources Code, Sections 21155.1, 21155.4, 21159.24, 21159.25; Gov. Code, Section 65457; Cal Code Regs., tit. 14, Sections 15303, 15332; Pub. Resources Code, Sections 21094.5, 21099, 21155.2, 21159.28).
13. Waiver or significant reduction of development impact fees for residential development.
14. Establishment of local housing trust funds or collaboration on a regional housing trust fund.
15. A comprehensive program that complies with the Surplus Land Act (Gov. Code, § 54220 et seq.) and that makes publicly owned land available for affordable housing, or for multifamily housing projects with the highest feasible percentage of units affordable to Lower Income households. A qualifying program may utilize mechanisms such as land donations, land sales with significant write-downs, or below-market land leases.

## Tie-breaker Score

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:

1. Five tie-breaker points will be awarded to the Qualifying Infill Area 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 IIG-2019 Guidelines. All such ratios will be rounded to the nearest second decimal place.
2. An additional two tie-breaker points will be awarded to the Qualifying Infill Area for each previously awarded Qualifying Infill Project developed by the eligible Applicant that has received a certificate of occupancy by the deadline for submittal of applications set forth in this NOFA.

# Appeals

## Basis of Appeals

1. Upon receipt of HCD’s written notice that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an Award, Applicants under this NOFA may appeal such decision(s) to the Director of the Department or their designee pursuant to this section.
2. No Applicant shall have the right to appeal a decision of HCD relating to another Applicant’s application (e.g., eligibility, Award).
3. Any request to appeal HCD’s decision regarding an application shall be reviewed for compliance with the IIG-2019 Guidelines and this NOFA. All decisions rendered shall be made by the Director or his/her designee. The decision shall be final, binding, and conclusive, and shall constitute the final action of HCD.
4. The appeal process provided herein applies solely to decisions of HCD made pursuant to this NOFA.

## Appeal Process and Deadlines

1. Process: To file an appeal, Applicants must submit to the Director of the Department or their designee, 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 HCD, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to HCD at infill@hcd.ca.govaccording to the deadline set forth in HCD review letters.

1. Filing Deadline**:** 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, as applicable, representing HCD’s decision made in response to the application.

## Decision

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

# Award Announcements and Contracts

## Award Announcements

Regarding the applications from Small Jurisdictions, it is the Department’s intent to announce Awards on an ongoing basis. Award recommendations will be posted on the IIG website at <https://www.hcd.ca.gov/infill-infrastructure-grant>.

Regarding the applications from Large Jurisdictions, HCD will announce Program Awards on the IIG website.

## Contracts

Successful Applicants (Recipients) will enter into a Standard Agreement with HCD. 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 HCD’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) without prior HCD consent is prohibited and will result in a default.

Once a Project is awarded HCD funds, the Recipient is acknowledging the Project as submitted and approved is the Project that is to be funded and built. Any partitioning of the Project will make that Award null and void, as the awarded Project is no longer feasible as originally submitted and awarded funds are unable to be assumed or assigned.

# Other State Requirements

The Recipient agrees to comply with all applicable state and federal laws, rules, guidelines, and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the Rental Housing Development, the Recipient, its contractors or subcontractors, and any loan or grant activity, including without limitation those listed in IIG-2019 Guidelines Section 300 (“State and Federal Laws, Rules, Guidelines, and Regulations”).

Where the proposed Project type presents a fair housing issue, the Department reserves discretion to require a fair housing legal opinion.

In addition, the Recipient shall comply with the following requirements:

## Compliance with California’s Housing Element Law

The Qualifying Infill Project or Qualifying Infill Area must be located in a city, county, or city and county in which the general plan of the city, county, or city and county has an adopted housing element that has been found by the Department, at the time of Award, 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. If the Award decisions are made within 120 days of the housing element due date, the Department may refer to the jurisdiction’s compliance from the prior cycle.

For the purpose of this section alone, jurisdictions that are undergoing Department review of their housing element at the time of Award, and jurisdictions that are receiving Department technical assistance to bring their housing element into compliance at the time of Award, shall both be deemed to be in a presumptive state of substantial compliance by the Department. All Awards premised on presumptive substantial compliance shall include conditions in their respective Standard Agreements requiring that prior to funds disbursement, the subject jurisdiction must have received a final housing element certification letter from the Department.

## 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.

## California’s Preservation Notice Law

All Applicants, Sponsors, co-Sponsors, owners, and special purpose entities must, at all times, comply with, and not be in violation of, California’s Preservation Notice Law (Gov. Code, §§ 65863.10, 65863.11, 65863.13).

## Relocation

The Recipient of a Project resulting in displacement of persons, businesses, or farm operations shall be solely responsible for providing the assistance and benefits set forth in the IIG-2019 Guidelines Section 301 (“Relocation Requirements”), and in applicable state and federal law, and shall agree to indemnify and hold harmless HCD from any liabilities or claims for relocation-related costs.

Rehabilitation projects shall maintain any population restrictions pursuant to an existing Regulatory Agreement, deed restriction, or similar encumbrance. Any existing income, rent, and population restrictions must be documented in the application. No permanent relocation shall be permitted unless reviewed and approved by the Department.

# Other Terms and Conditions

## Right to Modify or Suspend

HCD reserves the right, at is 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 all interested parties via the HCD email list and will post the revisions to the IIG website. Please be sure and subscribe to HCD’s email list at <https://www.hcd.ca.gov/i-am/sub_email.shtml>.

## Conflicts

It is the duty and responsibility of the Applicant and Sponsor to review any funding source they obtain for a project to ensure each of the requirements for those funding sources are compatible with HCD program requirements.

In the event of any conflict between the terms of this NOFA and IIG-2019 Guidelines and either applicable state or federal law or applicable regulation, the terms of the applicable state or federal law or applicable regulation shall control. Applicants are deemed to have fully read and understand all applicable state and federal laws, regulations, and guidelines pertaining to the relevant program, and understand and agree that HCD shall not be responsible for any errors or omissions in the preparation of this NOFA.

1. *Increase based* [*on December Consumer Price Index*](https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUUR0400SA0,CUU) *per U.S. Bureau of Labor Statistics (BLS).* [↑](#footnote-ref-2)
2. *200 percent 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.*  [↑](#footnote-ref-3)
3. *IIG Unrestricted: An unrestricted unit for the purposes of calculating grant amounts in IIG is any unit not restricted at the other levels identified in IIG-2019 Guidelines Definition section, but also not meeting any of the above definitions.*  [↑](#footnote-ref-4)