Leveraging Sources

Tax-Exempt Bonds – Multifamily Rental Housing	
Program Description	Non-profit and for-profit affordable housing developers use tax-exempt private activity bonds to finance the acquisition, construction, and rehabilitation of affordable multifamily housing for lower-income residents. The California Debt Limit Allocation Committee (CDLAC) administers the tax-exempt private activity bond program for California. Bonds are purchased by the private sector, and repayment is not an obligation of the state or federal government. Tax-Exempt bond programs enable affordable housing developers to pay lower interest rates for these funds, which help them finance projects. Tax-exempt bonds are attractive to investors because interest income on these bonds is excluded from federal income tax. Because of this, investors require less interest than they would from taxable debt to produce the same after-tax-return. Tax-exempt bonds can be combined with the federal government's 4% Low Income Housing Tax Credit Program, which is another tool to make affordable housing development feasible.
Target Population and/or Income Limits	Bond authority for Rental Projects is awarded to three sub-pools: the General Pool (Projects having more than 50% of total units designated as Restricted Rental Units); the Mixed Income Pool (Projects having 50% or fewer of total units designated as Restricted Rental Units); and the Rural Project Pool (Projects located in a rural area as defined by California Health and Safety Code Section 50199.21 but shall not include a Mixed Income Project).
How are funds allocated?	CDLAC administers the tax-exempt bond program. The federal government limits the volume each state may issue in these private activity bonds. Agencies and organizations authorized to issue tax-exempt private activity bonds must compete for and receive an allocation from CDLAC. The 2019 State Ceiling for qualified private activity bonds is $4,153,489,725.
Frequency	Annually
Funding History	2019: $4.153B 2018: $4.151B 2017: $3.925B
10 Year Projection	The volume cap is based on the state's population and is computed annually.
Eligible Projects	Purchase, construction, or rehabilitation of rental housing.
Uses	Finance the purchase, construction, or rehabilitation of rental housing in which at least 20% of the units are occupied by and affordable for very low-income households.
Website	https://www.treasurer.ca.gov/cdlac/applications/qrrp/index.asp
Application/Relevant Due Dates	The application process is competitive. An application is available through CDLAC and specifies the attachments that must be submitted.

Leveraging Sources

Low Income Housing Tax Credits Federal (9%)	
Program Description	Low Income Housing Tax Credits (LIHTC)s refer to the percentage of a rental housing project's qualified basis, or cost of construction, an investor may deduct from their annual federal tax liability for ten years. The LIHTC program is regulated by the Internal Revenue Code (IRC) and administered by the IRS, which is administered in California by the Tax Credit Allocation Committee (CTCAC). 9% LIHTCs are allocated by the federal government to states based on population size. These tax credits are distributed throughout the state. 9% credits are reserved for new construction. State regulations require all 9% tax credit applicants to compete as one of four housing types: 1) Large Family (3-bedroom or larger units accounting for at least 25% of total project units); 2) Senior; 3) Special Needs (e.g. persons with development, physical, or mental health disabilities, physical abuse survivors, homeless persons, or persons with chronic illeness; and 4) affordable projects "At-Rsik" of conversion to market rate. *<u>Recent Policy Changes</u>* In late 2017, there was a revision to the Internal Revenue Code (P.L. 115-97) that substantially changed the federal tax system. The revision did not directly alter the LIHTC program, but essentially reduced the corporate tax rate and changed the manner in which real property depreciation is treated. Section 13001 of the Tax Reform reduces the income tax rate imposed on corporations from 35 percent to 21 percent for taxable years beginning after December 31, 2017. This rate reduction negatively impacts the yield on existing LIHTC deals by reducing the value of post 2017 losses from 35 cents per dollar of losses to 21 cents per dollar (although the value of the LIHTC itself is unchanged, a dollar of tax credit is still worth a dollar. For further deals, the reduced valued of tax losses will translate into reduced pricing from equity investors, which will require project developers to incur more permanent financing and/or defer larger amounts of developer fees. The effective date of the new alternative depreciation system cost-recovery period is for real property that is placed in service after December 31, 2017. Changes to alternative depreciation rules are less impactful to new projects. However, those partnerships placing projects in service after the effective date that had planned to elect 40-year depreciation to address capital account concerns will need to revisit their capital account analyses to see what might be done to avoid reallocations of anticipated tax benefits. Most recently, the 2018 Consolidated Appropriations Act (P.L. 115-141) made two changes to the LIHTC program. Specifically, the act modified the so-called "income test" to allow for income averaging across tenants and increased the amount of credits available to states each year by 12.5% for years 2018 through 2021. Reduced demand for LIHTCs could require developers to secure alternative sources of financing. If such financing is prohibitively costly, there could be a reduction of capital from the private sector flowing into affordable housing construction.
Target Population and/or Income Limits	Average income of all households in assisted units mst be 60% of AMI or below. Consistent with federal and state laws, TCAC sets aside 10% of available 9% tax credits for nonprofit entities. State law also provides that 20% of federal credits be set aside for allocation to rural projects. TCAC regulations provide for a 4% set-aside for special needs developments and a 5% set-aside for affordable housing at risk of converting to market rate developments.
How are funds allocated?	CTCAC awards credits to developers on a competitive basis in accordance with its Qualified Allocation Plan.
Frequency	Two or more application cycles are available each year.
Funding History	2018: $107M ($3.4M South & West Bay Region); 2017: $92.8M (3.1M);

	2016: $93.1M ($3.2M); 2015: $89.3M ($3.1M); 2014: $88M ($3M); 2013: $81M ($2.8M)
Eligible Projects	New construction or substantial rehabilitation of rental housing. Generally, projects must remain affordable for 55 years.
Uses	Rental housing that is rent-restricted. Types include apartments for individuals, families, seniors, single room occupancy, and housing for special needs persons. Development for farmworker housing and tribal housing is also eligible. Those utilizing tax credits must own the project for which the credits are awarded.
Website	https://www.treasurer.ca.gov/ctcac/tax.asp
Application/Relevant Due Dates	Semi-Annual competitive process

Leveraging Sources

Low Income Housing Tax Credits Federal (4%)	
Program Description	Low Income Housing Tax Credits (LIHTC)s refer to the percentage of a rental housing project's qualified basis, or cost of construction, an investor may deduct from their annual federal tax liability for ten years. The LIHTC program is regulated by the Internal Revenue Code (IRC) and administered in California by the Tax Credit Allocation Committee (CTCAC) and the California Debt Limit Allocation Committee (CDLAC). 4% credits are typically packaged with tax-exempt bond financed projects.
Target Population and/ or Income Limits	Up to 60% AMI.
How are funds allocated?	TCAC awards credits to developers on a non-competitive basis.
Frequency	For the 4% credit, developers apply over the counter with CTCAC
Funding History (Available Credit)	2016: $14.2M; 2015: $13.4M; 2014: 15.6M; 2013:14.0M; 2012: 16.4M
Eligible Projects	New construction and rehabilitation rental housing. Generally, projects must remain affordable for 55 years.
Uses	Rental housing that is rent-restricted. Types include apartments for individuals, families, seniors, single room occupancy, and housing for special needs persons. Development for farmworker housing and tribal housing is also eligible. Those utilizing tax credits must own the project for which the credits are awarded.
Website	https://cdlaconline.treasurer.ca.gov/Account/Login.aspx?ReturnUrl=%2f
Application/Relevant Due Dates	Applicants are accepted over the counter.

California Low Income Housing Tax Credits ("State Credits")	
Program Description	The LIHTC state program supplements the federal LIHTC program by providing low income housing tax credits to projects that, for the most part, have previously received, or that are concurrently receiving, an allocation of federal credit. Program developed to mirror federal program. Differences include how state credit is calculated (depending on whether project is federally subsidized) and that state credits, with some exceptions, are not available for acquisition costs. The State program does not stand alone. Instead, the state credit is only available to a project which has previously received, or is concurrently receiving, an allocation of federal credits. *Recent Policy Changes – From TCAC Annual Report* In 2016 the Legislature provided authority for TCAC to "certificate" state low-income housing tax credits for reservations made between 2017 -2019. "Certificated" state credits allow the state tax credit investor takes no ownership interest in the project partnership but rather buy the credits outright. Breaking the ownership link changes the federal tax treatment of the state credit, which increases the value of the state credits.
Target Population and/or Income Limits	Up to 60% AMI.
How are funds allocated?	CTCAC awards credits to developers on a competitive basis.
Frequency	Annually.
Funding History	2018: $63.8M 2017: $84.3M 2016: $73.5M; 2015: $111M; 2014: $97M; 2013: $77.7M
Eligible Projects	New construction
Uses	Rental housing that is rent-restricted. Types include apartments for individuals, families, seniors, single room occupancy, and housing for special needs persons. Development for farmworker housing and tribal housing is also eligible. Those utilizing tax credits must own the project for which the credits are awarded.
Website	https://www.treasurer.ca.gov/ctcac/program.pdf
Application/Relevant Due Dates	Semi-Annual competitive process

Leveraging Sources

Multifamily Housing Program (MHP)	
Program Description	Assists in the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households. The program offers deferred payment loans with a 55-year term and 3 percent simple interest on unpaid principal balance, except under certain conditions. Payments at 0.42 percent are due annually with the balance of principal and interest due and payable upon completion of loan term.Senate Bill 3 (Chapter 365, Statues 2017) authorized the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and was approved by the voters on November 6, 2018. It authorizes the issuance of bonds in the amount of $1.5 billion for MHP.
Target Population and Income Level	Maximum income level is 60% of AMI. Large families, people with special needs, and seniors (62 or older) are target populations.
How are funds allocated?	Applications are invited through the issuance of a Notice of Funding Availability (NOFA) by the California Department of Housing and Community Development Cap of 30% of funds distributed to Northern California region.
Frequency	Bi-Annually.
Funding History	2019: $140M; 2018: $58M; 2015: $47.6M; 2013: $50M.
10 Year Projection	$280 Million from Proposition 1 (SB 3 – Beall: Veterans and Affordable Housing Bond Act). As
Eligible Projects	new construction, rehabilitation, or acquisition and rehabilitation of permanent or transitional rental housing, and the conversion of nonresidential structures to rental housing.
Uses	MHP funds will be provided for post-construction permanent financing only. Eligible costs include the cost of child care, after-school care, and social service facilities integrally linked to the assisted housing units; real property acquisition; refinancing to retain affordable rents; necessary on-site and off-site improvements; reasonable fees and consulting costs; and capitalized reserves.
Website	http://www.hcd.ca.gov/grants-funding/active-funding/mhp.shtml
Application/Relevant Due Dates	On January 11, 2019, HCD released draft program guidelines for the MHP program. Round 1 applications are due August 20, 2019

Leveraging Sources

Supportive Housing Multifamily Housing Program (SHMHP)	
Program Description	Provides capital financing through low-interest loansto individuals, public agencies, or private entities (including for-profit, limited profit, or non-profit) for development of multifamily rental housing that contains supportive housing units.
Target Population and Income Level	Persons, including persons w/disabilities, and families who are homeless (42 USC 11302) or are homeless youth (GC 12957(e)(2). People residing in SH meet the target population definition if they were homeless when approved for tenancy at their current SH
How are funds allocated?	The California State Department of Housing and Community Development issues a Notice of Funding Availability when funding is available. The maximum loan amount of $20M per project (up from $7M).
Frequency	Upon the availability of funds.
Funding History	2018: $155M 2014: $47.5M. Funding is made available from recaptured Prop 46 and 1C funds and Proposition 1 (Chapter 365, Statues 2017)
Eligible Projects	Eligible projects must be multifamily rental housing that have a minimum of five supportive housing units, or a minimum of 40 percent of total units must be supportive housing units, whichever is greater, and must have associated supportive services for the intended target population living in the restricted units, pursuant to Health and Safety Code Section 50675.14.
Uses	Permanent financing only and may be used for construction loans for normal project development (capital) costs. May be used to capitalize a project operating reserve account with specified limits. Department-approved costs of supportive services, case management, and coordination meeting certain requirements may be a project operating expense, payable from operating income. Funds must be attributable to the costs of restricted units, or the costs of facilities used for childcare, after-school care, and social service facilities integrally linked to the tenants of the restricted units.
Website	http://www.hcd.ca.gov/grants-funding/active-funding/shmhp.shtml
Application/Relevant Due Dates	Applications were due on 2/8/2019. One application was submitted for a development proposal in Santa Clara County.

Leveraging Sources

Affordable Housing Sustainable Communities Program (AHSC)	
Program Description	Administered by the Strategic Growth Council and implemented by the Department of Housing and Community Development (HCD), the AHSC Program funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas ("GHG") emissions. Funding for the program is provided from the Greenhouse Gas Reduction Fund which is an account that was established to receive Cap-and-Trade auction proceeds. Fifty (50 percent of the funding is set-aside for affordable housing developments and fifty (50) percent is set aside for projects benefiting disadvantaged communities.
Target Population and Income Level	Rental Affordable Housing Developments must include at least 20 percent of the total residential units as Affordable Units with an overall Project average affordability of all Restricted Units within the Project no greater than 50 percent represented by Area Median Income (AMI).
How are funds allocated?	Applications are invited through the issuance of a Notice of Funding Availability (NOFA) on a competitive basis.Threshold requirements and application selection criteria focus on the extent to which developments realize program objectives of reducing GHG emissions, benefit the target populations, provide affordable housing, demonstrate project readiness, and meet other policy considerations.
Frequency	Annually
Funding History	FY 19: $395M - 3 Applications were submitted on February 11, 2019 and two were awarded; Roosevelt Park ($8.6M – Housing and $4M Transportation) and San Jose Market – Alamaden TOD ($12M – Housing and $5.9M Transportation) FY 17: $400M - No Local projects FY 16: $480M - Renascent San Jose ($15M); St. James Stations TOD ($12.9M). FY 15: $130M - 777 Park Ave. ($4M): South 1st St Apts ($8.5M); North San Pedro Housing and Urban Greening ($12.3M).
Eligible Projects	Eligible Projects must fall into one of the following three elibigle Project Area types: • Transit Oriented Development Project Area type (TOD) • Integrated Connectivity Project Area type (ICP), or • Rural Innovation Project Area type (RIPA).
Uses	Eligible use of funds includes construction costs related to building affordable housing , housing-related infrastructure, sustainable transportation infrastructure, transportation-related amenities, and other program costs.
Website	http://hcd.ca.gov/grants-funding/active-funding/ahsc.shtml
Application/Relevant Due Dates	Applications were due on February 11, 2019. Three applications for funding were submitted and two received a funding award.

Infill Infrastructure Grant Program (IIG)	
Program Description	Gap funding for infrastructure improvements to facilitate new infill housing or mixed-use development. Aids in new construction and rehabilitation of infrastructure that supports higher-density affordable and mixed-income housing in locations designated as infill. Infill project sites must have been previously developed, or largely surrounded by development.
Target Population and Income Level	Households at 60% AMI or at affordable housing costs per H&S 50052.5, to a household earning no more than 120 percent of the Area Median Income.
How are funds allocated?	Competitive process. The application selection criteria include project readiness, housing affordability, housing density, proximity and access to transit, parks, employment centers, and consistency with a regional blueprint or similar regional growth plan. Qualifying infill projects shall not exceed $5 million.
Frequency	Irregular, but anticipate future round within two years. 5th funding round occurred in 2017-2018, with 4th round in 2014-2015. Projects in SCCO received funding in Rounds 3 and 4.
Funding History	2019: $500 Million (Pending the Governor's Signature of AB 101 of 2019) 2017: $50M 2015: $41.8M; 2014: $89.8M.
Eligible Projects	Parks and open space development; utility improvements and relocation; streets, roads, transit linkages and facilities; facilities to support pedestrian & bicycle transit; traffic mitigation, such as street signals; site preparation or demolition; sidewal
Uses	Under the Program, grants are available as gap funding for infrastructure improvements necessary for specific residential or mixed-use infill development projects or areas. Both infill projects and areas must have either been previously developed or be largely surrounded by development. Specific eligible improvements include development or rehabilitation of parks or open space, water, sewer or other utility service improvements, streets, roads, parking structures, transit linkages, transit shelters, traffic mitigation features, sidewalks, and streetscape improvements.
Website	http://www.hcd.ca.gov/grants-funding/active-funding/iigp.shtml
Application/Relevant Due Dates	On July 30, 2019, HCD published Round 6 draft Guidelines.

Veterans Housing and Homelessness Prevention Program (VHHP)	
Program Description	Loan program for the development of affordable multifamily rental housing containing permanent supportive housing units, transitional housing units and affordable housing units for Veterans and their families.
Target Population and Income Level	Veterans and their families with low incomes (60% of Area Median Income or below), with 45% of funding to serve ELI veterans.
How are funds allocated?	Funds ared awarded throughout California with specific allocations of funds within geographic regions.
Frequency	Annual.
Funding History	2018: $76.7M; No Local Housing Developments 2017: $71.4M; No Local Housing Developments 2016: $116.1M; 1701 ECR ($4.4M) and North San Pedro Apts ($8.5M). 2015: $63.2M:
Eligible Projects	Transitional, supportive and low income housing providing services for homeless, disabled or low income veterans. New construction, acquisition/rehab or rehab only. Housing types are affordable rental housing (without supportive or transitional housing),
Uses	Post-construction permanent loans.
Website	http://www.hcd.ca.gov/grants-funding/active-funding/vhhp.shtml
Application/Relevant Due Dates	On May 29, 2019 HCD published Round 5 Draft Guidelines and comments were due June 29, 2019.

Leveraging Sources

Joe Serna Farmworker Housing Grant Program	
Program Description	Grants and loans for new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers.
Target Population and/or Income Limits	Households with at least one person who derives, or prior to retirement or disability derived, a substantial portion of his or her income from agricultural employment. Priority for lower-income households.
How are funds allocated?	RFP or NOFA, and applications are either received and reviewed on a continuous or rated and ranked on a competitive bases. For homeowner grants, 20 year lien restriction. Between 10th & 20th year, forgiveness rate at 10% per completed year. Grant fully forgiven after 20 years. For rental construction loans and rehabilitation loans or grants, 55 year lien restrictions. Loans may be made in conjunction w/LITC financing.
Frequency	No current active funding.
Application Process for Developers	Local government agencies, nonprofit corporations, cooperative housing corporations, limited partnerships where all the general partners are nonprofit mutual or public benefit corporations, and federally-recognized Indian tribes. Applications rated and ra
Funding History	The program is state-funded through Proposition 1C (2006), which allocated $84M in funding for this program.
Eligible Projects	Activities incurring costs in the development of homeowner or rental housing for agricultural workers, including land acquisition, site development, construction, rehabilitation, design services, operating and replacement reserves, repayment of predevelop
Uses	Grants and loans to assist development or rehabilitation of various types of housing projects for agricultural worker households.
Website	http://www.hcd.ca.gov/grants-funding/active-no-funding/jsjfwhg.shtml#assistance
Application/Relevant Due Dates	None available at this time.

Leveraging Sources

Home Investment Partnerships Program (HOME)	
Program Description	HOME grants federal funding for a wide range of activities, including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.
Target Population and Income Level	For rental housing and rental assistance, at least 90% of benefiting families must have incomes at 60% AMI or less. No household's income may exceed 80% AMI.
How are funds allocated?	Funds are awarded by formula grants to participating jurisdictions that consider a jurisdiction's relative inadequacy of housing supply, its incidence of poverty, its fiscal distress, and other factors. Jurisdictions that receive HOME funds must have a current and approved Consolidated Plan, which includes an action plan that describes how it will use its HOME funding. In Santa Clara County, the HOME Program is administered on behalf of the Urban County cities and the Cities of Cupertino, Gilroy, and Palo Alto.
Frequency	Annual.
Application Process for Developers	The Office of Supportive Housing allocated funding to eligible housing developments through the Supportive Housing Development Program NOFA.
Funding History	2018: $1M; 2017: $749K; 2016: $764K; 2015: $722K; 2014: $455K; 2013: $420K.
Eligible Projects	Housing rehabilitation, new construction, and acquisition and rehabilitation for multifamily projects. Funding may also be used for other reasonable and necessary expenses, like site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation assistance. A 25% match is required for HOME funds.
Uses	New construction.
Website	Various
Application/Relevant Due Dates	Over the Counter.

Section 811 Project Rental Assistance	
Program Description	Program assists people with the lowest income and who live with significant and long-term disabilities to live independently by providing affordable housing linked with voluntary services and supports. Congress passed major reforms to this program in 2010, including the creation of the Project Rental Assistance (PRA) program. The PRA program is intended to identify, stimulate, and support innovative state-level partnerships and strategies to substantially increase integrated permanent supportive housing opportunities.
Target Population and Income Level	Persons between 18 to 61 (at occupancy), who are Medi-Cal eligible, whose income does not exceed 30% AMI, eligible for and require long-term services and supports, and who are institutionalized or non-institutionalized.
How are funds allocated?	Allocated to State (CalHFA). Specific criteria defined by each of 2 rounds. Round 1 closed. Round 2 began in 2016, and 2018 funds of $2M are available for project-based rental assistance targeted to Medi-Cal eligible persons with disabilities.
Frequency	Over the counter.
Application Process for Developers	Over the counter at CalHFA.
Funding History	State was awarded $24M in first two funding rounds to provide five-year renewable rental assistance to affordable housing projects serving persons with disabilities.
Eligible Projects	Multifamily rental properties of five or more unit. Projects may either be existing (for which construction rehabilitation is complete) or, with some exception, be under development for which planned construction or rehabilitation has not yet begun or is
Uses	PRA funds are for rental assistance only within Eligible Projects (see prior column). PRA rental assistance will pay the difference between the monthly Total Tenant Payment of the assisted household required by HUD, and the Fair Market Rent (FMR) applicable to a particular unit as published by HUD for the Section 8 program. Section 811 PRA rental assistance and Housing Authority PBVs can be used in the same project, but these funds cannot be used to assist the same unit. A project that uses both Section 811 PRA funds and Housing Authority PBVs is subject to the 25% Rule. A project that uses only Housing Authority PBVs to serve Section 811-eligible tenants is not subject to the 25% rule.
Website	https://www.calhfa.ca.gov/multifamily/section811/index.htm
Application/Relevant Due Dates	Over the counter.