NOTICE OF FUNDING AVAILABILITY

DATE: May 22, 2012

TO: All Interested Organizations

FROM: Rebecca Garcia, Program Manager II
Department of Planning, Office of Affordable Housing (OAH)

SUBJECT: NOTICE OF OPEN FUNDING AVAILABILITY
STANFORD AFFORDABLE HOUSING FUND

I. Introduction

The Stanford Affordable Housing Fund (Stanford AHF) was established in December 2000 as a result of the approval of the Stanford University General Use Permit (GUP). The Stanford AHF contains conditions under which the University is allowed to undertake construction. Section F of the GUP requires that for each 11,763 square feet of academic development built, Stanford must either provide one affordable housing unit on the Stanford campus or make an appropriate cash payment in-lieu of providing the housing unit. Payments have been made since that time to a Stanford AHF maintained by the County.

On August 21, 2008, the County Board of Supervisors approved procedures for distribution of the Stanford AHF proposed by the County Executive. In accordance with the Stanford GUP, projects are required to be located within a six-mile radius of the Stanford University campus. Funding priority is given to those proposed affordable rental developments located within the County of Santa Clara. Projects will be evaluated to the extent to which they help the County of Santa Clara address countywide affordable housing needs as set forth in the Housing Element of the County General Plan in regards to providing housing affordable to Extremely Low Income households.

Funding is available on an over-the-counter basis. Priority be given to projects that set aside units for the County’s special populations—extremely low income seniors, the homeless and chronically homeless individuals and families, at-risk youth, and persons with disabling conditions. Projects that establish a direct referral process with Santa Clara County Departments will be given priority. A disabling condition, for the purposes of this NOFA, is
defined as a physical disability, mental illness, severe depression, alcohol or drug abuse, chronic health problems, HIV/AIDS, Tuberculosis, Hepatitis C, trauma, or a Developmental disability.

II. Funding Parameters

A. The funding parameters are as follows:

- Total amount available is $8,967,591
- The per unit subsidy range is up to $150,000 for each Extremely Low Income (ELI) unit with an emphasis on special needs populations. OAH will calculate the per unit subsidy amount based upon demonstrated financial need. OAH expects applicants to leverage the awarded funds to the maximum extent possible and upon its review may suggest additional funding sources that the applicant may pursue. Funds can be used for proposed projects as well as developments that are currently under construction and may have begun marketing or lease up.
- No more than 100% Loan to Value including the Stanford AHF funds.
- Funds could be subordinated to other private and public debt.
- Project will be subject to California prevailing wage requirements, including applicable exceptions.
- In addition, funding priority will be given to proposed affordable rental developments located within Santa Clara County. County Commitment to fund expires 3 years after County Board of Supervisors’ approval.

B. The two categories of funding are as follows:

- Land or Building Acquisition/Pre-Paid Long Term Ground Lease
- Construction/Permanent Financing

C. The purposes of each eligible funding category are as follows:

- Category 1 - Land or Building Acquisition/ Pre-Paid Long Term Ground Lease
  To provide funds to enable an owner to either acquire land or a building, or to prepay long-term (at least 75 years) lease costs for the purpose of developing qualifying projects.

- Category 2 - Construction or Permanent Financing
  To provide construction or long term financing for affordable housing developments emphasizing units that would be affordable to ELI households with an emphasis on special needs populations. Permanent loan funding will occur 90 days after stabilized occupancy with at least 90% occupancy.

Applications for construction or rehabilitation will only be considered if a primary funder of the project agrees to conduct construction monitoring assuring compliance
with state and federal requirements as well as prevailing wage requirements and agrees to provide monitoring reports to the County.

D. Applications will be evaluated based on the following minimum criteria:

- The experience and track record of the applicant organization in developing successful affordable housing projects and positive financial history.
- The ability of the project to leverage funding from other public and private sources.
- The readiness of units for soonest occupancy.
- The per unit cost of the proposed project and demonstrated need for funding.
- The ability of the project to serve the County’s special needs populations and to establish a direct referral process with County Departments.

E. Terms of Funding

Long term financing of such loans will be structured as 55 years at 3% simple interest, either amortized, deferred, or residual receipts, depending on the project’s demonstrated financial need. The loan must be secured by a promissory note and deed of trust. Loans that are residual receipts notes will require a pro-rata split between OAH and other residual receipts funding sources with the project sponsor receiving 50% of the residual receipts. In the case of the use of tax credits if there is a deferred developer fee, such fee will receive priority payment. Please be advised that there is a 1% loan application fee, pending approval from the Board of Supervisors May 22, 2012. The loan application fee will be deferred and collected at loan closing and will be netted from the approved County loan amount. If project sponsor for any reason decides to withdraw its application after the Review Panel has approved such application or declines an approved loan after Board of Supervisors’ action, the 1% loan application fee will become immediately due and payable.

OAH’s administrative fee of 0.3% of the loan amount per year will be charged for the life of the loan to cover the County’s ongoing administrative costs of monitoring the loan.

III. Process

Responding to this NOFA requires completing and submitting an application. Two signed original applications must be received in the Office of Affordable Housing. No fax or email copies of application will be accepted.

OAH staff will review applications for compliance with the minimum criteria above. Following OAH’s initial evaluation, OAH staff will conduct an interview with the applicant. Based on the evaluation, interview, and confirmation from the applicant that their submittal is complete, staff will summarize a recommendation to a Review Panel.

The Review Panel will be composed of representatives from the Office of Affordable Housing, and non-County housing construction and finance experts. After reviewing and evaluating the OAH staff recommendations and conducting its own evaluation, the Review Panel will develop and submit its
recommendations to the Planning Director. If at any time, the Review Panel or Director concludes that the proposed project should not be recommended for funding, OAH will notify the applicant. The Director will forward the final recommendations to the Board of Supervisors.

IV. County Reservation

The County reserves the unqualified right to reject any and all proposals, in whole or in part, for any reason, and to discuss modifications with the applicants regarding changes, revisions, (in whole or in part), and/or modifications of the proposals. If more than one application is under consideration at one time, funding recommendations will be prioritized on maximum benefit based on funding parameters and evaluation criteria. County has the sole and absolute discretion to determine compliance with the minimum evaluation criteria identified in the application.

V. Timeline for Evaluation/Funding Recommendation

OAH staff will use its best efforts to meet the following timelines:

- OAH initial evaluation within 2 weeks of receipt of application.
- OAH interview within 2 weeks of evaluation.
- Presentation to panel within 2 weeks of interview and revised submittal (if applicable).
- Recommendation to Director within 1 week of panel recommendation.
- Recommendation to Board of Supervisors within 6 weeks of Planning Directors’ final recommendations.