DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
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NOTICE OF FUNDING AVAILABILITY (NOFA)

Predevelopment Loan Program (PDLP)

December 1, 2005

The California Department of Housing and Community Development (HCD) is pleased to announce that it is accepting applications for funds from the Predevelopment Loan Program (PDLP). PDLP historically revolves between **$2 to $7 million annually, subject to loans being made and repayments being returned to the fund. The amount available at the time of issue of this Notice of Funding Availability (NOFA) is approximately $2 million ($2,000,000).** This NOFA will be in effect from December 1, 2005 through June 30, 2006 (unless amended or replaced by the Department), and will expire on that latter date.

Eligible Applicants

Local governmental agencies, non-profit corporations, cooperative housing corporations, and limited liability companies or limited partnerships where all of the general partners are nonprofit mutual or public benefit corporations are eligible to receive loans.

Eligible Expenditures

The purposes for which predevelopment loans may be made include, but are not limited to, the costs of, or the costs associated with, land purchase or options to buy land; options or deposits to buy or preserve existing government-assisted rental housing for the purpose of preserving the affordability of the units; closing costs; holding costs which can include, but are not limited to taxes, insurance, and interest; professional services such as architectural, engineering, or legal services; permit or application fees; and bonding, site preparation, related water or sewer development, or material expenses. A full list of eligible expenditures may be found at Cal Code Regs., Title 25, Section 7005.

Eligible Projects

PDLP loans shall be for "assisted housing for occupancy primarily by persons of low income." (H&S 50531(b)). For a project to be eligible, at least 51 percent of the dwelling units must be available to, and affordable to, lower income households. "Lower income" is defined by CCR Title 25, Section 6928. The Income Limits are available in hard copy on request, or from the Department's website at http://www.hcd.ca.gov/hpd/hrc/rep/state/inc2k5.pdf.

Unauthorized Costs

The loan may not be used for administrative or construction financing expenses. See Cal Code Regs., Title 25, Section7005(e).

Special Conditions

HCD has set a minimum funding target for rural areas based on the historical level of awards made under the Rural Predevelopment Loan Program (PDLP-R). This minimum target is $1.6 million. If, by April 1, 2006, valid rural applications have not been received for at least this amount, the unused portion will be made available to all applicants for the remainder of the fiscal year.

Applicants will be evaluated by the department for such factors as past achievements and relevant experience, prospects for obtaining construction financing or long-term financing for the proposed project, the need for and the proposed cost of the land or housing, and other factors listed in Cal Code Regs., Title 25, Section 7004.

Borrowers will be required to abide by all local, state or federal regulations that are applicable to the proposed housing developments. These may include but are not limited to: zoning ordinances; building codes; planning; historic preservation; environmental and relocation regulations; and Article XXXIV of the California Constitution. See Cal Code Regs., Title 25, Section 7008.

Construction activities will require the payment of prevailing wages pursuant to Labor Code commencing with Section 1720 (the law regarding prevailing wages, which is administered by the California Department of Industrial Relations). Construction includes work performed during the design and preconstruction phases of construction including, but not limited to, inspection and land surveying work. (See Labor Code Section 1720 (a)(1)).

Limitations, Rates and Terms:

Unless a waiver pursuant to Cal Code Regs., Title 25, Section7005(f)(15) is requested and approved, the aggregate amount to be loaned for purposes **other than** for options, purchase of real property or site development shall not exceed $100,000.

Without exception, no more than $800,000.00 shall be committed to any single borrower at any one point in time during the term of this NOFA. Funds committed to a single borrower under prior NOFAs do not count towards the $800,000.00 in total commitments allowed. In the case where the applicant is a limited partnership, total funding commitments to the general partner(s) will be counted when determining whether the $800,000.00 cap has been reached. In the case where the applicant is a limited liability company, total funding commitments to a corporate member will be counted when determining whether the $800,000.00 cap has been reached.

Loans are made for a term of one to two years and bear simple interest at a rate of 3 percent per annum on the outstanding balance. Payment is deferred during the term of the loan. Borrowers must provide adequate security for loan funds advanced by the Department.

Additional requirements regarding use of funds; and rates and terms are contained in California Code of Regulations, Title 25, Sections 7005 and 7006.

Authority and Purpose of Program

The Program is subject to the requirements of Health and Safety Code Section 50530 et seq. ("Program Statutes"), and Cal. Code Regs., Title 25, Section 7000 et seq. ("Program Regulations"). These regulations are accessible at the same web site location as this NOFA. Other regulations cited in this NOFA are accessible at www.ccr.oal.gov. The statutes are accessible at www.leginfo.ca.gov.

In addition to these general statutes and regulations, affordable rents shall be limited by the provisions of Health and Safety Code Section 50053 and Cal Code Regs., Title 25, Section 6918. Affordable housing cost (for ownership projects) shall be limited by Health and Safety Code Section 50052.5 and Cal Code Regs., Title 25, Section 6920. Applicants are advised to fully familiarize themselves with the foregoing statutes and regulations.

The purpose of the Program is to provide short term predevelopment loans (one to two years) for required expenses, other than administration and construction, which are incurred by eligible sponsors in the process of, or prior to, securing long-term financing for construction, preservation or rehabilitation of assisted housing, and which are recoverable once long term financing is obtained.

Application Process

Those eligible sponsors seeking loans must submit a Predevelopment Loan Program application on the forms provided by the Program, which must not be modified. **The latest application has a revision date of November, 2005**. A copy of the completed application should also be e-mailed to the Program as outlined in the application cover letter. Loan applications may be obtained from and returned to the Predevelopment Loan Program at the address listed below or downloaded from the website listed below.

Applications will be received on an over-the-counter basis. Applications will be reviewed for completeness, eligibility of applicant and compliance with this NOFA, Health and Safety Code Sections 50052.5, 50053, 50093.5 and 50530 et seq., and California Code Regs., Title 25, Sections 6918, 6920 and 7000 et seq. Should the program receive complete and eligible applications for more than the available amount of funds, priority will be given to applications for projects located in public transit corridors as defined in Health and Safety Code Section 50093.5, or projects used for the preservation and acquisition of existing government-assisted rental housing at risk of conversion to market-rate use, or rural projects if the minimum funding target of $1.6 million per NOFA has not yet been met.

Regarding applications from local governmental agencies, if the department receives multiple valid applications requesting more funds in total than are available from the Program, HCD shall give priority to projects located in cities or counties which have adopted housing elements that HCD has determined to be in substantial compliance with State Housing Element Law (Government Code Sections 65580, et seq.). Next priority for local governmental agencies shall be given to projects located in cities or counties with draft housing elements that HCD has determined to be in substantial compliance with Housing Element Law.

Applications having material internal inconsistencies or lacking essential information will be considered incomplete and will be held pending clarification or correction. Staff will provide ongoing technical assistance to those applicants who have submitted eligible, but incomplete applications.

Completed loan applications and the staff recommendations will be considered either by the Deputy Director of the Division of Financial Assistance or HCD's Local Assistance Loan and Grant Committee (Committee). Committee meetings are usually held the last week of most months. To the extent feasible, eligible applications received not less than 20 working days prior to a Committee meeting may be presented at that meeting for consideration of recommendations for funding. Because of staffing constraints, however, this cannot be guaranteed.

Right to Modify or Suspend

HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties.

Please direct your requests for applications or more information about this announcement to:

Department of Housing and Community Development
Predevelopment Loan Program
P.O. Box 952054, MS 390-5
Sacramento, California 94252-2054

Telephone Laurel Bachand at (916) 324-2671
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or e-mail to: lbachand@hcd.ca.gov or chorn@hcd.ca.gov
website: http://www.hcd.ca.gov/ca/pdlp/

Express Address:
1800 Third Street, MS 390-5
Sacramento, California 95814

Thank you for your interest in the Predevelopment Loan Program

Sincerely,

Richard L. Friedman
Acting Deputy Director
Division of Financial Assistance