



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: April 6, 2023

HCR23-025

SUBJECT: Application for State of California Housing and Community Development Infill Infrastructure Grant Catalytic Qualifying Infill Area (IIGC) Program

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

REQUESTED ACTION:

Authorize the San Diego Housing Commission to submit applications on behalf of the Housing Authority of the City of San Diego and developers for the State of California's Infill Infrastructure Grant Catalytic Qualifying Infill Area (IIGC) Program.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On November 30, 2022, the California Department of Housing and Community Development (Department) requested submittals of Concept Proposals for funding under the IIGC program, with a submission due date of January 31, 2023.
- Awards made under this solicitation are expected to unlock available land for housing development and maximize the state's existing and ongoing investments, all of which will benefit the state's economy and further housing production and climate resilience efforts.
- The program description and request for Concept Proposals provided by the Department is part of a two-stage application process:
 - In Phase I, Eligible Applicants will provide a Concept Proposal on a Department-provided form that was made publicly by December 29, 2022 with all proposals submitted by January 31, 2023.
 - In Phase II, the Department will release a Notice of Funding Availability detailing programmatic requirements including specific scoring criteria. All applicants deemed eligible in Phase I will be invited to apply, unless the IIGC program promises to be significantly oversubscribed. If projects are selected from Phase I to apply for Phase II, the NOFA guidelines are anticipated to be released in March 2023 with all applications submitted by in spring 2023.
- Grants will be made available as gap funding for infrastructure and adaptive reuse improvements necessary for specific residential or mixed-use infill developments.
- The projects the Housing Commission will propose to submit on behalf of the Housing Authority are listed below. The project narratives and supporting documents are included in Attachment 2 of the staff report.
 - National CORE – Palm City Transit Village
 - Wakeland Housing Development Corporation – Salvation Army Rady Center
 - The Michaels Group – 1350 Front Street
 - Regent Properties – 707 Broadway Tower



REPORT

DATE ISSUED: March 30, 2023

REPORT NO: HCR23-025

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of April 6, 2023

SUBJECT: Application for State of California Housing and Community Development Infill
Infrastructure Grant Catalytic Qualifying Infill Area (IIGC) Program

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Authorize the San Diego Housing Commission to submit applications on behalf of the Housing Authority of the City of San Diego and developers for the State of California's Infill Infrastructure Grant Catalytic Qualifying Infill Area (IIGC) Program.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) take the following actions:

- 1) Authorize the Housing Commission's President and Chief Executive Officer (President & CEO), or designee, to apply on behalf of the Housing Authority of the City of San Diego (Housing Authority) and any developer for maximum funding as outlined in the guidelines from the State of California's Infill Infrastructure Grant Catalytic Qualifying Infill Area (IIGC) Program in response to the Notice of Funding Availability (NOFA) issued in March 2023 and any subsequent NOFAs issued for affordable housing activities in the City of San Diego.
- 2) Authorize the Housing Commission's President & CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner..

SUMMARY

On November 30, 2022, the California Department of Housing and Community Development (Department) requested submittals of Concept Proposals for funding under the IIGC program, with submission due date of January 31, 2023. Awards made under this solicitation are expected to unlock available land for housing development and maximize the state's existing and ongoing investments, all of which will benefit the state's economy and further housing production and climate resilience efforts.

Many former commercial and underutilized areas have significant potential for developing housing at scale but lack the infrastructure necessary to support higher-density residential development. In addition to vacant infill parcels, IIGC proposals may include industrial or business parks, vacant shopping centers, strip malls, or scattered sites with vacant or underutilized structures.

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Application for State of California Housing and Community Development Infill Infrastructure Grant Catalytic Qualifying Infill Area (IIGC) Program

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The program description and request for Concept Proposals provided by the Department is part of a two-stage application process:

- In Phase I, Eligible Applicants will provide a Concept Proposal on a Department provided form that was made publicly by December 29, 2022, with all proposals submitted by January 31, 2023. The purpose of the Concept Proposal phase is two-fold:
 - To serve as a “demand survey” to inform the Department about the diversity, scale, needs and challenges of eligible Catalytic Qualifying Infill Areas (CQIA), and
 - To describe how the proposed CQIA meets or exceeds threshold criteria and program goals outlined by statute.
- In Phase II, the Department will release a Notice of Funding Availability detailing programmatic requirements including specific scoring criteria. All applicants deemed eligible in Phase I will be invited to apply, unless the IIGC program promises to be significantly oversubscribed, as detailed in the below section on Invitations to Apply. If projects are selected from Phase I to apply for Phase II, the NOFA guidelines are anticipated to be released in March 2023 with all applications submitted by in Spring 2023.

Grants will be made available as gap funding for infrastructure and adaptive reuse improvements necessary for specific residential or mixed-use infill developments. Sites and parcels that make up CQIAs must have been either previously developed or be largely surrounded by sites developed with “Urban Uses,” which means any residential, commercial, industrial, public institutional, transit or transportation passenger facility, retail use, or any combination of those uses.

Eligible improvements include, but are not limited to, development of parks or open space, water, sewer or other utility service improvements, streets, roads, parking structures, transit linkages, transit shelters, traffic mitigation features, site preparation or demolition, sidewalks, streetscape improvements and construction and rehabilitation expenses relating to repurposing non-residential buildings for residential uses.

Project Narrative

The projects the Housing Commission proposes to submit on behalf of the Housing Authority are listed below. The project narratives and supporting documents are included in Attachment 2.

- National CORE – Palm City Transit Village
- Wakeland Housing Development Corporation – Salvation Army Rady Center
- The Michaels Group – 1350 Front Street
- Regent Properties – 707 Broadway Tower

AFFORDABLE HOUSING IMPACT

These applications, if selected for funding, would assist each of the projects secure necessary funding to create affordable housing for low-income individuals and families.

FISCAL CONSIDERATIONS

The proposed funds were not included in the Housing Authority-approved Fiscal Year 2023 Housing Commission Budget. Approving the actions in the report will authorize the Housing Commission to apply for the maximum amount of funding pursuant to the anticipated IIGC NOFA.

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Application for State of California Housing and Community Development Infill Infrastructure Grant Catalytic Qualifying Infill Area (IIGC) Program

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Funding sources approved by this action will be as follows:

State IIGC Funds – up to the maximum amount for which Large Cities are eligible to apply, which is currently \$45 million dollars.

Funding uses approved by this action will be as follows:

Affordable Rental Housing Development up to the maximum amount for which Large Cities are eligible to apply, which is currently \$45 million dollars.

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

The California Department of Housing and Community Development’s (HCD) mission is to promote safe, affordable homes and strong vibrant communities throughout California. HCD is focused on efforts to address decades of housing underproduction and the increasing impacts of climate change by making strategic investments that can quickly provide housing at scale and simultaneously catalyze economic development.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 in the Housing Commission’s Strategic Plan for Fiscal Year (FY) 2022-2024: Increasing and Preserving Housing Solutions.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

If funds are awarded, the proposed project(s) will be presented to the applicable Community Planning Group for review and input.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include City of San Diego residents with extremely low income to moderate income, developers, and the Housing Commission.

ENVIRONMENTAL REVIEW

The application for State funding is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b)(4), as it is government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

Respectfully submitted,



Colin Miller
Senior Vice President, Housing Finance
and Property Management
Real Estate Division

Approved by,



Jeff Davis
Interim President and Chief Executive Officer
San Diego Housing Commission

Attachments: 1) State of California IIGC Proposal Solicitation NOFA dated November 30, 2022
2) Project Narratives for each proposed development

Docket materials are available in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org.

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

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November 30, 2022

MEMORANDUM FOR: POTENTIAL APPLICANTS

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

SUBJECT: **Request for Concept Proposals
Infill Infrastructure Grant – Catalytic Qualifying Infill Areas**

The California Department of Housing and Community Development (Department or HCD) is requesting submittal of Concept Proposals for funding under the Infill Infrastructure Grant Catalytic Qualifying Infill Area program (IIGC).

Awards made under this solicitation will unlock available land for housing development and maximize the state's existing and ongoing investments, all of which will benefit the state's economy and further our housing production and climate resilience efforts.

HCD's mission is to promote safe, affordable homes and strong vibrant communities throughout California. For decades, too little housing has been built near high-quality jobs, transportation, and amenities in communities throughout California. As a result, many Californians must live far from key destinations like employment, healthcare and schools. This lack of connectivity between our homes and important destinations contributes to more time in cars, and more vehicle miles traveled, which has a detrimental impact on our environment.

In response, HCD is focused on efforts to address decades of housing underproduction and the increasing impacts of climate change by making strategic investments that can quickly provide housing at scale and simultaneously catalyze economic development. Encouraging infill housing not only reduces emissions from driving and alleviates the state's housing shortage, but it also improves access to daily destinations and economic opportunity for more Californians.

Many former commercial and underutilized areas have significant potential for developing housing at scale but lack the infrastructure necessary to support higher-density residential development. In addition to vacant infill parcels, IIGC proposals may include industrial or business parks, vacant shopping centers, strip malls, or scattered sites with vacant or underutilized structures.

The below program description and request for Concept Proposals is part of a two-stage application process:

- In **Phase I**, Eligible Applicants will provide a Concept Proposal on a Department-provided form to be made publicly available no later than December 29, 2022. The purpose of the Concept Proposal phase is two-fold: 1) to serve as a “demand survey” to inform the Department about the diversity, scale, needs and challenges of eligible CQIAs, and 2) to describe how the proposed CQIA meets or exceeds threshold criteria and program goals outlined by statute.
- In **Phase II**, the Department will release a Notice of Funding Availability detailing programmatic requirements including specific scoring criteria. All applicants deemed eligible in Phase I will be invited to apply, unless the IIGC program promises to be significantly oversubscribed, as detailed in the below section on Invitations to Apply.

To be considered for potential funding, Catalytic Qualifying Infill Area Concept Proposals must be submitted electronically via the HCD IIGC Application Portal using the Concept Proposal Application and must include all required information as detailed in the Application. A link to the HCD IIGC Application Portal will be available at <https://www.hcd.ca.gov/grants-and-funding/programs-active/infill-infrastructure-grant>

The HCD IIGC Application Portal will open December 29, 2022, and close 4:00 PM Pacific Time on January 31, 2023.

Statutory Authority

The Infill Infrastructure Grant program – Catalytic Qualifying Infill Area (IIGC) implements and interprets Part 12.5 (commencing with Section 53559) of Division 31 of the Health and Safety Code (HSC) amended by AB 157 Chapter 157 Statutes of 2022, which establishes the greater Infill Infrastructure Grant Program of 2019, hereinafter referred to as the Infill Infrastructure Grant program (IIG). Section 53559.1 (c) establishes and defines the new Catalytic Qualifying Infill Area.

Potential applicants are encouraged to review relevant sections of HSC 53559 and 53559.1.

IIGC Overview and Summary of Funds Available

The purpose of the IIGC program is to provide critical infrastructure funding necessary to unlock sites for residential development.

Many former commercial and underutilized areas have great potential for the development of housing but lack the infrastructure necessary to facilitate higher-density

residential development. In addition to vacant infill parcels, IIGC proposals may include industrial or business parks, vacant shopping centers, strip malls, or scattered sites with vacant or underutilized structures.

The IIGC program supports adaptive reuse of these structures or sites by providing financial assistance for Capital Improvement Projects that are an integral part of, or necessary to facilitate the development of housing within Catalytic Qualifying Infill Areas (CQIA). Under the program, grants are available as gap funding for infrastructure improvements necessary for specific residential or mixed-use infill development proposals.

The Department is issuing this Request for Concept Proposals to achieve the following goals:

1. Prequalify prospective applicants for the IIGC Notice of Funding Availability (NOFA) which the Department anticipates releasing no later than February 2023. The IIGC Phase II application process is open only to eligible applicants who receive an invitation from the Department in response to their submitted Concept Proposals. Failure to participate in the Concept Proposal process will preclude an applicant from further participation.
2. Assess the funding needs for this IIGC solicitation. The Department may consider an increase to per-unit grant funding amounts for IIGC funding based upon information in the Concept Proposals. Eligible applicants who submit Concept Proposals in response to this Request for Concept Proposals, but who are not invited to apply under the NOFA, may be eligible to apply for subsequent rounds should funding be made available.
3. The Department anticipates that data collected through the submissions in response to this Request for Concept Proposals will inform further design of the program including scope and size of proposed projects, assessment of infrastructure needs and streamlining opportunities for residential development.

In total the Department has approximately \$105 million available in fiscal year 2022-23. These funds will be allocated as follows (approximately):

- \$90 million for Large Jurisdictions
- \$15 million for Small Jurisdictions¹

A list of Small Jurisdiction and Large Jurisdiction counties is included as Appendix A.

¹ *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 per Health and Safety Code Section 53559.1 (g).*

Grant funds will be made available as gap funding for infrastructure and Adaptive Reuse² improvements necessary for specific residential or mixed-use infill developments. Sites and parcels that make up CQIAs must have been either previously developed or be largely surrounded by sites developed with Urban Uses. “Urban Uses” means any residential, commercial, industrial, public institutional, transit or transportation passenger facility, retail use, or any combination of those uses.

Eligible improvements include, but are not limited to, development of parks or open space, water, sewer or other utility service improvements, streets, roads, parking structures, transit linkages, transit shelters, traffic mitigation features, site preparation or demolition, sidewalks, streetscape improvements and construction and Rehabilitation³ expenses relating to repurposing non-residential buildings for residential uses. A complete list of Eligible Uses is provided in Appendix B.

It is estimated that funds will be disbursed based on the following proposed minimum and maximum award amounts; however, the Department may adjust these numbers based upon Concept Proposals submitted. The actual grant amount will be calculated based upon the information submitted in the Full Application. Final funding minimums and maximums will be announced in the Notice of Funding Availability. The Department may consider increasing per unit amounts based on the overall infrastructure needs of CQIAs as proposed.

Proposed Funding Minimum and Maximum Award Amounts			
Catalytic Qualifying Infill Area	Large Jurisdictions	Minimum	\$15 million
		Maximum	\$45 million
	Small Jurisdictions	Minimum	\$5 million
		Maximum	\$15 million

The maximum grant amount shall be determined by the total number of housing units proposed within the identified CQIA, the bedroom count of these units, and the density and affordability of the housing proposed to be developed as identified below:

Proposed IIGC Grant Amount Calculation (Amounts are represented on a per unit basis)					
Income Level & Tenure	0-Bdrm	1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm
200% FMR ⁴ or exceeds CALHFA Sales Prices	\$4,000	\$8,000	\$11,900	\$15,900	\$19,900
Program Unrestricted ⁵	\$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

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 final IIGC Grant Amount Calculation and Net Density Adjustment Factor tables to be published with the Phase II Invitation to Apply, whichever is less.

Based on the proposed minimum award amounts and per unit grant calculation amounts outlined above, a Large Jurisdiction must demonstrate capacity for not less than 300 Units and Small Jurisdictions must demonstrate capacity for not less than 100 Units to qualify for funding.

Catalytic Qualifying Infill Area Program Timeline

A complete CQIA Concept Proposal, on Department forms, must be submitted to the Department via the HCD Application Portal according to the timeline on the following page:

Release of Concept Proposal Solicitation (Phase I)	November 30, 2022
Webinar / Q&A	December 2022
HCD IIGC Portal Opens	December 29, 2022
Concept Proposals Due (Portal Closes)	January 31, 2023
IIGC NOFA Released	February 2023
Invitations to Apply Released (Phase II)	February 2023
Applications Due	March 2023
Awards	June/July 2023

² "Adaptive Reuse" means the repurposing of building structures for residential purposes, such as former office use, commercial use, or business parks. When referring to building structures, adaptive reuse means retrofitting and repurposing of existing buildings that create new residential rental units, and expressly excludes a project that involves rehabilitation of any construction affecting existing residential units that are, or have been, recently occupied.

³ "Rehabilitation" is defined in line with Section 50096 of the HSC, and includes improvements and repairs made to a residential structure acquired for the purpose of preserving its affordability.

⁴ 200% Fair Market Rent (FMR) Unit: A 200 percent FMR Unit is a rental unit with a proposed monthly rent, which is equal to or greater than 200 percent of its county's FMR as defined by HUD.

⁵ 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 guidelines Appendix A Defined Terms, but also not meeting any of the above definitions. *Increase based on December Consumer Price Index per U.S. Bureau of Labor Statistics (BLS).

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

Concept Proposal Requirements:

I. The CQIA Concept Proposal must certify the following statutorily required eligibility criteria:

- (a) The Applicant must be eligible. An Eligible Applicant is defined as a city, county, city and county, or public housing authority that has jurisdiction over a CQIA. A metropolitan planning organization may participate as a co-applicant.
- (b) The CQIA 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 the Department has determined to be in compliance or will be found to be in compliance by the Department, pursuant to Section 65585 of the Government Code by the anticipated award date.
- (c) Identification of an eligible CQIA that meets all of the following:
 - (1) A contiguous area or multiple noncontiguous parcels located within an Urbanized Area⁶. For Large Jurisdictions, the contiguous area or noncontiguous parcels have been previously developed, or at least 75 percent of the perimeter of each parcel or area adjoins parcels that are developed or have been previously developed with Urban Uses. For Small Jurisdictions, the perimeter requirements shall be at least 50 percent of the perimeter of each parcel or area. For purposes of this paragraph, perimeters bordering navigable bodies of water and parks shall not be included in the perimeter calculation.
 - (2) No parcel within or adjoining the designated CQIA is classified as agricultural or natural working land according to the California Department of Conservation's Farmland Mapping and Monitoring Program (FMMP) Tool.
 - (3) The contiguous area or multiple noncontiguous parcels are located in an area designated for mixed-use or residential development pursuant to one of the following:
 - A general plan adopted pursuant to Section 65300 of the Government Code.
 - A sustainable communities strategy adopted pursuant to Section 65080 of the Government Code.

⁶ "Urbanized area" means an incorporated city. For sites in unincorporated areas, the site must be within a designated urban service area that is designated in the local general plan for urban development and is served by the public sewer and water.

- A specific plan adopted pursuant to Section 65450 of the Government Code.
 - A Workforce Housing Opportunity Zone established pursuant to Section 65620 of the Government Code.
 - A Housing Sustainability District established pursuant to Section 66201 of the Government Code.
- (4) Certification that the applicant has site control or other mechanism of authority to complete the proposed Capital Improvement Project(s) within the proposed CQIA.

II. Catalytic Qualifying Infill Area Housing Requirements – the applicant must further demonstrate the following:

- (a) No less than 15 percent of the total projected housing within the CQIA will be Affordable Units.⁷
- (b) Average residential densities on the parcels to be developed that are equal to or greater than the following densities (GOV 65583.2 (c)(3)(B)), except that a project located in a Rural Area as defined in Section 50199.21 shall include average residential densities on the parcels to be developed of at least 10 units per acre.⁸
- (c) Housing sites are free from severe adverse environmental conditions, such as the presence of toxic waste that is economically infeasible to remove or cannot be mitigated.

III. The CQIA Concept Proposal must include narrative responses addressing each of the following:

⁷ "Affordable Unit" means a Unit that is made available at an affordable rent, as defined in HSC Section 50053, to a household earning no more than 60 percent of the Area Median Income or at an affordable housing cost, as defined in HSC Section 50052.5, to a household earning no more than 120 percent of the Area Median Income. Rental units shall be subject to a recorded Covenant ensuring affordability for a duration of at least 55 years. Ownership units shall initially be sold to and occupied by a qualified household and shall be subject to a recorded Covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

⁸ Government Code Section 65583.2(c)(3)(B) requires the following densities:

- For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.
- For an unincorporated area in a nonmetropolitan county not included in clause (1): sites allowing at least 10 units per acre.
- For a suburban jurisdiction: sites allowing at least 20 units per acre.
- For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

- (a) An identification of the parcel(s) within the boundaries of the proposed CQIA including:
 - (1) size
 - (2) current or planned land use
 - (3) current or planned zoning
 - (4) current ownership
 - (5) description of existing structures and whether existing structures will be adapted for residential or other uses or demolished
 - (6) description of surrounding land uses

Images, if illustrative, may be submitted with narrative.

Please note, CQIAs can be a single site, multiple contiguous parcels or scattered sites within a single jurisdiction's authority.

- (b) Description and estimated cost of the proposed Capital Improvement Project(s). Please refer to Appendix B for threshold requirements and eligible uses of IIGC program grant funds. The Capital Improvement Project must constitute a large catalytic investment to unlock land to accommodate a mix of uses, including affordable and mixed-income housing.
- (c) Description of how the applicant jurisdiction will, or has ensured streamlined entitlement processes and fast-tracked progress for future housing development within the CQIA including, but not limited to, planned or existing ordinances that facilitate the reuse of non-residential building for residential uses.
- (d) Information, to the extent known, on the proposed project schedule for the proposed Capital Improvement Project to demonstrate readiness, including:
 - (1) Estimated date(s) for key elements of Capital Improvement Project completion
 - (2) Identification of necessary environmental clearances to commence construction of the Capital Improvement Project and status of said clearances.
 - (3) Date(s) for final entitlements and planning approvals received or anticipated, allowing for commencement of construction of the Capital Improvement Project
 - (4) Date(s) for financial commitments for housing in the CQIA used in the calculation of the maximum IIG award
 - (5) Estimated construction and permanent financing closing dates of housing development(s) within the CQIA, if known.
 - (6) Other key milestone dates for the Capital Improvement Project(s) and housing proposed in the CQIA.
 - (7) Contingencies and risks that could alter or delay proposed timeline

- (e) Estimated number of housing developments, number of total housing units, number of affordable housing units, and depths of affordability within the proposed CQIA as well as proposed residential densities, if known. If exact number of housing units is unknown at the time of the submittal of the Concept Proposal, the applicant may include an anticipated range of units.
 - (1) Identification of housing developments proposed on state owned excess sites and other publicly owned land, if any, within the CQIA. A list of available excess state-owned properties is available on the Department's [website](#).
- (f) A description of transit operations, including locations of transit stations and stops, type and frequency of service, located within proximity to the proposed housing within the CQIA.
- (g) A description of existing or planned amenities like shopping, schools, and job centers near within or in proximity to the CQIA.
- (h) A description of strategies to mitigate displacement of any existing residents and businesses within the identified CQIA.
- (i) A description of meaningful outreach and engagement utilized in the design of the CQIA in the local community.
- (j) Identification of streamlined program-level California Environmental Quality Act analysis and certification efforts that will expedite environmental reviews for the proposed housing within the C.
- (k) Description of how the CQIA and Capital Improvement Project will have a catalytic impact within the community and explanation of any potential challenges for use or access of IIGC funding, or risks to completion of the CQIA project vision.

Invitations to Apply

The Department will review Concept Proposals to determine program eligibility. Applicants with Concept Proposals that meet general eligibility requirements will be invited to submit Full Applications. However, to the extent the Department receives Concept Proposals in excess of 250 percent of available funds, invitations to apply will be prioritized based on projects that can demonstrate shovel readiness of the proposed Capital Improvement Project.

Concept Proposals invited to submit a Full Application will be evaluated based on their ability to demonstrate exemplary consistency with program goals and will be prioritized in the award selection process. Please note, that Concept Proposals not receiving invitations to apply for the 2022-23 NOFA may be eligible to apply for funding under a 2023-24 NOFA cycle should funds be available.

HCD will invite qualified applicants to submit Full Applications according to the timeline provided above. An Eligible Applicant who is invited to apply must submit a Full Application which is substantially consistent with the Concept Proposal. Proposal components identified in HSC 53559(f)(1)(B) identified as ranking criteria may not be significantly modified in the Full Application unless the modification would result in a higher score (e.g., a higher number of affordable units, greater depth of affordability, higher net densities). In no instance shall a Full Application include fewer number of housing units than described in the Concept Proposal.

Appeals

No appeals of the Department's decision on invitations to apply will be accepted.

Negative Points and Disencumbrance Policies

The Department's [Negative Points Policy](#) (Administrative Notice Number 2022-01) and [Disencumbrance Policy](#) (Administrative Notice Number 2022-02), dated March 30, 2022 and published on the Department's [website](#), are hereby incorporated by this reference as if set forth in full herein, and shall apply with equal force as all other provisions set forth herein.

If the Sponsor/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 Sponsor/Recipient/Applicant in writing during the application review period.

Questions and Assistance

To receive information on workshops and other updates, please [subscribe](#) to the Department's listserv. For questions or to arrange a 20 minute consultation with the IIGC team, please contact infill@hcd.ca.gov.

Appendix A
Small and Large Jurisdictions

SMALL JURISDICTIONS

Defined as a county with a population of less than 250,000 as of January 1, 2019, or any city within that county per Health and Safety Code Section 53559.1 (g).

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	

LARGE JURISDICTIONS

Includes any county listed below as well as any city located within these counties.

Alameda	Placer	Santa Barbara
Contra Costa	Riverside	Santa Clara
Fresno	Sacramento	Santa Cruz
Kern	San Bernardino	Solano
Los Angeles	San Diego	Sonoma
Marin	San Francisco	Stanislaus
Merced	San Joaquin	Tulare
Monterey	San Luis Obispo	Ventura
Orange	San Mateo	

Appendix B
Capital Improvement Project Definition and Eligible Uses

- (a) Capital Improvement Project means the construction, rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvement of a capital asset, as defined in Section 16727 (a) of the Government Code, that is an integral part of, or necessary to facilitate the development of housing within a CQIA.
- (b) The applicant must demonstrate that the Capital Improvement Project is an integral part of, or necessary to facilitate the development of the CQIA identified in the application.
- (c) Capital Improvement Project sites are free from severe adverse environmental conditions, such as the presence of toxic waste that is economically infeasible to remove or cannot be mitigated.
- (d) Capital Improvement Projects comply with site control requirements as set forth at UMR Sections 8303 and 8316 with the additional requirements that the Applicant shall demonstrate that the Developer of proposed housing with an on-site Capital Improvement Project for which the Applicant is applying for grant funding, will have site control at the time of Full Application and shall maintain site control throughout the term of the Award.
- (e) Funds shall be used only for approved eligible costs that are incurred on the Capital Improvement Projects as set forth below.
- (f) Capital Improvement Project costs must be reasonable and necessary. Costs must be reasonable compared to similar infrastructure projects of modest design in the general area of the Capital Improvement Projects.
- (g) Eligible costs include the construction, Rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvements of the following:
- (1) The creation, development, or rehabilitation of parks or open space.
 - (2) Water, sewer, or, internet, and other utility service improvements, including relocation of such improvements.
 - (3) Streets, roads, and bridges.
 - (4) Transit linkages or facilities, including, but not limited to, related access plazas or pathways, and bus or transit shelters.
 - (5) Facilities that support pedestrian or bicycle transit, including bike lanes, crosswalk improvements, and pedestrian scaled lighting.
 - (6) Traffic mitigation improvements, including roundabouts, turn lanes, or raised islands.

(7) Sidewalk or streetscape improvements, including, but not limited to, the construction or resurfacing of sidewalks and streets or the installation of lighting, signage, or other related amenities.

(8) Adaptive Reuse building construction and Rehabilitation expenses necessary to facilitate the repurposing of existing non-residential buildings for residential uses.

(9) Site preparation or demolition related to the Capital Improvement Project or housing utilized in the calculation of maximum IIG grant funds.

(10) Purchase of modular or manufactured housing units

(11) Structured Parking, including:

(A) Structured Parking spaces that are required replacement of Transit Station parking spaces (including replacement required by a transit agency), or public Structured Parking required as a condition of approval for the housing utilized in the calculation of maximum IIGC grant funds within one-half mile of a Major Transit Stop or Transit Station, not to exceed \$50,000 per space.

(B) Residential Structured Parking and mechanical parking lifts. The minimum residential per unit parking spaces in Structured Parking, as required by local land-use entitlement approval, not to exceed one parking space per residential unit, and not to exceed \$50,000 per permitted space.

(12) Required environmental remediation necessary for the development of the Capital Improvement Projects or housing utilized in the calculation of maximum IIGC grant funds, where the total cost of the remediation and regulatory oversight does not exceed 50 percent of the Program grant amount.

(13) Soft costs such as those incidentally but directly related to construction or other pre-development components including, but not limited to, planning, engineering, construction management, architectural, and other design work, required mitigation expenses such as mitigation design or testing, appraisals, legal expenses, and necessary easements. Soft costs shall not exceed 15 percent of costs associated with the funding request for the Capital Improvement Project.

(14) Impact fees required by local ordinance are eligible for Program funding only if used for the identified Capital Improvement Projects. Funded impact fees may not exceed 5 percent of the Program Award.

(h) The following costs are not eligible for Program funding:

(1) Developer fees or profit.

(2) Costs of new housing or mixed-use structure construction and Rehabilitation not including Adaptive Reuse, or modular or manufactured housing costs as described above.

(3) Soft costs related to ineligible costs.

(4) In-lieu fees for local inclusionary programs.

Project Description: Palm City Transit Village & Transforming & Advancing South County Transit Communities (TASC)

Developer: National CORE and Casa Familiar

Site Address:

Site 1: 317 Cottonwood Drive and 210-240 S. Vista Avenue

Site 2: 125 Cypress Drive

Site 3: 2300 Palm Avenue

Affordability: 100% of the units, less the manager's units, will be restricted from 30-80% AMI.

Total Number of Units Proposed:

Palm City Transit Village- 483 rental units

Avanzado- 100 rental units that convert to ownership at the end of the LIHTC compliance period.

Transit:

The projects are served by a light rail service and two bus routes.

- Blue Line Trolley – Part of SDMTS's light rail system, the Blue Line goes from San Ysidro (near the US-Mexican border) to University Town Center, near UC San Diego. The trolley has 6-, 9-, or 15-minute headway depending on time of day and day of week.
- Route 932 – This local bus service goes from the 8th Street Transit Center to Iris Avenue Transit Center, both of which are also Blue Line Trolley stations. This bus has 20-, 30-, or 60-minute headway depending on time of day and day of week.
- Route 933/934 – This local bus runs in a loop between Imperial Beach Fishing Pier to the west and Palm Promenade to the east. 933 runs counterclockwise and 934 runs clockwise. This bus has 15-, 30-, or 60-minute headway depending on time of day and day of week.

To the west of the project, many retail operations exist at the Southland Plaza Shopping Center including Vons Supermarket, CVS Pharmacy, Walmart, Home Depot, Big 5 Sporting Goods, and a Wells Fargo Bank.

To the south, the Nestor Community Health Center exists. To the southeast the Sunnyslope Elementary School, Sunnyslope Park, and the Otay Mesa Branch Library exist. There are more job opportunities at the industrial and commercial areas to the north of the project, including more large retail operations at the Palomar Street Transit Center, which is also a Blue Line Trolley station.

Amenities:

1. **Mobility Hub:** adjacent to the rail platform we will have facilities that will reduce friction when travelers are shifting travel modes (rail to bus, bike to rail or bus, rideshare to all other modes). This hub will be designed to include basic necessities, like shaded seating areas, charging stations for phones and a filtered water station. Bike facilities will include bike lockers, bike repair stations, and a map showing safe bicycle routes that are accessed from the station.
2. **Child Care Facility:** An on-site childcare facility will eliminate the need for a separate morning trip to drop off children before departing for work (reduction in GHG).
3. **Exercise Facilities:** On-site jogging track with exercise stations.
4. **Pet Amenities:** pet waste station and well lighted dog walking areas. The City and SANDAG are moving forward with the approved Palm Avenue Revitalization Plan and the large-scale Border to Bayshore Bikeway CIP.

Project Description: Home Tower

Developer: Wakeland Housing Development Corporation

Site Address: 707 Broadway, San Diego CA 92101

Affordability: 100% of the units

Total Number of Units Proposed: 170

Property:

18-story office tower with 3-story annex. The office tower and annex will be retrofitted to residential use with 15% of the NRA intended to be affordable.

An adaptive re-use of an existing office building: replacement windows, new fitness center and coworking space, modern unit interiors, new mechanical systems, electrical transformer, elevator modernization and aesthetic upgrades, new sky deck lounge area.

Transit:

The subject property offers great walkability as well as access to numerous transit options. The property is just blocks from five different bus stops (Broadway & Park; 10th & Broadway; Broadway & 5th; 5th & Broadway; Broadway & 6th) along with two light rail stops (5th Avenue Station; City College). These transit stops offer neighborhood residents access to countless destinations within Downtown and across San Diego County from UTC to San Ysidro.

The site is also located nearby Santa Fe Depot and the San Diego Train Station which offer Coaster and Pacific Surfliner service respectively. Moreover, the property is adjacent to the 5, 94, and 163 freeways and is also a short drive from San Diego International Airport.

Relocation:

Owner is in negotiations with existing tenants to relocate to other downtown office buildings owned by Owner affiliates.

Amenities:

Downtown San Diego provides the site with a wealth of neighborhood amenities including sources of employment, shopping and entertainment destinations, education institutions, health, and social service locations.

The property is a short distance from numerous schools serving all ages including Washington Elementary, URBAN Discovery Academy, King-Chavez High School, and San Diego City College.

The site also offers convenient access to many nearby restaurants and grocery stores; Grocery Outlet, Smart and Final, Albertsons, and CVS are all within a 10-minute walk. The subject property offers easy access to many art/science/culture/entertainment destinations including the Balboa Theatre, Petco Park, Balboa Park, and the San Diego Central Library.

The property's location presents future residents convenient access to important government services; the department of health and human services, SD police headquarters, social security administration, and a post office are all located a short distance from the project.

The subject property's location within the San Diego CBD also means that future residents will have access to countless existing and future employment opportunities. Large scale development projects like the Horton Plaza Campus and RADD will bring many new high-paying jobs to the area.

Project Description: Front Street

Developer: The Michaels Organization

Site Address: 345 West Ash Street, 1301 State Street, and 1350 West Front Street San Diego CA 92101

Affordability: 20% of the units in the West Tower (101 units) **0-50% AMI**

99% of the units in the East Tower (496) **80-120% AMI**

Total Number of Units Proposed: 1007

West Tower:

The project proposes an approx. 40 story tower on the West side of the block with approx. 506 dwelling units, approx. 10,000 SF retail/commercial and or restaurant space, two levels of below grade parking and 7 levels of above grade parking with a parking ratio of .75 per dwelling unit. The ground floor will provide approx. 15,000 SF of common area for the lobby, leasing, and property management space and residential amenities. The podium deck (level 8) will provide common outdoor and amenity space for the residents, approx. 20,000 SF. Of the proposed units, 20% shall be deed restricted to persons earning no more than 50% AMI and restricted for 55 years.

East Tower:

The project proposes an approx. 40 story tower on the East side of the block with approx. 501 dwelling units, approx. 10,000 SF of retail/commercial and or restaurant space, one level of below grade parking and 7 levels of above grade parking, with a parking ratio of .5 per dwelling unit. The ground floor will provide approx. 10,000 SF of common area for lobby, leasing, and property management space and residential amenities. The podium deck (level 8) will provide common outdoor and amenity space for the residents, approx. 20,000 SF. Of the proposed dwelling units, 33.3% shall be deed restricted to persons earning no more than 79% AMI, 33.3% shall be deed restricted to persons earning no more than 100% AMI, and 33.3% shall be deed restricted to persons earning no more than 120% AMI. These dwelling units will be deed restricted for 55 years.

Construction and Phasing

Demolition and abatement of the existing buildings on the two sites would occur prior to the start of construction. Demolition is proposed to happen concurrently for both sites, starting in September of 2023 and lasting until April of 2024. Grading and site preparation activities would follow, with grading on the East and West sites.

Construction of the proposed project is expected to start in January of 2025 and last until July of 2027. The construction of the East and West sites would be staggered, with clearing and grubbing activities starting on the East site in January of 2025 and lasting the entire month, and

on the West site starting in April of 2025 and lasting until May of 2024. The remainder of construction activities would continue to be staggered by site by approximately 3 months, with grading activities starting on the East site in January of 2025 and on the West site in April of 2025. The East site would be ready for occupation in November of 2027, and the west site would be ready for occupation in February of 2028. Some of the phases of construction for each tower will occur concurrently, such as underground infrastructure and utilities and building construction.

Project Description: Rady Center

Developer: Wakeland Housing Development Corporation

Site Address: 830 8th Avenue, San Diego CA 92101

Affordability: 100% of the units

Total Number of Units Proposed: 300

Total unit count is comprised of the following:

190 units of Permanent Supportive Housing (PSH)

110 units of Interim Housing

Located in San Diego's Downtown City Centre, East Village, the development has access to several public transit options:

Bus Lines: There are several bus lines within less than an 1/6 of a mile radius (880 ft). Each bus line runs at intervals of approximately 15 minutes with destinations throughout the city, surrounding cities and counties.

Light Rail: There are several light rail Transit Stations located within less than 1/3 of a mile radius (1,760 ft)

As the development is located in San Diego's Downtown City Centre, East Village, the development has access to a slew of existing and planned amenities:

Planned Amenities:

1. East Village 14th Street Promenade Master Plan - This master plan includes three phases: Entertainment and Innovation, Park, and Urban Discovery and Play Districts. The design of the 14th Street Promenade will accommodate a variety of passive and active recreation activities, ranging from walking and resting to more activated uses such as children's discovery areas, local art displays, sensory play areas, historical artifacts, and other design elements.

2. E Street Master Plan: To further improve pedestrian safety and comfort in the Downtown area, the Downtown Mobility Plan proposed a system of Greenways along select corridors, linking existing and planned parks and improving connections to adjacent communities. The E Street Greenway connects Horton Plaza Park in the Gaslamp Quarter with the northeast quadrant of East Village and will provide a respite between the auto and transit corridors of Broadway and F and G Streets.

Relocation:

The displacement of existing residents and uses will be mitigated with a carefully planned Relocation Plan designed by a professional Relocation Consulting Firm. The Salvation Army, current owner, is committed to continue their social services activities, which include interim housing, in temporary locations, during the development of the site. Once the construction is complete, they will return to their new building to continue their services.

The project site is currently developed and in operation. No known severe adverse environmental conditions exist. Lead and asbestos surveys were conducted. The surveys concluded that asbestos and lead paint would have to be mitigated as required per code during demolition.

The highly publicized Salvation Army Rady Center has already garnered significant local and national support. There is an Ernest Rady gift of \$30 million committed to the project. The Cargill Foundation has made a commitment of \$10 million, as well as \$2 million from the Conrad Prebys Foundation. These generous commitments are a testament to the amazing social services the Salvation Army currently provides at this location. The augmented affordable housing and supportive services the new development will provide, in partnership with Wakeland Housing and Development Corporation, will significantly expand the current social services, interim housing and affordable housing available to the local community.

There is a strong need for housing options for individuals experiencing homelessness in the City of San Diego, where homelessness is one of the City's most prevalent, troubling and complex issues. Nowhere in the City is the problem as highly visible as in downtown. Homeless service providers face an uphill battle working with clients who desperately need the stability that comes from being housed. In response to this need, Wakeland envisions a new housing community that aligns with the City of San Diego Community Action Plan on Homelessness. The Rady Center will address short-term, life-saving solutions and long-term needs for unhoused and at-risk San Diegans through a continuum of housing options. These critical resources will break the cycle of homelessness through a proven combination of stable, affordable housing coupled with comprehensive supportive services. Our project will improve the health, stability, self-sufficiency and well-being of our residents and community.