



Apple Affordable Housing Fund Request for Information

June 2023

Apple Inc. (Apple) announced a comprehensive \$2.5 billion plan in November 2019 to help address the housing availability and affordability crisis in California.

Apple's initiative is designed to accelerate and expand new housing production; jump-start long-term developments that would otherwise not be possible; help first-time buyers purchase homes; and support new housing and programs to reduce homelessness.

Apple's commitment includes up to \$150 million to the Apple Affordable Housing Fund ("the Fund") to the Housing Trust Silicon Valley ("Housing Trust"). The Fund is intended to support new affordable housing projects. Housing Trust, who has a long history of successful public-private partnerships and deployment of innovative financing for nonprofit and mission aligned for profit developers, will implement the Apple Affordable Housing Fund by making loans to qualified developers to help accelerate affordable housing construction across the Bay Area.

Executive Summary

Apple has entered into a partnership with Housing Trust to implement the Fund. Using the Fund, Housing Trust will deploy new solutions, accelerate construction timelines and house families faster by making loans to qualified developers for affordable housing in the greater Bay Area.¹ The Fund sets out to accomplish these goals in two ways: by unsticking and accelerating developments that, with added support offered under the Fund, will be "shovel ready" on or before September 30, 2024 and by expanding the types of tools available to developers.

Housing Trust is now requesting information from developers for the Fund, to unstick developments that will be "shovel ready" on or before September 30, 2024. We are seeking projects that are all but ready to proceed yet need unique and flexible capital to allow the project to move forward. Developers are encouraged to review the threshold and preference and priority criteria that follows and to submit their most compelling proposals.

Priority will be given to projects beginning construction by December 31, 2023, and serving the most vulnerable populations at the lowest Area Median Income ("AMI") levels. All units developed using funds from the Fund will have long-term affordability restrictions.

Additionally, the Fund is looking to encourage projects that are responsive to the selection preferences detailed below, including transit-oriented developments that incorporate sustainable building methods, efficient use of resources and unique aspects that support residents and the community.

Proposal Submission Limit

No more than two (2) proposals may be submitted per developer.

California Finance Lender License #6053356 | NMLS License #287840

¹ Alameda, Contra Costa, Marin, Monterey, Napa, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma Counties (collectively, the "greater Bay Area").



Selection, Commitment and Loan Closing

- Submitted project information will be reviewed for alignment with priorities and preferences by Housing Trust staff, and eligible projects will then be reviewed by an affordable housing project selection committee.
- The selection committee will determine which proposals constitute the appropriate type of affordable housing to move on to consideration for underwriting and review by the credit/loan committee.
- Developers will be notified by August 2023 if a project’s request will be moving forward to underwriting. For all projects moving forward to underwriting, Housing Trust will provide developers with a list of all due diligence items required for submittal.
- Loans approved by the credit/loan committee will then move to documentation and closing.
- Construction on the proposed project must commence no later than **September 30, 2024**.

Key Dates

HT Releases RFI via Email	Wednesday, June 21, 2023
HT holds RFI Information Session	Thursday July 6, 2023, at 11:00am, pacific standard
Developer Deadline to Submit Questions	Monday, July 10, 2023, at 3pm, pacific standard
HT posts Final FAQs	Wednesday July 12, 2023
Developer RFI Submission Window	Through July 19, 2023, at 11:59pm, pacific standard
Notification that Project is moving to full underwriting	Estimated August 2023

Contact Information

Inquiries and questions: applefund@housingtrustsv.org

Website: <https://housingtrustsv.org/programs/developer-funding/applefund/>

About Housing Trust

We believe safe, stable, affordable housing opens the door to better living for everyone in our community. Housing Trust was founded in 2000 as a unique place where public and private resources could come together in creative ways to support housing solutions addressing needs including homeownership, rental housing, and homelessness prevention.

To date, we have invested over \$500 million to create more than 25,000 homes for the region’s workforce, families, seniors, and special needs individuals. We are now one of the largest housing trusts in the nation, and



the first nonprofit Community Development Financial Institution (CDFI) to receive a Standard & Poor's rating, AA-.

We continue our tradition of building and leveraging our unique public-private partnerships creating affordable housing solutions throughout the greater Bay Area.



Threshold Criteria

To be considered for selection, a project must meet the following minimum threshold requirements demonstrating the developer's commitment and competency in affordable housing development and management and the project's responsiveness to current affordable housing needs and readiness to proceed.

Developer type: Nonprofit and mission-aligned for-profit affordable housing developers or single-purpose entities whose collective missions are to increase and preserve affordable housing in the communities they serve and, by so doing, revitalize their communities.

Developer track record: Demonstrate experience with and successful completion of similar projects, capacity, and the ability to deliver and maintain excellent housing developments for the community in California. To be considered for selection, the lead developer itself or in partnership with other codevelopers must:

- Have an established track record of developing and operating affordable housing of the same type, size, and complexity as the proposed project including successful completion of affordable housing development from community engagement through project design, entitlements, financing, construction, and occupancy.
- Demonstrate the financial strength to carry out the project through predevelopment, acquisition, construction, lease-up, and compliance periods.
- Demonstrate a proven track record of completing projects on budget and on time.
- Developer and all affiliated entities, lenders, and funders, must be in good standing with Housing Trust.

Developer capacity: In addition to a strong track record, developer must have the capacity to successfully complete the proposed project.

- Demonstrated capacity to develop the proposed project with complex financing structures within established budget parameters and within established timeframes.
- Demonstrate that developer has adequate project management staff and expertise relative to their total portfolio of projects under development.

Project readiness: Must demonstrate the project is "shovel ready" as defined as being under construction or beginning rehabilitation, by September 30, 2024. This may be demonstrated through site control, zoning, and entitlement approvals, building permit approvals, environmental readiness, financing commitments to date, final construction budget and readiness to enter a construction contract.

Affordability restrictions: All projects must commit to rental restrictions of at least 20 years from project completion for all proposed affordable units with affordable units making up at least 75% of the total project units. Households with a maximum of 80% AMI are defined as affordable for this request.

Project Location: Project must be located in one of the following greater Bay Area Counties: Alameda, Contra Costa, Marin, Monterey, Napa, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma.



Additionally, proposals will **not** meet threshold criteria if they:

- Are outside of the greater Bay Area (as defined above)
- Are not well served by transit (see Selection Preferences for more detail)
- Cannot demonstrate readiness to be under construction no later than September 30, 2024
- Do not employ sustainable building methods (see Selection Preferences for more detail)
- Are the first comparable project undertaken by the developer
- Do not create any net new affordable housing units

Selection Preferences

Proposals meeting all Threshold Criteria will be reviewed holistically based on the selection preferences outlined below. Each of the Selection Preferences below represent priorities of the Fund and, accordingly, will be reviewed by the selection committee and will help guide final project selection.

Transit-Oriented Development: The Fund seeks to encourage projects that are well served by high quality transit. Projects incorporating a transit focus will be prioritized. Projects better served by transit are evidenced by being no more than 1/2 mile from a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop.

Advanced readiness: The Fund seeks to encourage projects that will be under construction ahead of the shovel ready deadline. **Priority will be given to projects that will be under construction by December 31, 2023.**

Cost per unit and square foot: The Fund seeks to encourage cost efficiency. Total development cost (TDC) per unit and per square foot and, for projects with a mix of uses, total residential development cost per unit and per square foot will be considered in project evaluation.

Apple Affordable Housing Fund loan per unit and square foot: The Fund seeks to encourage efficient use of this resource. TDC per unit will be evaluated relative to the Apple Affordable Housing Fund loan amount and the project per square foot amount. For projects with a mix of uses, total residential development cost per unit and per square foot and relative to the Apple Affordable Housing Fund loan amount will be considered in project evaluation.

Sustainable building methods: The Fund seeks to encourage sustainable building and energy efficiency. Submissions should include a narrative description of programs for which the project will meet minimum requirements (LEED, Green Communities, etc.) plus a description of any other features related to sustainability, energy efficiency and water efficiency.

Construction innovation: The Fund seeks to encourage projects that employ innovative construction methods. Submissions should include a description of any such innovations, including, but not limited to, modular and prefabricated construction.



Unique partnerships to support residents and the community: The Fund seeks to encourage projects that employ unique collaborations to provide services or other benefits to nurture residents and the community. For example, projects with partnerships that provide support for emancipated youth, job training, parenting skills, etc., are preferable.

Mix of affordability: The Fund seeks to encourage housing for those who are most vulnerable. The Fund will accept projects that will increase housing production and address the housing affordability needs in the greater Bay Area. Affordable housing projects that include a maximum amount of 25% moderate to market rate households may be considered.

The Fund considers units rented to households up to 80% of Area Median Income (“AMI”) as affordable and are preferable. **Units rented to ELI and VLI (as prioritized below) will be prioritized.** In order to be responsive to the needs of individuals among multiple income strata, the Fund will provide funding to projects that will provide low income and/or moderate-income housing units (per the priorities noted above), defined as:

ELI - “extremely low income” (at or below 30% of AMI) under federal and California income limits for the locality in which such projects are located.

VLI - “very low income” (31 - 50% of AMI) under federal and California income limits for the locality in which such projects are located.

LI - “low income” (51 - 80% of AMI) under federal and California income limits for the locality in which such projects are located.

Moderate - “moderate income” (81 - 120% of AMI) under federal and California income limits for the locality in which such projects are located.

Market Rate - Market rate units are those that do not have any affordability restrictions.

Net new creation of affordable units: The Fund seeks to encourage projects that add new units of affordable housing.

Maximizing development: The Fund seeks to encourage efficient development that maximizes a site’s housing creation potential.

Anti-displacement: The Fund seeks to address the pressures of displacement being felt most acutely by the most vulnerable members of our population.

Efficient use of Apple Affordable Housing Fund resources: The Fund seeks to create affordable units by filling financing gaps for the maximum number of affordable projects over time. Proposals requesting a term less than five years are preferable.

Leveraging Public Resources: Consideration may be given to “shovel-ready” projects that have received an award of public funding through: State, regional or local funding program.



Apple Affordable Housing Fund Loan Term Criteria

It is anticipated that each project will have different capital requirements and intend for the lending criteria to be used as a guideline and not a prescription.

To provide for maximum flexibility, each developer must describe how the loan will be repaid and to include a demonstration of this repayment capability in their operating proforma.



Loan Types and Terms:

Construction/Bridge Financing	<ul style="list-style-type: none"> Up to 36-month term, monthly interest only with outstanding principal due at the earlier of take out closing or loan maturity. Repayment: upon permanent financing, including other municipal funding, such as funding from Affordable Housing and Sustainable Communities or Infrastructure Infill Grants.
Construction to Mini-Permanent Financing	<ul style="list-style-type: none"> Up to 5-, 7- or 10-year term (Mini-permanent loan terms will begin after construction completion). Repayment: 1) Interest only during construction and 2) monthly principal and interest payments must be made during the loan term (based on a 20-year amortization). During the monthly P&I payment period, a portion of the principal balance will be paid down, with a balloon payment due at the end of the loan term for partially amortizing loans. A feasible and reasonable take-out financing source must be identified for any balloon payments. Project sponsor to identify the proposed take-out source at underwriting. Mini-permanent loan term maximum is 10 years.
Construction to Permanent Financing	<ul style="list-style-type: none"> Total Loan Term up to 20-year term and 20-year amortization Repayment: 1) Interest only during construction and 2) Full amortization during the permanent phase. Project sponsor to identify the proposed take-out source at underwriting. Loan term maximum is 20 years (inclusive of construction period) for this loan type.
Loan Amount	Estimate \$2 to \$5 million for most loans. Higher loan amounts may be considered based on the merits of the project.
LTC	Flexible - The Fund may assist projects with subordinate debt in order to achieve up to 95% combined LTC. There may be consideration for combined LTCs of over 95% on a case-by-case basis.
Interest Rate	Up to 3% during the construction phase and 2% during the permanent phase
Interest Reserve	Required during the construction phase of the loan to be fully funded at closing.
Security	First or second deed of trust. Other lien positions may be considered at the lender's discretion.
Recourse	Full recourse to Borrower during Construction Period.
Guarantor	Completion and Repayment Guaranty from Sponsor and/or Principal(s) required during Construction Period.
Loan Fees	Origination Fee - the greater of 1% or \$30,000 (in addition to third-party costs). Conversion fee of \$10,000 applicable for loans converting to mini-perm or permanent phase.
Application Fee	\$15,000 due upon notification that proposal has been selected to move forward to underwriting. Application Fee will be applied to the Origination Fee upon closing.

Note, that upon review, Housing Trust may propose additional loan terms including recourse and/or guaranties. The developer may choose to accept these additional loan terms or withdraw the project for funding consideration. Housing Trust reserves the right to lower the loan amount being requested.



Submission Instructions

The initial project information and any supporting documents must be submitted electronically. Project information will only be considered through the online portal.

Housing Trust reserves the right to request additional information from the developer during the project review period. Please note that the Housing Trust may ask that the existing appraisal be reissued to Housing Trust. Any requests will be sent to the primary contact person listed for the submission and will have a deadline for the response.