

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
ADMINISTRATION AND MANAGEMENT DIVISION****Business & Contract Services Branch**

2020 W. El Camino Avenue, Suite 130, 95833

P. O. Box 952054

Sacramento, CA 94252-2054

(916) 263-6872

www.hcd.ca.gov

Eric Shaw, Director
City and County of San Francisco
1 South Van Ness Avenue 5th Floor
San Francisco, CA 94103

Dear Eric Shaw:

**RE: City and County of San Francisco
Contract No.: 19-HHC-13614**

Congratulations on your Housing for a Healthy California (HHC), Article II program award. Attached is an electronic copy of the HHC Article II Standard Agreement with Exhibits A through E:

A. Standard Agreement (STD 213 and Exhibits A through E)

STD 213 - Cover page

Exhibit A - Authority, Purpose and Scope of Work

Exhibit B - Budget Detail and Payment Provisions

Exhibit C - State of California General Terms and Conditions – 04/2017

Exhibit C is now incorporated by reference; please see the STD 213 for additional information.

Exhibit D – Housing for a Healthy California Article II Program Terms and Conditions

Exhibit E - Special Conditions

B. For expeditious handling of the contract, the Department offers two options for returning signed STD 213; please review and complete one of the following options:

1. Review the entire Agreement thoroughly and, if necessary, discuss the requirements with your legal and financial advisors.
2. The person or persons authorized by the Resolution(s), must provide an **original signature, printed name, title and date, using blue ink**, on the lower left-hand section entitled "Contractor" on the STD 213 and/or on page 2 of the STD 213, if applicable.

3. **Option One:** For electronic signature processing, reply to this Standard Agreement email notification with the attached, fully signed STD 213 page(s). All signatures must be original and in **blue ink**. All signers must be included in the reply email and confirm acceptance of e-signing the Agreement.
4. **Option Two:** Print one copy of the Standard Agreement, STD 213. Do not send photocopies of the signed STD 213 page(s). Copy must be an original, **wet** signature and in **blue ink**; do not return the Exhibits to HCD.
5. **Note:** If the resolution did not authorize a designated official to sign the STD 213 and amendments thereto, your governing body must adopt a resolution authorizing a designated official(s) to sign the STD 213 and any subsequent amendments. If the authorized designee as reflected in the resolution, the awarded NOFA amount or your entity status has changed, you are required to provide, to the Department, a new resolution consistent with the terms of the NOFA award and adopted by your Board.
6. Return the e-signed copy or the signed copy of the STD 213; and, if applicable, the certified resolution within 30 days from the date of this letter to the following address:

**Department of Housing and Community Development
Business & Contract Services Branch
Contracts Office, Attention: Shannon Miller
2020 W. El Camino Avenue, Suite 130
Sacramento, CA 95833**

7. Maintain a complete electronic version of the STD 213 and Exhibits for your pending file. **Note: The Standard Agreement contract is not effective until it is signed by the Awardee's designated official and the Department.**

The Department reserves the right to cancel any pending Standard Agreement in its entirety if not returned within the required 30-day period.

Please contact Charles Gray, HHC Article II Program Manager, State Grants Management Branch, at (916) 263-1014 or Charles.Gray@hcd.ca.gov if you have any questions regarding the Standard Agreement or the provisions therein.

Sincerely,

Shannon Miller

Contract Analyst

cc: Charles Gray, HHC Article II Program Manager, State Grants Management Branch

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

STANDARD AGREEMENT

STD 213 (Rev. 03/2019)

AGREEMENT NUMBER
19-HHC-13614

PURCHASING AUTHORITY NUMBER (if applicable)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

CONTRACTOR'S NAME
City and County of San Francisco

2. The term of this Agreement is:

START DATE

THROUGH END DATE

06/30/2024

3. The maximum amount of this Agreement is:

\$6,798,810.00

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

EXHIBITS	TITLE	PAGES
Exhibit A	Authority, Purpose and Scope of Work	6
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C*	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	HHC Program Terms and Conditions	28
Exhibit E	Special Conditions	1
TOTAL NUMBER OF PAGES ATTACHED		38

Items shown with an asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.

These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

City and County of San Francisco

CONTRACTOR BUSINESS ADDRESS 1 South Van Ness Avenue, 5th Floor	CITY San Francisco	STATE CA	ZIP 94103
PRINTED NAME OF PERSON SIGNING	TITLE		
CONTRACTOR AUTHORIZED SIGNATURE	DATE SIGNED		

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME
Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS 2020 W. El Camino Ave., Suite 130	CITY Sacramento	STATE CA	ZIP 95833
PRINTED NAME OF PERSON SIGNING Shaun Singh	TITLE Contracts Manager, Business & Contract Services Branch		
CONTRACTING AGENCY AUTHORIZED SIGNATURE	DATE SIGNED		

California Department of General Services Approval (or exemption, if applicable)

Exempt per; SCM Vol. 1 4.04.A.3 (DGS memo dated 6/12/1981)

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

Pursuant to Part 14.2 (commencing with Section 53590) to Division 31 of the Health and Safety Code, which establishes the Housing for a Healthy California Program (“HHC” or “Program”) utilizing revenues appropriated to the California Department of Housing and Community Development (HCD or Department) from state funds allocated through the Building Homes and Jobs Act (passed in 2017 via SB 2, and enacted commencing with Section 50470 of the Health and Safety Code) for Counties to provide permanent supportive housing for individuals who are chronically homeless, or homeless and a high cost health user. The Program is implemented utilizing the Housing for a Healthy California Program statute and Guidelines as amended February 28, 2020 and as may be amended from time to time. This Standard Agreement along with all its exhibits (Agreement) is entered under the authority of, and in furtherance of the purpose of, the Program. The Department has issued that certain Notice of Funding Availability, dated May 13, 2019, and as amended July 30, 2019 (NOFA) to govern administration of the funds and carry out the Program. In accepting this conditional reservation of funds, the Contractor (HHC Recipient) agrees to comply with the terms and conditions of this Agreement, the NOFA under which the HHC Recipient applied, the representations contained in the HHC Recipient’s application for this funding allocation (Application), and the requirements of the authorities cited above.

2. Purpose

In accordance with the authority cited above, to create supportive housing for individuals who are experiencing homelessness, or chronic homelessness, and a high-cost health user, a Medi-Cal beneficiary, or eligible for Medi-Cal through the California Department of Health Care Services (DHCS) Medi-Cal program. The goal of the HHC program is to reduce the financial burden on local and state resources due to the over utilization of emergency departments, inpatient care, nursing home stays and use of corrections systems and law enforcement resources as the point of health care provision for extremely low-income people who are experiencing homelessness, or chronic homelessness, and a High-cost health user.

The intent of this Program is to allow certain individuals (who are (1) extremely low income, (2) experiencing chronic homelessness or homelessness and (3) are a High-cost health user) to benefit from Supportive housing opportunities, where the County will provide intensive services promoting housing stability, while decreasing their utilization of emergency departments, inpatient care, nursing stays and other health care costs.

3. Definitions

- A. “Experiencing Chronic homelessness means a person who is chronically homeless, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, as that part read on

EXHIBIT A

- January 1, 2018, except that a person who was experiencing chronic homelessness before entering an institution would continue to be defined as experiencing chronic homelessness upon discharge, regardless of length of stay.
- B. “County” means a county, city and county, or a city collaborating with a county to secure services funding.
 - C. “Department” means the Department of Housing and Community Development.
 - D. “Fair market rent” means the rent, including the cost of utilities, as established by the United States Department of Housing and Urban Development pursuant to Parts 888 and 982 of Title 24 of the Code of Federal Regulations, as those parts read on January 1, 2018, for units by number of bedrooms, that must be paid in the market area to rent privately owned, existing, decent, safe, and sanitary rental housing of nonluxury nature with suitable amenities.
 - E. “Health Home Program” means the Health Home Program established pursuant to Article 3.9 (commencing with Section 14127) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code.
 - F. “High-cost health users” means people who have had either at least three emergency department visits or one hospital inpatient stay over the last year.
 - G. “Homeless” has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 1, 2018.
 - H. “Lead Service Provider” or “LSP” means the organization that has the overall responsibility for the provision of Supportive Services and implementation of the Supportive Services plan. The LSP may directly provide comprehensive case management services or contract with other agencies that provide services.
 - I. “Long-term rental assistance” means a rental subsidy provided to a housing provider, including a developer leasing affordable or supportive housing, private market landlord, or sponsor master leasing private market apartments, to assist a tenant to pay the difference between 30 percent of the tenant’s income and fair market rent or reasonable market rent as determined by the grant recipient and approved by the department. Long-term rental assistance is for a minimum period of one year and a maximum period of five years.
 - J. “Permanent housing” means a housing unit where the landlord does not limit length of stay in the housing unit, the landlord does not restrict the movements of the tenant, and the tenant has a lease and is subject to the rights and responsibilities of tenancy, pursuant to Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

EXHIBIT A

- K. “Program” means the Housing for a Healthy California Program.
- L. “Subrecipient” means any entity that is receiving HHC funds from a county to further an HHC purpose, such as, but not limited to, a developer rehabilitating a project for HHC purposes or a landlord receiving incentives to accept HHC program recipients.
- M. “Supportive housing” means housing with no limit on length of stay, that is occupied by the Target Population, and that is linked to onsite or offsite services that assist the Supportive housing resident in retaining the housing, improving his/her health status, and maximizes his/her ability to live, and when possible, work in the community.
- N. “Supportive Services” means social, health, educational, income support and employment services and, benefits; coordination of community building and educational activities, individualized needs assessment, and individualized assistance with obtaining services and benefits.
- O. “Target Population” means a person who is experiencing homelessness, or chronic homelessness, and a High-cost health user upon initial eligibility, is a Medi-Cal beneficiary, or is eligible for Medi-Cal, is eligible to receive services under a program providing services promoting housing stability, and is likely to improve his or her health conditions with Supportive housing.
- P. “Whole Person Care pilot” has the meaning as described in the Medi-Cal 2020 Waiver Special Terms and Conditions (STCs), Sections 110-126, as approved by the federal Centers for Medicare and Medicaid Services on December 30, 2015.

4. **Scope of Work**

Contractor shall perform the Scope of Work (Work) as described in the Application, which is on file at the Department, Division of Financial Assistance, 2020 West El Camino Avenue, Sacramento, California. All written materials or alterations submitted as addenda to the original Application and which are approved in writing by a HHC Program Manager or higher Departmental official, as appropriate, are hereby incorporated as part of the Application. The Department reserves the right to require the Contractor to modify any or all parts of the application in order to comply with HHC Program requirements and guidelines. The Department reserves the right to review and approve all Work to be performed by the Contractor in relation to this Agreement. Any proposed revision to the Work must be submitted in writing for review and approval by the Department. Any approval shall not be presumed unless such approval is made by the Department in writing.

The Scope of Work for this Agreement shall consist of one or more of the following undertaken by the Contractor:

EXHIBIT A

- A. Acquisition, new construction, gap funding, or reconstruction and rehabilitation of (a) project(s).
- B. Long-term rental assistance in an amount the County identifies, but no more than two times the Fair Market Rent (FMR) for the market area where the County is providing long-term rental assistance, as referenced in the NOFA;
- C. Project based operating subsidies, which may include either or both of the following:
 - 1. Operating subsidies for periods of up to five years,
- D. A Capitalized Operating Subsidy Reserve (COSR) for at least 15 years to pay for operating costs of an apartment or apartments receiving capital funding to provide Supportive housing to people experiencing homelessness.

In order to sustain the availability of a COSR for a minimum of 15 years, the County may not disburse more than 5 percent of the total COSR award made to a project per year, except that in any given year where the operating deficit attributable to the Assisted Units exceeds this amount, the Grantee may, in its sole discretion, increase the disbursement to up to 7 percent of the total COSR award, in accordance with the operating reserves limits and applicable review processes.

- E. Administrative costs of at least five percent (5%) but not to exceed ten percent (10%) of the grant awarded as determined by the Department NOFA.

Contractor may contract with a Subrecipient if the Contractor determines that the Subrecipient is qualified to carry out the eligible uses with the allocated funds.

5. **Department Contract Coordinator**

The Department's Contract Coordinator for this Agreement is the HHC Article II Program Manager of the Division of Financial Assistance. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development
Attention : HHC Article II Program
2020 West El Camino Avenue,
P. O. Box 952050
Sacramento, CA 94252-2050

EXHIBIT A

6. Contractor Contract Coordinator

The Contractor's contract coordinator for this Agreement is the Authorized Representative listed below. Unless otherwise informed, any notice, report, or other communication required by this Agreement may be mailed by first class mail, or sent through a commercial courier to the Authorized Representative at the following address:

Authorized Representative Name:	Eric Shaw
Authorized Representative Title:	Director
Agency Name:	Mayor's Office of Housing and Community Development
Address:	1 South Van Ness Avenue 5 th Floor, San Francisco, CA 94103
Phone No.:	415-701-5616
Email Address:	eric.shaw@sfgov.org

7. Effective Date, Term of Agreement, and Deadlines

- A. This Agreement is effective upon approval by all parties and the Department, which is evidenced by the date signed by the Department on page one, Standard Agreement, STD 213 (the "Effective Date"). This Agreement shall terminate on **June 30, 2024**. There will be no extensions to the contract.
- B. Grant expenses must be incurred from the Effective Date of this Agreement until the expenditure deadline of **March 30, 2024**, which is 90 calendar days prior to the expiration date of the agreement.
- C. Any expenses incurred prior to the Effective Date or after the Expenditure Deadline will not be eligible for payment from any Grant funds. Any Grant funds which have not been expended by the Expenditure Deadline shall be disencumbered and revert to the Department.

- 8. Capacity to Contract.** Contractor has the capacity and authority to fulfill the obligations required of it hereunder and nothing prohibits or restricts the right or ability of Contractor to carry out the terms hereof.

EXHIBIT A

9. **Authority to Execute.** Each Party executing this Agreement represents that it is authorized to execute this Agreement. Each person executing this Agreement on behalf of an entity, other than an individual executing this Agreement on his or her own behalf, represents that he or she is authorized to execute this Agreement on behalf of said entity.

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail and Description of Work

HHC Article II funds shall be used for the following eligible uses, as described under the HHC Guidelines section 203 and Exhibit D:

Activity:	Amount
Acquisition, new construction, gap funding, or reconstruction and rehabilitation of project(s).	\$6,798,810
Long term rental assistance	\$0.00
Capitalized Operating Subsidy Reserve (COSR) for at least 15 years to pay for operating costs of an apartment or apartments receiving capital funding to provide Supportive housing	\$0.00
Project based operating subsidies for periods of up to five years	\$0.00
Administrative Costs of at least 5 percent of the total grant award, not to exceed 10 percent.	\$0.00
TOTAL	\$6,798,810

Note: The above total 'grant award amount' of this contract cannot exceed the maximum award limit of \$20 million pursuant to Section 208 of the HHC Guidelines.

2. Conditions of Disbursement

Prior to receiving any Grant funds, the Contractor shall submit the following for the Department's approval:

- A. Government TIN Form
- B. Article II Resolution in a form acceptable to the Department
- C. Any other documents, certifications, or evidence deemed necessary by the Department prior to disbursement of Grant funds.

EXHIBIT B

3. Activity Disbursement Requirements

- A. The Contractor may request an advance disbursement of up to 40 percent of total awarded grant funds at one time. After initial advance disbursement, Contractor must demonstrate prior to each subsequent disbursement request, using the forms provided by HCD, that at least 80% of Grant funds previously disbursed have been expended on eligible activities.
- B. For development and COSR, the Awardee(s) must identify a project(s) and provide documentation supporting the local governing body's commitment before disbursement of funds.
- C. The initial funds request shall be submitted with the Program Set-up Report. The Contractor shall not request disbursement of HHC funds under this Agreement until the funds are anticipated for the payment of eligible costs.
- D. Concurrent with the final program funds request, the HHC Recipient shall provide a Program Completion Report to the Department. If the Program Completion Report is not received by the Department with the final funds request, the Department shall withhold final disbursement until the Program Completion Report is received and all Agreement funds have been reconciled.
- E. The Contractor's administrative costs related to the planning and execution of eligible activities of at least five percent (5%) but not to exceed ten percent (10%) of total activity funds disbursed.
- F. In the event the Department determines HHC funds were used for ineligible HHC expenses, further disbursements may be withheld until the issue of the ineligible HHC expenses is resolved to the satisfaction of the Department.
- G. For all activities, any expenses incurred prior to the Effective Date or after the Expenditure Deadline will not be eligible for payment from any Grant funds. Any Grant funds which have not been expended by the Expenditure Deadline shall be disencumbered and revert to the Department. Final disbursements must be requested by March 30, 2024.

4. Fiscal Administration

- A. A separate checking account for the Grant funds is not required. However, the Contractor shall deposit Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities and accounted for in final Program Completion Report.

EXHIBIT B

- B. The Contractor shall make a good faith effort to minimize the number of disbursement requests by anticipating and requesting funds in advance, provided that at least 80% of Grant funds previously disbursed have been expended on eligible activities.
- C. The Contractor may request that Grant funds awarded for a certain eligible activity be moved to another awarded activity without an amendment to this Agreement. This request must be made in writing to the Department and shall be effective only upon written HCD approval. The Department's decision to approve or deny any such request shall be final, absent fraud, mistake or arbitrariness.
- D. Any Grant funds which have not been expended by the Expenditure Deadline must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than (thirty) 30 calendar days after the Contract Expiration Deadline.

Department of Housing and Community Development
Accounting Division
2020 W. El Camino Avenue
Sacramento, California 95833

EXHIBIT D

HHC PROGRAM TERMS AND CONDITIONS

1. Effective Date and Commencement of Work

- A. This Agreement is effective upon approval by the Department, which is evidenced by the date signed by the Department on page one, Standard Agreement, STD 213 (the "Effective Date"). The Contractor agrees not incur cost under this agreement and that Work shall not commence, nor shall any costs to be paid with HHC funds, prior to execution of this Agreement by the Department, completion of any required environmental clearances, and compliance with the applicable conditions of this Agreement.
- B. The Contractor agrees that the Work shall be completed by the date specified in Exhibit A, Section 7 B. This Agreement shall expire on the date, as set forth in Exhibit A, Section 7, A.

2. Sufficiency of Funds

- A. This Agreement is valid and enforceable only if sufficient funds are made available to the Department by the State of California for the purposes of the HHC Program. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the State Legislature, promulgated in State regulations or any State statute, which may affect the provisions, terms, or funding of this Agreement in any manner.
- B. The parties to this Agreement mutually agree that if the State Legislature does not appropriate sufficient funds for the HHC Program, the Department, at its sole discretion, may either amend the Agreement to reflect any reduction in funds, or it may unilaterally cancel the Agreement with 14 days written notice to the Contractor.
- C. The Department may terminate this Agreement at any time for cause by giving 14 days written notice to the Contractor. Cause shall consist of any violation of the HHC requirements; any terms or special conditions of this Agreement; unreasonably low rate of expenditure or, upon a reduction in or elimination of the Department's expenditure authority.
- D. Unless otherwise approved by the Department, upon termination or cancellation of this Agreement, the Contractor must complete all Work in progress and terminate any other activities that were to be paid for with HHC funds. Any unexpended funds received by the Contractor shall be returned to the Department within 14 days of the Notice of Termination or Notice of Cancellation.

3. HHC Contractor's Application for Funds

- A. The Contractor has submitted to the Department an Application for funding under the

EXHIBIT D

HHC Program. The Department is entering into this Agreement based on, and in substantial reliance upon, the Contractor's facts, information, assertions and representations contained in that Application, and in any subsequent modifications or additions thereto approved by the Department in writing. The Application and any approved modifications and additions thereto are hereby incorporated into this Agreement.

- B. The Contractor warrants that all information, facts, assertions and representations contained in the Application and approved modifications and additions thereto are true, correct and complete to the best of the Contractor's knowledge. In the event that any part of the Application and any approved modification and addition thereto is untrue, incorrect, incomplete or misleading in such a manner that would substantially affect the Department's approval, disbursement, or monitoring of the funding and the HHC loans and grants or activities governed by this Agreement, then the Department may declare a breach hereof and take such action or pursue such remedies as are provided for breach hereof.

4. **Project Site**

Notwithstanding any provision in this Agreement, the parties hereto further agree and acknowledge that this Agreement does not constitute a commitment of funds or approval of a project site and that such a commitment of funds or an approval of a project site may occur only upon satisfactory completion of environmental provisions review and if applicable, receipt of a release from the State.

5. **Acquisition, New Construction, Gap Funding, or Reconstruction and Rehabilitation of (a) HHC Project(s) (if applicable)**

The Contractor must comply at a minimum with the following requirements for the acquisition, new construction, gap funding, or reconstruction and rehabilitation of projects funded with the HHC Article II funds:

- A. Occupancy and Income Requirements
1. Household income shall be determined in accordance with HHC Article II Guidelines Section 205(a). Households assisted under this Agreement must meet the income determination requirements of 24 CFR 93.151, including but not limited to the requirement to examine at least two months source documentation evidencing annual income (e.g. wage statement, interest statement, unemployment compensation statement) when determining household income.

EXHIBIT D

2. At the time of move-in, household income shall not exceed the established Extremely Low-Income limits (ELI), or incomes at or below the poverty line, whichever is greater.
3. The Sponsor shall maintain documentation of tenant income in their tenant files upon move-in and annually thereafter.

B. Rent limits

Rent limits are set forth in Guidelines Section 206. The assisted Unit rent shall not exceed the FMR as determined pursuant to 24 CFR part 888. If the Applicant has documentation of a HUD-approved FMR increase allowing for higher rent, reasonable market rent shall not exceed two times the current HUD FMR for the local area. If the Applicant sets reasonable market rent limits, the Applicant must submit the HUD-approved FMR increase documentation to the Department for review and approval. Limits shall be evaluated and updated with the publication of the annual HUD's rent limits.

C. Tenant Selection and protections

1. Tenants must meet income requirements in Section 205 and Target Population requirements in Section 202.
2. Tenants shall be selected through use of a Coordinated Entry System (CES), in accordance with the provisions of 25 CCR Section 8305 and in compliance with Housing First requirements in Guidelines section 215 and 216, consistent with the core components set forth in Welfare and Institutions Code Division 8 Chapter 6.5 Section 8255 subsection (b) and basic tenant protections established under federal, state, and local law.
 - a. Reasonable selection criteria, as referred to in 25 CCR Section 8305(a)(1), shall include priority status under a local CES developed pursuant to 24 CFR 578.7(a)(8).
 - b. If the CES existing in the County cannot refer persons in the Target Population, the alternative system used must prioritize those with the greatest needs among those for referral to available assisted units.
 - c. Tenants shall be accepted regardless of sobriety, participation in services or treatment, history of incarceration, credit, or history of eviction in accordance with practices permitted pursuant to WIC Section 8255 or other federal or state project funding sources.

EXHIBIT D

3. The requirements of 25 CCR Sections 8305 (a)(4)(A) and 8305(a)(4)(D) shall be implemented as approved by the Department in a manner that is consistent with the requirements of the CES.
4. In communities that are not yet referring people experiencing homelessness to programs through CES, Applicants should describe the process of referring residents based on eligibility for the Program.
5. Projects must also provide a preference for accessible units to persons with disabilities requiring the features of the accessible units be in accordance with Section 10337(b)(2) of the TCAC regulations.

D. Supportive Services

Projects must ensure supportive services are provided to tenants occupying the HHC assisted units, however tenants are not required to participate as a condition of occupancy. The Sponsor must provide a Supportive Service plan that makes available tenants in a manner that is voluntary, flexible, and individualized. The level of services should support tenant engagement and housing retention.

1. Following required services must be provided on site at the project or off site at another location easily accessible to tenants, with the majority of case management services offered on-site:
 - a. Housing navigation to assist people experiencing homelessness to establish relationships with private landlords, if the County is using funding for rental assistance, and to apply for housing,
 - b. Case management and tenancy support services,
 - c. Peer support activities,
 - d. Services to link participants, as needed, to behavioral healthcare, such as assessment, crisis counseling, individual and group therapy, and peer support groups, and to coordinate care,
 - e. Services to link participants, as needed, to substance abuse disorder treatment,
 - f. Support in linking to primary care services, including access to routine and preventive health and dental care, medication management, and wellness services,
 - g. Benefits advocacy, including assistance or linkage to services in accessing Medi-Cal and Supplemental Security Income/State Supplementary Payment (SSI/SSP),

EXHIBIT D

- h. Housing retention skills, including working with landlords and neighbors, unit maintenance and upkeep, and money management, and
 - i. Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above.
- 2. The following Supportive Services are not required to be made available but are encouraged to be part of the borrower's plan to provide Supportive Services to tenants.
 - a. Recreational and social activities,
 - b. Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable accommodations in the education process,
 - c. Employment services, such as supported employment, job readiness, job skills training, job placement, and retention services, or programs promoting volunteer opportunities for those unable to work, and
 - d. Obtaining access to other needed services, such as civil legal services, or access to food and clothing.
- 3. The Contractor must review the Sponsor's Supportive Services Plan to ensure it contains the following:
 - a. Estimated itemized budget, and sources of funding for services,
 - b. Description of how the supportive services staff, and property management staff or landlord, will work together to prevent evictions, adopt and ensure compliance with harm reduction principles, and facilitate the implementation of reasonable accommodation policies from rent-up to ongoing operations of the project,
 - c. General service provider and property manager communication protocols,
 - d. Provider-to-client staff ratio (1:20),
 - e. Description of how the physical design of the project fosters tenant engagement, onsite Supportive Services provision, safety and security, and sustain ability of furnishings, equipment, and fixtures,
 - f. Other information needed by the Department to evaluate the Supportive Services to be offered consistent with the Program, as specified in the NOFA;

EXHIBIT D

- i. Description of tenant outreach, engagement, and retention strategies to be used,
 - ii. Description of each service to be offered, how services will be offered or provided depending upon who is anticipated to be providing the services, the location, and general hours of availability of the services,
 - iii. For services provided off-site, the plan must describe what public or private transportation options will be available to HHC tenants in order to provide them reasonable access to these services. Reasonable access is access that does not require walking more than one-half mile. Case management services should largely be provided on-site, and
 - iv. Description of how the Supportive Services are culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. This includes explaining how services will be provided to HHC tenants who do not speak English, or have other communication barriers, including sensory disabilities, and how communication among the services providers, the property manager, and these tenants will be facilitated.
 4. The Contractor must request that any necessary updates to the plan to provide Supportive Services, or related documents, including fully executed written agreements between the Sponsor, service providers, the project owner(s), if relevant, and the property manager, if relevant, be provided prior to the beginning of the initial rent-up period, or prior to permanent loan closing, or after participants move into private-market apartments.
- E. Rental Agreements and Grievance Procedures
- Rental or occupancy agreements and grievance procedures for Assisted Units must comply with 25 CCR Section 8307. Tenants shall not be required to maintain sobriety, be tested for substances, or participate in services or treatment.
- F. Vulnerable Populations Best Practices
- The following best practices should be incorporated in the construction of projects that receive funding from HHC, to the extent possible. These best practices work to further the safety and physical and mental well-being of residents within a project.

EXHIBIT D

1. General best practices for all developments:
 - a. Safety features:
 - i. Site selection and development of the project should consider the safety concerns of the prospective tenants.
 - ii. Building entrance and exit points should only allow admittance to residents or guests that residents admit.
 - iii. Common areas within the project should be oriented to have:
 1. Two ways to enter or exit the area
 2. Visibility to the area from outside of it, i.e., windows in walls or doors
 3. A centralized location, to the extent possible
 - iv. Safety lighting that reduces or eliminates blind or dark spaces
 - b. For those populations that have a history of sexual trauma and/or domestic violence: Safety features incorporate all of the general best practices and include the following:
 - i. Designate at least 25 percent of the Assisted Units for women with a history of domestic violence or sexual trauma and/or women with children, thereby ensuring women are not a small minority of the tenancy. Design projects to provide separate and secure floors, wings, or buildings for women with a history of domestic violence or sexual trauma and/or women with children. These separate and secure areas should restrict access to only the residents in the secured area.
 - ii. Security cameras located at entrances, exits and common areas (including hallways, elevators, and stairwells); Written policy on the use of the cameras to specify who has access to see the videos, who monitors the surveillance, and under what conditions footage would be released to the authorities. Camera recordings should be maintained for at least 30 days.
 - iii. The project should have 24-hour security if it serves persons impacted by domestic violence, transition age youth and other vulnerable populations.
2. Property Management:
 - a. Policies to support an on-call staff member, or 24-hour availability of staff from the property management company

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- b. Post in common areas and annually review with tenants the project's grievance policy. The policy should include procedures for grievances with management staff or contractors and the process by which the tenant may elevate the complaint

G. Underwriting standards

1. In analyzing feasibility, the Contractor shall follow the underwriting requirements of the UMRs commencing with 25 CCR Section 8300, and HHC Article I Guidelines Section 107 regulations which include:
 - a. 25 CCR Section 8303 (Site Control Requirements and Scattered Site Projects);
 - b. 24 CFR 93.201(e) (Operating Cost Assistance and Operating Assistance Cost Reserves);
 - c. 25 CCR Section 8309 (Replacement Reserves);
 - d. 25 CCR Section 8310 (Underwriting Standards) and 24 CFR 93.300(b). the more restrictive requirements shall apply;
 - e. 25 CCR Section 8311 (Limits on Development Costs);
 - f. 25 CCR Section 8312 (Developer Fee);
 - g. 25 CCR Section 8314 (Use of Operating Cash Flow); and
 - h. 25 CCR Section 8315 (Subordination Policy).
2. Where there is a difference between the provisions of the UMRs and the HHC Article II Guidelines, the provisions of the HHC Article II Guidelines shall prevail.
3. Notwithstanding the above, residential stabilized vacancy rates for Assisted Units shall be assumed to be 10 percent, unless use of a lower or higher rate is required by another funding source, including TCAC, or is supported by compelling market data or other evidence.

H. Maximum Per Unit Subsidy Amount and Subsidy Layering

1. The current capital per-unit subsidy limits are posted on the Department's webpage. The Contractor must utilize these subsidy limits for determining the

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maximum amount of HHC assistance when awarding potential projects through the capital loan program. For 9 percent tax credits projects and projects without 9 percent tax credits the current per-unit subsidy limits are based on the Area Median Income (AMI) levels being targeted and the number of bedrooms per unit.

2. The HHC funds, in combination with other financing and assistance, may not provide more HHC funds than necessary to provide quality affordable housing that is financially viable for the required period of affordability and will not provide a profit or return on the owner's or developer's investment that exceeds permitted developer fee for that project pursuant to the Department requirements.
 3. The rental property acquisition price shall be determined through an appraisal and any applicable Department underwriting standards.
 4. Projects assisted under this Agreement are subject to the underwriting standards established by the HHC Article I Guidelines Section 107 and the funding layering restrictions outlined in the 2018 HHC Article I NOFA.
- I. Affordability
1. The period of affordability on HHC funded capital projects will have an affordability period that promotes the objectives of the HHC program.
 2. Throughout the term of the HHC affordability period, rent levels shall be restricted for the period of affordability set forth at the lesser of the rent levels in Paragraph 4.B of this Exhibit. At initial occupancy by each household, household income levels must be restricted at the same AMI level as the proposed rent level for each unit. The manager's unit may be excluded from this restriction.
 3. The HHC funded capital projects that do not meet these affordability requirements are not eligible for HHC funding and subject to recapture by the Department.
- J. New Construction Property Standards
- Pursuant to HHC Article II NOFA Section II, new construction activities will be subject to 24 CFR 93 Subpart E in complying with the site and neighborhood standards found in 24 CFR 93.301 at project completion.
- K. Unit Property Standards
1. The Contractor shall ensure that all housing units meet the property standards in 25 CCR § 8304.

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- a. Housing that is newly constructed with HHC funds must meet all applicable State and local codes, ordinances, zoning requirements, and federal accessibility requirements. In addition, where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HCD may establish.
- b. The Contractor must ensure the construction contracts(s) and construction documents describe the work to be undertaken in adequate detail so that inspections can be conducted. The Contractor must review and approve written cost estimates for construction to determine that costs are reasonable. The Contractor must conduct progress and final inspections of construction to ensure that work is done in accordance with the applicable codes, the construction contract, and construction documents.

2. Ongoing Property Standards

The Department requires compliance with the Uniform Multifamily Regulations found at 25 CCR beginning with section 8300. Section 8304 establishes the ongoing property standards for rental housing that apply throughout the affordability period. The standards ensure that owners maintain the housing as decent, safe, and sanitary housing in good repair.

3. Unit Inspections

The UMR's also establish the basis for a uniform inspection of HHC rental projects and units assisted with HHC funding.

L. Written Agreements

The agreement between the Contractor and the Sponsor must describe the use of the HHC funds for the project, including the tasks to be performed, a schedule for completing the tasks and project, a project budget, the time requirements for the commitment, completion and expenditure of funds, specify that remaining funds will be reduced or recaptured. These items must be in sufficient detail to provide a sound basis for the grantee to effectively monitor performance under the agreement.

1. The agreement must require the housing to meet the property standards in Paragraph K of this part, as applicable, and in accordance with the type of project assisted upon project completion. The agreement must also require

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owners of rental housing assisted with HHC funds to maintain the housing in compliance for the duration of the affordability period.

2. The agreement may permit the Sponsor to limit eligibility or give a preference to a particular segment of the population, provided, however, that any limitation or preference cannot violate state fair housing protections.
3. The written agreement must require the owner of rental housing annually provide the contractor with information on rents and occupancy of HHC-assisted units to demonstrate compliance with Section 205(a). If the rental housing project has floating HHC units, the owner must provide the contractor with information regarding unit substitution and filling vacancies so that the project remains in compliance with HHC rental occupancy requirements.
4. The agreement must specify the reporting requirements (including copies of financial statements) to enable the contractor to determine the financial condition (and continued financial viability) of the rental project.
5. The agreement must specify that the Sponsor may not request disbursement of funds under the agreement until the funds are needed for payment of eligible costs. The amount of each request must be limited to the amount needed.
6. The agreement must provide for a means of enforcement of the affordable housing requirements by the Contractor and the Sponsor. This means of enforcement and the affordability requirements in Paragraph 5 Subsection J of this exhibit, must be imposed by deed restrictions, covenants running with the land, use restrictions, or other mechanisms approved by HCD under which the contractor and borrowers may require specific performance. In addition, the agreement must specify remedies for breach of the provisions of the agreement.

M. Security Documents and Lien Agreements

Prior to the initial disbursement of any HHC funds encumbered by this Agreement, the documents described in this paragraph shall be executed, and where appropriate, acknowledged and recorded. The documents described in subsections "1" through "4" shall be provided by the Contractor.

1. HHC capital development program funds may be disbursed in the form of loans or grants. The Contractor shall ensure that all loans made to the HHC Recipient are evidenced by a promissory note, the repayment of which is secured by a deed of trust and assignment of rents with power of sale, executed by the owner of the fee estate of the real property upon which the project shall be located naming the Department as beneficiary, to be recorded

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on the property being assisted, or by other security approved by the Department in writing.

2. If the project shall be on a leasehold, the promissory note shall also be secured by a deed of trust and assignment of rents with power of sale recorded in the county in which the project is located and each shall have priority over other liens, encumbrances and other matters of record except as may be approved by the Department.
3. The Contractor and the Sponsor shall enter into a regulatory agreement governing the ownership, occupancy, management, maintenance and operation of the project for a period not less than the minimum period of affordability determined under Paragraph 5, Subsection J. The regulatory agreement, or memorandum thereof, shall be recorded against the Sponsor's estate in the real property upon which the project is located and, if the Sponsor's estate is a leasehold, shall also be recorded against the fee estate. The recording shall be in the office of the county recorder for the county in which the project is located and shall constitute a lien on the property upon which the project is located running with the land which shall be binding on all successors-in-interest, assignees and transferees of the borrower.
4. The Contractor and/or the Sponsor, if the Contractor is not also the Sponsor, shall execute and enter into those additional agreements and documents as the Department may deem reasonable and necessary to meet the program requirements and the terms and conditions (including the special conditions set forth in Exhibit E Special Conditions) of this Agreement. Said additional agreements and documents shall be subject to the approval of the Department and shall include, but not be limited to:
 - a. A construction contract with the approved general building contractor for the approved work;
 - b. A Department-approved construction contract addendum with the general building contractor;
 - c. If applicable, an agreement with a California-licensed architect for approved work;
 - d. For rental housing projects, a property Management Plan as required by the regulatory agreement; and,
 - e. Any lender documents required as a result of third-party financing for the project.

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5. The Contractor shall comply with, and fulfill its obligations under, all the applicable documents called for in this Agreement. Any breach or violation by the Contractor, Contractor's successor-in-interest of any provision of any of the required documents shall constitute a breach or violation of this Agreement and shall be subject to the remedies provided herein.
6. The Contractor agrees that all said documents shall be executed and where appropriate recorded, prior to disbursement of funds to the project and shall contain the applicable minimum affordability period as determined under Paragraph 5, Subsection J. If the HHC-assisted rental housing does not meet the minimum affordability period, repayment of HHC funds to the Department is required. HHC-assisted rental housing must continue to meet the affordability requirements as specified therein, regardless of whether HHC funds are repaid.

N. Signs

During the construction period of a project, the Contractor may place, or require to be placed, signs on the property stating that the HHC Program is providing financing. The signs shall indicate in a typeface and size commensurate with its funding that the Department is a source of financing for the project, through the HHC Program.

O. Financial Stability

During the period of affordability, the contractor must examine regularly (at least annually) the financial condition of HTF-assisted rental projects. HTF-assisted units to determine the continued financial viability of the housing and must take actions to correct problems.

P. Inspections

1. The on-site inspections must occur within 12 months after project completion and at least once every 3 years thereafter during the period of affordability.
2. The Department reserves the right to inspect the property at any time during the period of construction and throughout the period of affordability.
3. During the period of affordability, the Department shall examine at least annually the financial condition of HHC-assisted rental projects with ten units or more to determine the continued financial viability of the housing and must take actions to correct problems, to the extent feasible.

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6. Rental Assistance (if applicable)

Long-term rental assistance in an amount the County identifies, but no more than two times the FMR for the market area where the County is providing long-term rental assistance, as referenced in the NOFA.

A. Occupancy and Income Requirements

1. Household income shall be determined in accordance with HHC Article II Guidelines Section 205 (a) Households assisted under this Agreement must meet the income determination requirements of 24 CFR 93.151, including but not limited to the requirement to examine at least two months source documentation evidencing annual income (e.g. wage statement, interest statement, unemployment compensation statement) when determining household income.
2. At the time of move-in, household income shall not exceed the established Extremely Low-Income limits (ELI), or incomes at or below the poverty line, whichever is greater.
3. The County or the borrower shall maintain documentation of tenant income in their tenant files upon move-in and annually thereafter.

B. Rent limits

Maximum rent limits must not exceed more than two times the FMR for the market area where the County is providing long-term rental assistance, as referenced in their application.

C. Tenant Selection and protections

1. Tenants must meet income requirements in Section 205 and Target Population requirements in Section 202.
2. Tenants shall be selected through use of a Coordinated Entry System (CES), in accordance with the provisions of 25 CCR Section 8305 and in compliance with Housing First requirements in HHC Article II Guidelines, section 215 and 216, consistent with the core components set forth in Welfare and Institutions Code Division 8 Chapter 6.5 Section 8255 subsection (b) and basic tenant protections established under federal, state, and local law.

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- a. Reasonable selection criteria, as referred to in 25 CCR Section 8305(a)(1), shall include priority status under a local CES developed pursuant to 24 CFR 578.7(a)(8),
- b. If the CES existing in the County cannot refer persons in the Target Population, the alternative system used must prioritize those with the greatest needs among those for referral to available assisted units,
- c. Tenants shall be accepted regardless of sobriety, participation in services or treatment, history of incarceration, credit, or history of eviction in accordance with practices permitted pursuant to WIC Section 8255 or other federal or state project funding sources.

7. **Capital Operating Subsidy Reserve (if applicable)**

- A. The COSR shall be sized to cover anticipated operating deficits attributable to the Assisted Units for a minimum of 15 years. The total amount of each project's operating reserves will be determined based upon the individual project underwriting performed by the Contractor pursuant to the requirements of the HHC Article II Guidelines.
- B. In determining how to size each project's COSR, the County shall consider individual project factors, such as: the maximum percentage of Assisted Units it will assist; anticipated project vacancy rates; the anticipated percentage of Assisted Units that will have other operating subsidy, and the term of that operating subsidy contract, and anticipated tenant incomes.
- C. The following standard assumptions will be used for establishing the total amount of a COSR. The Department may modify these assumptions as necessary to maintain project feasibility or extend the term of the operating reserves.
 1. All Assisted Units, other than the proportionate share of the manager's unit, shall be counted in calculating the amount of a COSR. An Assisted Unit receiving other rental assistance may receive assistance from a COSR.
 2. In projects of greater than 20 units, HHC will assist no more than 49 percent of the total project units. This limitation shall not be interpreted to preclude occupancy of any project units by persons with disabilities or restrictions by other funding sources, including, but not limited to, TCAC, that result in more than 49 percent of the total project units being restricted to the Target Population. It shall also not apply to projects complying with alternative requirements for demonstrating Olmstead compliance adopted by local jurisdictions and approved by the Department.

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3. In projects of 20 units or less, up to 100 percent of the units may be Assisted Units.
 4. The stabilized residential vacancy rate for the Assisted Units shall be assumed to be 10 percent, unless use of a lower or higher rate is required by another funding source, including TCAC, or is supported by compelling market or other evidence.
- D. Not with standing the above, in order to sustain the availability of a COSR for a minimum of 15 years, distributions from a COSR shall be subject to the following: The Contractor may not approve disbursement of more than 5 percent of the total COSR award made to a project per year, except that in any given year where the operating deficit attributable to the Assisted Units exceeds this amount, the Contractor may, in its sole discretion, increase the disbursement of up to 7 percent of the total COSR award, in accordance with the operating reserves limits and applicable review processes.
- E. Operating expenses that are eligible to be paid from a COSR include:
1. Insurance
 2. Utilities
 3. Real property taxes
 4. Maintenance
 5. Supportive Services costs
- F. The statute/HHC Guidelines do not preclude use of HHC funds on other Supportive housing opportunities using capital and operating assistance, as long as the use of the funds is consistent with the requirements of Part 14.2 of Division 31 of the of the Health and Safety Code, as well as all other state, federal laws and regulations.

8. **Federal and State Laws and Regulations**

The Contractor agrees to comply with Article II of the Housing for a Healthy California Guidelines in effect and as amended from time to time. Compliance with these requirements include, but are not limited to, state prevailing wage laws, state relocation, Equal Opportunity and Fair Housing, Affirmative Marketing, and section 504 and the Americans with Disabilities Act.

A. **Pet Friendly Housing Act of 2017**

Health and Safety Code SEC. 2. Section 50466 require each housing development that is financed on or after January 1, 2018 pursuant to this division, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit,

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subject to applicable state laws and local government ordinances related to public health, animal control, and animal anticruelty.

B. Article XXXIV

State Overlays. Article XXXIV of the California Constitution requires local voter approval before any state public body can develop, construct, or acquire a low-rent housing project in any manner. However, the Public Housing Election Implementation Law (Health & Safety Code, §§ 37000 – 37002) provides clarification as to when Article XXXIV is applicable.

C. Environmental Compliance when combining with other HUD funding

When the HHC Recipient intends to combine the HHC funding with other HUD funding sources a Part 50 or Part 58 environmental review must be done, and the review must meet the standards of the HHC property standards in addition to requirements imposed by Environmental provisions in Part 50 or Part 58 as applicable.

D. Displacement, Relocation, and Acquisition

The Contractor must comply with applicable relocation law, which is detailed pursuant to Government Code section 7260 et seq., the California Code of Regulations, title 25, section 6000 et seq., and if federal law is applicable (depending on project financing), 49 CFR Part 24 of the Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs (the “URA”) (collectively referred to herein forth as “Relocation” or “Relocation Law”).

E. State Labor Standards/Prevailing Wage Laws

When funds provided through this Agreement are used for construction work, or in support of construction work, the HHC Recipient shall ensure that the requirements of Chapter 1 (commencing with Section 1720) of Part 7 of the State of California Labor Code (State Labor Code) (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.

For the purposes of this requirement “construction work” includes, but is not limited to, rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part with HHC funds. All construction work shall be done using a written contract (the “construction contract”) with a properly licensed building contractor incorporating these requirements. When the construction contract is between the Contractor and a licensed building contractor, the Contractor shall serve as the “awarding body” as defined in the State Labor Code. When the Contractor provides funds to a Recipient that will enter into the construction contract with a licensed building

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contractor, the Recipient shall serve as the “awarding body.” The construction contract and any amendments thereto shall be subject to the prior written approval of the Contractor. Prior to any disbursement of funds, including but not limited to, release of any final retention payment, the Contractor may require a certification from the awarding body that prevailing wages have been or will be paid as required by Section 1720 of the State Labor Code.

F. Equal Opportunity Requirements and Responsibilities

1. Executive Order 11063 (1962)

This Order prohibits discrimination in the sale, leasing, rental, or other disposition of properties and facilities owned or operated by the federal government or provided with federal funds.

2. Executive Order 12892 (1994), as amended

This Order requires federal agencies to affirmatively further fair housing in their programs and activities.

3. The Architectural Barriers Act of 1968, as amended (42 USC 4151 et seq.)

This Act requires that buildings and facilities designed, constructed, altered, or leased with certain federal funds after September 1969 must be accessible to and useable by handicapped persons

4. Executive Order 12898, Environmental Justice (1994)

This Order requires that each federal agency conduct its program, policies, and activities that substantially affect human health or the environment in a manner that does not exclude persons based on race, color, or national origin.

G. Affirmative Marketing

For rental assistance programs and rental projects having five (5) or more HHC-assisted units, the Contractor shall adopt and follow affirmative marketing procedures that provide information, through the implementation of an outreach-marketing program, to attract all eligible persons in the area to the HHC housing without regard to race, color, national origin, sex, religion, familial status or disability. This affirmative marketing includes, but is not limited to, a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, as required by 24 CFR 93.350.

These affirmative marketing procedures shall be approved by the Contractor in accordance with the requirements of 24 CFR 93.350. If the Contractor has permitted the

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project owner to limit tenant eligibility or to have a tenant preference in accordance with 24 CFR 93.303(d)(3), the affirmative marketing procedures must apply in the context of the limited/preferred tenant eligibility for the project, and the project must market widely in an effort to reach all persons in the market area who may qualify for the limited/preferred tenant eligibility.

H. Tenant Protections and Selection

1. Pursuant to 24 CFR 93.303, there must be a written lease between the tenant and the owner of rental housing assisted with HHC funds that is for a period of not less than one year, unless by mutual agreement between the tenant and the owner, a shorter period is specified.
2. The lease must not contain any of the prohibited lease terms in 24 CFR 93.303(b).
3. Tenant leases may only be terminated pursuant to the terms of 93.303(c).
4. Preferences for special needs populations in HHC-assisted housing must be approved by the Department in accordance with the terms of 24 CFR 93.303(d)(3).

I. Section 504 of the Rehabilitation Act of 1973 and the "504 Coordinator

The Contractor agrees to implement the Rehabilitation Act of 1973, as amended, and its regulations, 24 CFR 8. For Contractors with 15 or more permanent, full-or part-time employees, this includes but is not limited to, the designation of a specific person charged with local enforcement of this Act, as the "504 Coordinator".

J. The Civil Rights and Age Discrimination Acts Assurances

During the performance of this Agreement, the Contractor assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, handicap, familial status, religion, or belief, under any program or activity funded by this contract, as required by Title VI of the Civil Rights Act of 1964, the Fair Housing Act (42 USC 3601-20) and all implementing regulations, and the Age Discrimination Act of 1975 and all implementing regulations.

K. Assurance of Compliance with Requirements Placed on Construction Contracts of \$10,000 or more.

All solicitations for bids and all construction contracts and subcontracts of \$10,000 or more issued by the Contractor or sub-recipient are required to include the following:

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1. The Notice of Requirement for Affirmative Action to ensure Equal Employment Opportunity (Executive Order 11246) The Contractor furthermore agrees to insert the appropriate Goals and Timetables issued by the U.S. Department of Labor in such contracts and subcontracts as required by Executive Order 11246;
2. The Standard Equal Opportunity Clause (41 CFR 60 - 1.4); and,
3. The Standard Equal Employment Opportunity Construction Contract Specifications (41 CFR) 60-4.3).

L. Contractors and Subcontractors - Department Requirements

1. The Contractor shall not enter into any agreement, written or oral, with any construction contractor without first determining that the construction contractor is duly licensed and eligible to perform the work being contracted for. A construction contractor or subcontractor is not eligible to receive HHC funds if not actively licensed and in good standing with the State of California.
2. The Department reserves the right to review and approve any contracts or agreements executed by the Contractor related to any HHC-assisted projects.
3. The contract between the Contractor and any construction contractor shall require the construction contractor and its subcontractors, if any, to:
 - a. Perform the Work in accordance with all applicable federal, State and local housing and building codes, regulations, and statutes;
 - b. Provide adequate security to assure completion of the project and payment of project costs by furnishing the borrower and construction lenders with Performance and Payment Bonds;
 - c. Comply with the applicable Labor Standards/Prevailing Wage Provisions of Paragraph 8.E of this Exhibit. In addition to these requirements, all contractors and subcontractors shall comply with the applicable provisions of the California Labor Code;
 - d. Comply with the applicable Equal Opportunity Requirements described in Paragraph 8.F of this Exhibit;
 - e. Maintain at least the minimum State-required Workers' Compensation Insurance for those employees who shall perform the Work or any part of it; and,
 - f. Maintain, if so required by law, unemployment insurance, disability insurance and liability insurance in an amount to be determined by the

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Department, which is reasonable to compensate any person, firm, or corporation who may be injured or damaged by the contractor or any subcontractor in performing the Work or any part of it.

9. Program Requirements – all activities

A. Defaults and Grant Cancellations

In the event the Department becomes aware of a breach or violation by the Contractor or its participating entities engaged in the delivery of HHC programs, any of the provisions of HHC– SB2 requirements or the Standard Agreement, or the locally executed HHC loan or grant pertaining to a project or program, the Department may give written notice to violators to cure the breach or violation within a period of not less than 15 days. If the breach or violation is not cured to the satisfaction of the Department within the specified time period, the Department, at its option, may declare a default under the relevant document(s) and may seek legal remedies for the default, including but not limited to, the following:

1. Termination of the Standard Agreement and full or partial repayment of the awarded amount.
2. Suspension from future Department funding awards.
3. The Department may seek other remedies set forth in the Standard Agreement or any other applicable legal or equitable remedies.
4. If the breach or violation involves charging tenants rent or other charges in excess of those permitted under the Standard Agreement, the Department may demand the return of such excess rents or other charges to the respective households. In any action to enforce the provisions of the Standard Agreement, the Department may seek, as an additional remedy, the repayment of such overcharges.

B. Eligible Expenditures

An expenditure which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed, and funds must be returned to the Department within sixty (60) days of discovery by the HHC Recipient unless the Department approves in writing an alternate plan.

The determination by the Department of the eligibility of any expenditure shall be final.

C. Repayment of Funds

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If the Contractor either: (i) does not complete its project by the expenditure deadline found in Exhibit B of this Agreement, or (ii) before that date fails to expend any funds the Department disburses to it pursuant the requirements applicable to the award of HHC funds granted herein, then the HHC Recipient shall:

1. Repay all such disbursed HHC funds to the Department, and
2. Forfeit and have no further rights or claim to any other remaining herein-granted HHC award funds, and
3. Consent to and facilitate as necessary the Department's use of all the foregoing referenced funds for any purpose. For example, if the contractor receives a HHC grant of \$5,000,000 but has only disbursed and expended \$4,500,000 by the expenditure deadline referenced in the Standard Agreement, but has timely and completely finished the project in a manner that satisfies all applicable requirements for the granted award funds, then only the remaining unused funds shall be returned to the Department.

D. Conditional Reservation of Funds

Notwithstanding any provision in this Agreement, the parties hereto agree and acknowledge that this Agreement constitutes a conditional reservation of funds.

E. Insurance

1. The Contractor shall have and maintain in full force and effect during the term of this Agreement:
 - a. Comprehensive general liability insurance in the amount of not less than one million dollars (\$1,000,000);
 - b. Worker's compensation insurance; and,
 - c. Other forms of insurance, at such levels, as may be determined by the Contractor and the Department to be necessary for specific components of the Work listed in Exhibit B.
2. The Contractor agrees to furnish satisfactory evidence of the above listed insurance coverage to the Department prior to the commencement of any work and thereafter from time to time upon the Departments request. Insurance coverage shall not be canceled or changed unless written notice is sent to the Department thirty (30) days prior to the effective date of the action. The Department reserves the right to waive or modify these insurance coverage

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requirements upon demonstration of cause satisfactory to the Department, and contingent upon the Contractor providing evidence of an alternative to conventional insurance sufficient to provide equivalent protection.

F. Records

1. The Contractor shall maintain necessary and sufficient recordkeeping for the program, project, financial, program administration, for review and inspection by the Department.
2. All records specified in 24 CFR 93.407 shall be retained for the time periods specified in 24 CFR 93.407(b). These records shall include, but are not limited to the following:
 - a. A full description of each project assisted with HHC funds, including the location (address of each unit), form of HHC assistance, and the units or tenants assisted with HHC funds;
 - b. The source and application of funds for each project, including supporting documentation and records to document the eligibility and permissibility of the project costs;
 - c. Records demonstrating that each project meets the maximum per-unit subsidy amount and the subsidy layering and underwriting evaluation adopted in accordance with;
 - d. Records (e.g., inspection reports) demonstrating that each project meets the property standards of 93.300(f) at project completion; (v) records (written agreements) demonstrating compliance with the written agreement requirements in 93.404.
3. Records of individual tenant income verifications, project rents inspections shall be retained for the most recent five (5) year period, until five years after the affordability terminates; and, 2) records relating to any and all audits or litigation relevant to this Agreement shall be retained for five (5) years after the conclusion or resolution of the matter. The State, the Bureau of State Audits, and the Department and/or their representatives shall have unrestricted reasonable access to all locations, books and records for the purpose of monitoring, auditing or otherwise examining said locations, books and records, with or without prior notice.
4. If so, directed by the Department upon termination of this Agreement, the Contractor shall cause all records, accounts, documentation and all other materials relevant to the Work to be delivered to the Department as depository.

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G. HHC Program Data and Reporting Requirements

The Contractor shall submit a report to the Department by January 31 for the July 1 through December 31 prior six months and July 31 for the January 1 through July 31 prior six months. The reports will be due the Department for the length of time as required by the Eligible Use. If awarded for Rental Assistance or Operating Subsidies the reports will be due for a period of five years. If awarded for a Capitalized Operating Subsidy Reserve the reports will be due for a period of fifteen years. The reports shall include the following data to the Department:

1. The Contractor shall submit the data as required by the Department to measure the costs and outcomes for each of its Assisted Units. The Contractor shall work with service providers or other sub-recipients to gather the data.
2. The Contractor shall report on the sources of tenant referrals for the project and submit both client data and performance outcome data to the Department. Tenant data may include, but is not limited to, demographic information, Performance outcome data shall include, but is not limited to, information on housing stability, tenant satisfaction as measured in a survey, and changes in income and benefits received.
3. **Reporting:** The reporting component is a material part of this contract, failure to comply with the reporting requirement will be considered a breach. The Contractor shall also report at annual and midyear intervals to HCD (or HCD's agent) the data pursuant to Health & Safety Code 53593(b) and the following
 - a. The number of participants who have received assistance through the Program in that year, and the type of intervention the participant received with HHC funds;
 - b. The number of participants living in Supportive housing or other permanent housing with HHC funds, and exits from the program, and the reasons for the exits; and

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- c. To the extent available and feasible, the Contractor shall provide data on the impact of the Program on participant's use of corrections systems and law enforcement resources
- d. Contractor must comply with 2 CFR Part 512, as outlined in the NOFA.

10. **Remedies for Noncompliance and Sanctions**

The Department may impose sanctions, as well as any other remedies available to it under law, on Contractor or its subrecipients, for failure to abide by any State and Federal laws and regulations applicable to the HHC Program and the terms of this Agreement. Such sanctions include, but are not limited to:

- A. Conditioning a future grant on compliance with specific laws of regulations;
- B. Directing Contractor or its subrecipients to stop incurring costs under the current grant;
- C. Requiring that some or the entire grant amount is remitted to the Department;
- D. Reducing or disencumbering some or all of the amount of grant funds Contractor would otherwise be entitled to receive; and
- E. Electing not to award future grant funds to Contractor, unless and until appropriate actions are taken by the Contractor to ensure compliance.

11. **Audit/Retention and Inspection of Records**

- 1. The Contractor agrees that the Department or its designee shall have the right to review, obtain, and copy all records and supporting documentation pertaining to performance of this Agreement. The Contractor agrees to provide the Department or its designee with any relevant information requested and shall permit the Department or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees who might reasonably have information related to such records and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with California Government Code Section 8546.7. The Contractor further agrees to maintain such records in compliance with 2 CFR Part 200 and 24 CFR 93.407. The HHC Recipient may contact the Department for specific record retention questions regarding this agreement.
- 2. The Contractor also agrees to include in any contract that it enters into a provision

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establishing the Department's right to audit the contractor's records and interview their employees. If the Contractor provides HHC funds to for-profit owners or developers or other entity approved by the Department, the Contractor must have a written agreement that includes a provision for meeting the fiscal and audit requirements of this Section. The Contractor shall comply with the caveats and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in California Public Contract Code Section 10115.10.

12. **Financial Audits**

If awarded for acquisition, new construction, gap funding, or reconstruction and rehabilitation of (a) project(s), the Contractor shall cause to be performed annually a financial audit by an independent certified public accountant.

- A. The HHC Recipient shall notify the Department of the auditor's name and address immediately after the selection has been made. The contract for audit shall allow access by the Department to the independent auditor's working papers.
- B. The HHC Recipient shall submit one copy of all required audit reports to the Department within the earlier of 30 days after receipt of the auditor's report or nine months after the close of the required audit period unless a longer period is agreed to in advance by the Department, to:

Department of Housing and Community Development
Division of Financial Assistance
P.O. Box 952054
Sacramento, CA 94252-2050
ATTN: HHC Long-Term Monitoring

- C. The performance of this Agreement by the Contractor shall be subject to examination and audit by the State Auditor pursuant to Government Code Section 8546.7.
- D. The Contractor is responsible for the completion of any required audits and all costs of preparing audits.
- E. If there are audit findings, the Contractor shall submit a detailed response acceptable to the Department for each audit finding.

13. **Assignment of Agreement, Assignment of Loan Commitment**

- A. This Agreement shall be binding on the parties hereto, their assigns, successors, administrators, executors and other representatives. This Agreement is not

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- assignable, either in whole or in part, without the prior written approval of the Department, except that the Contractor may assign the conditional commitment of funds represented by this Agreement, without further approval of the Department, to a California limited partnership in which the Contractor is the sole managing general partner. Notwithstanding any such assignment, the Contractor shall remain liable for the performance of its obligations under this Agreement.
- B. This Agreement represents a conditional commitment of funds for accomplishment of the Work. This conditional commitment of funds shall not be assigned, in whole or in part, by the HHC Recipient or any other entity which, pursuant to the Application or the description of the Work, anticipates receiving any funds encumbered by this Agreement without the prior express written consent of the Department.
- C. If the Contractor will be the owner during construction of the affordable housing project to be constructed using funds provided pursuant to this Agreement (i.e., the Contractor will be acting as either an “owner” or a “sponsor”), as those all or any portion of this Agreement or the completed Project shall, at a minimum, be conditioned on the following:
1. The Contractor is in compliance with this Agreement;
 2. The successor-in-interest to the Contractor agrees to assume all obligations of the Contractor pursuant to this Agreement and the HHC Program;
 3. The successor-in-interest demonstrates to the Department’s satisfaction that it has the capability to own and operate the Project in full compliance with all Program requirements; and,
 4. Any terms of the sale, transfer, or conveyance shall not threaten the Department’s security or the successor-in-interest’s ability to comply with all Program requirements.
- D. If the Contractor has or will have a contractual obligation to a property owner, or a lessee under a long-term leasehold, to obtain financing, rehabilitate, or construct an affordable housing project using funds provided under this Agreement (i.e., the Contractor will be acting in the capacity of a “developer” as the term is defined by HUD), Department approval of an assignment of all or any portion of this Agreement including the conditional commitment of funds represented by this Agreement shall, at a minimum, be conditioned on the following:
1. The Contractor is in compliance with this Agreement;
 2. The property owner or lessee demonstrates to the Department’s satisfaction that it has the capability to own and operate the Project in full compliance with all

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Program requirements;

3. The property owner or lessee agrees to assume all obligations of the HHC Recipient pursuant to this Agreement and the HHC Program which pertain to the ownership and operation of the project, including, but not limited to, execution of security documents and lien agreements; and,
4. Any terms of the sale, transfer, or conveyance shall not threaten the Department's security or the property owner's or lessee's ability to comply with all applicable HHC Program requirements.

14. Litigation

- A. If any provision of this Agreement, or any underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.
- B. Contractor shall notify the Department immediately of any claim or action undertaken by or against it, which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department

15. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. Failure of the Department to enforce the provisions of this Agreement or required performance by the Contractor of these provisions, at any time, shall in no way be construed to be a waiver of such provisions, nor affect the validity of this Agreement, or the right of the Department, to enforce these provisions.

16. Special Conditions

The Contractor agrees to comply with all conditions of this Agreement including the Special Conditions set forth in Exhibit E, if applicable. These conditions shall be met to the satisfaction of the Department prior to Project Set-Up or disbursement of funds, as appropriate. The Contractor shall ensure that all contractors and/or subcontractors are made aware of and agree to comply with all the conditions of this Agreement and the applicable federal and State requirements governing the use of HHC funds. Failure to comply with these conditions may result in cancellation of this Agreement.

EXHIBIT E

SPECIAL CONDITIONS

These Special Conditions are specific to this Standard Agreement.

1. All moneys received by the County of loans made pursuant to the Housing for Healthy California Program, including interest and payments in advance in lieu of future interest, shall be used for the County's affordable housing programs.
2. The County will provide intensive supportive services as described in Exhibit D of this HHC Article II Standard Agreement.
3. Within 60 days from execution of this Standard Agreement, the Board of Supervisors, for the City and County of San Francisco, shall submit written approval of this Standard Agreement to the Department. Such written approval by the Board of Supervisors is subject to the Department's review and approval.

Housing for a Healthy California Program (HHC) Article II
NOFA Date: May 13, 2019
NOFA Amended Date: July 30, 2019
Approved Date: 3/8/2021
Prep. Date: (date inserted when each SA is created)