

File No. 210876

Committee Item No. 4

Board Item No. 20

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 8, 2021

Board of Supervisors Meeting

Date September 14, 2021

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong

Date August 23, 2021

Completed by: Linda Wong

Date September 10, 2021

1 [Accept and Expend Grant - California Department of Housing and Community Development -
2 Housing for Healthy California Program - \$6,798,810]

3 **Resolution authorizing the Mayor’s Office of Housing and Community Development**
4 **(MOHCD), on behalf of the City and County of San Francisco, to execute the Standard**
5 **Agreement with the California Department of Housing and Community Development**
6 **(HCD) under the Housing for Healthy California Program for a total award of \$6,798,810**
7 **for the period starting on the execution date of the Standard Agreement through June**
8 **30, 2024, and authorizing MOHCD to accept and expend the grant of \$6,798,810 for**
9 **programming approved by HCD.**

10
11 WHEREAS, The State of California, Department of Housing and Community
12 Development (Department) has issued a Notice of Funding Availability dated May 13, 2019
13 (NOFA), for its Housing for a Healthy California (HHC) Article II Grants; and,

14 WHEREAS, The Department is authorized to provide approximately \$60 million from
15 the Building Homes and Jobs Act Fund to Counties for permanent Supportive housing for
16 individuals who are Chronically homeless, or Homeless and a High-cost health user,
17 authorized by Part 14.2 (commencing with Section 53590) of Division 31 of the Health and
18 Safety Code; and,

19 WHEREAS, The Board of Supervisors authorized the Mayor’s Office of Housing and
20 Community Development to apply for HHC funds and submit an application package to the
21 Department through Resolution No. 391-19; and,

22 WHEREAS, Through an award letter dated March 6, 2020, the Department made an
23 award subject to the terms and conditions of the Guidelines, NOFA, Program requirements,
24 the Standard Agreement and other contracts between the Department and MOHCD; and

25

1 WHEREAS, The proposed grant excludes indirect costs to maximize use of grant funds
2 on direct services; and

3 WHEREAS, The proposed grant does not require an Annual Salary Ordinance
4 amendment; now, therefore, be it

5 RESOLVED, The Board of Supervisors approves and authorizes the MOHCD to enter
6 into Standard Agreement with the Department, substantially in the form on file with the Clerk
7 of the Board of Supervisors in File No. 210876; and, be it

8 FURTHER RESOLVED, That the Board Supervisors authorizes the City to accept and
9 expend the award amount of \$6,798,810 to be disbursed under the Standard Agreement; and,
10 be it

11 FURTHER RESOLVED, The County shall be subject to the terms and conditions as
12 specified in the Standard Agreement, the HHC Article II Guidelines published by the
13 Department and the HHC statute (Health and Safety Code, Sections 53590 et. seq.). Funds
14 are to be used for allowable project expenditures as specifically identified in the Standard
15 Agreement, the HHC statute (Health and Safety Code, Section 53590 et. seq.) and applicable
16 HHC Guidelines. The Application in full is incorporated as part of the Standard Agreement.
17 Any and all activities funded, information provided, and timelines represented in the
18 Application will be enforceable through the executed Standard Agreement; the County hereby
19 agrees to use the funds for eligible uses in the manner presented in the Application as
20 approved by the Department and in accordance with the HHC Article II NOFA, the HHC
21 Article II Guidelines and 2019 HHC Article II Application; and, be it

22 FURTHER RESOLVED, The Director of MOHCD or his designee is authorized and
23 directed to execute the HHC Article II Grant Documents, and any amendments thereto, on
24 behalf of the County as required by the Department for receipt of the HHC Article II Grant;
25 and, be it

1 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
2 executed by all parties, the Mayor's Office of Housing and Community Development shall
3 provide the final agreement to the Clerk of the Board for inclusion into the official file.
4
5

6 Recommended:

7
8 /s/
 Eric D. Shaw, Director

9
10 Approved:

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12 /s/
 London N. Breed, Mayor

/s/
 Ben Rosenfield, Controller

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****Disability Access Checklist***(Department must forward a copy of all completed Grant Information Forms to the Mayor's Office of Disability)**

13. This Grant is intended for activities at (check all that apply):

- | | | |
|---|--|--|
| <input type="checkbox"/> Existing Site(s) | <input type="checkbox"/> Existing Structure(s) | <input type="checkbox"/> Existing Program(s) or Service(s) |
| <input type="checkbox"/> Rehabilitated Site(s) | <input type="checkbox"/> Rehabilitated Structure(s) | <input type="checkbox"/> New Program(s) or Service(s) |
| <input checked="" type="checkbox"/> New Site(s) | <input checked="" type="checkbox"/> New Structure(s) | |

14. The Departmental ADA Coordinator or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local disability rights laws and regulations and will allow the full inclusion of persons with disabilities. These requirements include, but are not limited to:

1. Having staff trained in how to provide reasonable modifications in policies, practices and procedures;
2. Having auxiliary aids and services available in a timely manner in order to ensure communication access;
3. Ensuring that any service areas and related facilities open to the public are architecturally accessible and have been inspected and approved by the DPW Access Compliance Officer or the Mayor's Office on Disability Compliance Officers.

If such access would be technically infeasible, this is described in the comments section below:

Comments:

Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:

Eugene Flannery
(Name)

Environmental Compliance Manager
(Title)

Date Reviewed: May 7, 2021

Eugene Flannery

(Signature Required)

Department Head or Designee Approval of Grant Information Form:

Eric D. Shaw
(Name)

Director
(Title)

Date Reviewed: July 13, 2021

/s/ Eric Shaw

(Signature Required)

2019 Housing for a Healthy California Article II Expenditure Schedule

Proposed expenditures for the HCD 2019 Housing for a Healthy California Article II Grant

Agency Name	Project Description	HCD Funding Amount
Tenants and Owners Development Corporation (TODCO)	Rehabilitation of Knox SRO hotel, 241 6 th Street, to create 30 new permanent supportive housing units from currently vacant units.	\$6,798,810

TOTAL HCD: \$6,798,810

**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.

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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.

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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),

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- 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;

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- 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.

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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

EXHIBIT D

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

EXHIBIT D

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

EXHIBIT D

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.

EXHIBIT D

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

EXHIBIT D

- 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

EXHIBIT D

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

EXHIBIT D

- 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

EXHIBIT D

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)

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

2020 W. El Camino Avenue, Suite 500, 95833
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771 / FAX (916) 263-2763
www.hcd.ca.gov



March 6, 2020

Daniel Adams
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco CA 94103

Dear Daniel Adams:

**RE: Award Announcement – Housing for a Healthy California (HHC) Article II
Notice of Funding Availability Fiscal Year 2019
City and County of San Francisco
Contract: Contract No. 19-HHC-13614**

The California Department of Housing and Community Development (Department) is pleased to announce that San Francisco County has been awarded a 2019 Housing for a Healthy California (HHC) Article II award in the amount of \$6,798,810. This letter constitutes notice of the designation of HHC funds for the Awardees.

Awardees will be able to draw down funds when the Standard Agreement is fully executed, and any general and special conditions have been cleared in writing. In addition, expenditures may not be incurred prior to the execution of the Standard Agreement.

Congratulations on your successful application. For further information, please contact Nicole' McCay, Federal Programs Section Chief at (916) 263-0422 or Nicole.McCay@hcd.ca.gov

Sincerely,

Jennifer Seeger
Acting Deputy Director

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

2020 W. El Camino Avenue, Suite 500, 95833
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771 / FAX (916) 263-2763
www.hcd.ca.gov



July 30, 2019

MEMORANDUM FOR: All Potential Applicants

FROM: Mark Stivers, Acting Deputy Director
Division of Financial Assistance

SUBJECT: **Amended 2019 Notice of Funding Availability
Housing for a Healthy California Program
Article II – Building Homes and Jobs Act Allocation Funds**

The California Department of Housing and Community Development (Department) is pleased to announce the release of this Notice of Funding Availability (NOFA) for approximately \$60 million in Building Homes and Jobs Act (SB 2) Allocation funds for the Housing for a Healthy California (HHC) Program. This funding furthers the goal of [AB 74](#) (Chapter 777, Statutes of 2017) by providing grants to Counties for permanent Supportive housing for individuals who are Chronically homeless, or Homeless and a High-cost health user.

The intent of this pilot program is to allow individuals experiencing significant barriers to housing stability to benefit from Supportive housing opportunities while decreasing their utilization of emergency departments, inpatient care, and nursing home stays.

This NOFA is subject to state Guidelines and federal National Housing Trust Fund (NHTF) regulations (if applying for capital costs) and makes funding available competitively to Counties in all jurisdictions of California.

A complete original application, and electronic copies on CD or flash drive with all applicable information must be received by the Department no later than **5:00 p.m. on Tuesday, August 13, 2019**. The Department will only accept applications through a postal carrier service such as U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification confirming delivery to the Department's office. Please contact the Department if delivery is not completed by fault of the carrier service. The delivery address is:

HOUSING FOR A HEALTHY CALIFORNIA PROGRAM
Department of Housing and Community Development
Division of Financial Assistance, NOFA Section
2020 West El Camino Avenue, Suite 500
Sacramento, CA 95833

Personal deliveries will not be accepted. No facsimiles, incomplete applications, application revisions, electronically transmitted, or walk-in application packages will be accepted.

To receive information on workshops and other updates, please subscribe to the Department's [listserv](#). Questions about this NOFA and application process can be directed to the HHC email box at HHCNOFA@hcd.ca.gov.

Attachment

**Housing for a Healthy California
2019 Notice of Funding Availability**

**Article II (Counties) – Building Homes and Jobs
Act (SB 2) Allocation**



**State of California
Gavin Newsom, Governor**

**Alexis Podesta, Secretary
Business, Consumer Services and Housing Agency**

**Ben Metcalf, Director
Department of Housing and Community Development**

2020 West El Camino Avenue, Suite 500, Sacramento, CA 95833
Telephone: (916) 263-2771

[HHC Webpage](#)

HHC Email: HHCNOFA@hcd.ca.gov

May 13, 2019

Amended July 30, 2019

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**HOUSING FOR A HEALTHY CALIFORNIA PROGRAM
ARTICLE II – SB 2 ALLOCATION
NOTICE OF FUNDING AVAILABILITY**

I. Overview

A. Notice of Funding Availability (NOFA)

The Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$60 million in Building Homes and Jobs Act (SB 2) Allocation funds for the Housing for a Healthy California (HHC) Program.

Funding for this NOFA is provided pursuant to [AB 74](#), signed into law in September of 2017. The intent of the bill is to assist in creating permanent Supportive housing opportunities for those that are Chronically homeless or Homeless and a High-cost health user.

Defined terms within the HHC Program Guidelines (Guidelines) are capitalized in this NOFA. Definitions of capitalized terms can be found in Guidelines Section 201 of the Guidelines.

B. Timeline

NOFA Release	May 13, 2019
Application Due Date	August 13, 2019
Award Announcements	December 2019

C. Authorizing Legislation and Regulations

This NOFA should be read in conjunction with the following regulations and statute, which establish state and federal requirements:

- [Assembly Bill 74 \(Chapter 777, Statutes of 2017\)](#)
- [Housing for a Healthy California Program Guidelines](#)
- [Federal Housing Trust Fund regulations](#)
- **Note:** Funds applied pursuant to Health and Safety Code Section 53594(a)(1) shall comply with federal Housing Trust Fund regulations.
- [State Uniform Multifamily Regulations \(UMRs\)](#)

Note: Any inconsistencies between the NOFA and state Guidelines or federal regulations will be resolved in favor of the federal regulations.

This NOFA does not include the text of all applicable requirements that may be important to projects. For proper completion of the application, the Department encourages applicants to consult the Guidelines, regulations and statute linked above and other cross-cutting regulations such as, but not limited to, those referred to in 2 Code of Federal Regulations (CFR) Part 200, which may apply to HHC-funded rental projects.

If state or federal statutes or regulations, or other laws, governing HHC and the National Housing Trust Fund or its funding are modified by Congress, the U.S. Department of Housing and Urban Development (HUD), the State Legislature, or the Department prior to completion of work to be done pursuant to awards made in connection with this NOFA, the changes may become effective immediately and apply to funded activities. The Department reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such action occurs, the Department will notify interested parties through the [listserv](#).

II. Program Requirements

The following is provided as a summary and is not to be considered a complete representation of the entirety of the eligibility, minimum requirements, or other terms and conditions of the HHC program.

A. Eligible Applicants

Applicants must be a County, as set forth in Guidelines Section 201, Definitions, and comply with Section 202, Minimum Requirements.

All Applicants must be in good standing with the laws, regulations, Guidelines and programs of the Department, the State of California and all agencies and departments thereof, including, but not limited to, housing element compliance, as determined by the Department, and submittal of housing element annual progress reports.

B. Eligible Activities

Proposed projects must be eligible pursuant to Guidelines Section 203, Eligible Uses. Eligible uses include:

1. Acquisition, new construction, or reconstruction and rehabilitation of (a) project(s). Under this use, Applicants will be subject to Article I, Sections 103(a)(1), 104, 105, 106, 107, and 109 of the Guidelines.
2. Operating assistance, which may include either or both of the following:
 - a. Long-term rental assistance to private landlords for periods up to five years, subject to renewal grants.
 - b. 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 the Target Population.
3. A County's administrative costs, of at least 5 percent of the total grant awarded, not to exceed 10 percent.

C. Allocation of Funding and Award Limits

Assistance is awarded as a grant and shall be used in accordance with Guidelines Section 203, Eligible Uses.

Award Limits: The maximum grant limit per Applicant is \$20 million. The actual award amounts may be adjusted for project size and the number of households served, as captured in the HHC Program Supplemental Application Form.

D. Capitalized Operating Subsidy Reserves (COSR)

Eligible operating expenses are set forth in Guidelines Section 207, Capitalized Operating Subsidy Reserves (COSR).

E. Minimum Requirements

In addition to meeting the requirements of the Guidelines as described in paragraphs A, B, and C above, Applicants and projects are also required to meet the Program minimum requirements found in Guidelines Section 202, Minimum Requirements and Section 211, County Application Plan.

1. Application must include a Supportive Services plan meeting the requirements of Guidelines Section 214, Supportive Services and that identifies all of the following:

- a. Services provided to the Target Population;
- b. Performance Measures and Activity Milestones to track outcomes; and
- c. Deliverables consistent with Guidelines Section 211, County Application Plan, Section 214, Supportive Services, and Section 215, Housing First.

F. Rent Limits

Rent limits are set forth in Guidelines Section 206, Rent Limits. Assisted Unit rent shall not exceed the Fair Market Rent (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.

G. Rating and Ranking

After meeting the minimum requirements, applications will be scored according to Guidelines Section 213, Application Selection Criteria. HHC program funds will be allocated through a competitive process, based on the merits of the application.

	Maximum Applicable Points
Need	25
Proposed Uses and Process for Using Funds	30
Experience	40
Funding Sources	30
Incentive Points	20
TOTAL APPLICABLE POINTS	145

In the event of tied point scores, the following tiebreakers shall be used to determine which project is selected for funding, in the order listed:

- a. Applicant relevant experience.
- b. Need — Need is demonstrated by having more than 400 individuals that are Homeless in the Applicant’s geographic jurisdiction (County) using the latest Point in Time (PIT) count. Applicant’s documentation of the county-specific PIT count must be certified by the Continuum of Care.
- c. Application Plan — Plan will be evaluated based on identification of all the components identified in Guidelines Section 211, County Application Plan.

H. Appeals

1. Basis of Appeals

- a. Upon receipt of the Department’s notice that an application has been determined to be incomplete, ineligible, fail minimum requirements or have a reduction to the initial point score, Applicants under this NOFA may appeal such decision(s) to the Department pursuant to this section.
- b. No Applicant shall have the right to appeal a decision of the Department relating to another Applicant’s eligibility, point score, award, denial of award, or any other matter related thereto.
- c. The appeal process provided herein applies solely to decisions of the Department made in this program NOFA and does not apply to any decisions made with respect to any previously issued NOFAs or decisions to be made pursuant to future program NOFAs.

2. Appeal Process and Deadlines

- a. To lodge an appeal, Applicants must submit to the Department by the deadline set forth in subsection (b) below, a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written

appeal is submitted to the Department, no further information or materials will be accepted or considered thereafter.

The Department will accept appeals through a carrier service that provide date stamp verification of delivery such as the U.S. Postal Service, UPS, FedEx, or other carrier services. Deliveries must be received during the Department's weekday (non-state holiday) business hours of 9:00 a.m. to 5:00 p.m. Pacific Standard Time. Emails to the email address listed below will be accepted as long as the email time stamp is prior to the appeal deadline.

- i. Appeals are to be submitted to the Department at HHCNOFA@hcd.ca.gov according to the deadline set forth in Department review letters.
- b. Appeals must be received by the Department no later than (5) five business days from the date of the Department's minimum requirements review or initial score letters representing the Department's decision made in response to the application.

3. Decision

- a. Any request to amend the Department's decision shall be reviewed for compliance with the state Guidelines, this NOFA, and application for funding. It is the Department's intent to render its decision in writing within fifteen (15) business days of receipt of the Applicant's written appeal. All decisions rendered shall be final, binding, and conclusive and shall constitute the final action of the Department with respect to the appeal.
- b. In the event that the statute, regulations, and/or Guidelines governing this Program contain an existing process for appealing decisions of the Department with respect to NOFA awards made under such programs, then this section shall be inapplicable and such existing authority shall govern all appeals.

I. **State and Federal Requirements**

1. Reporting Requirements

Recipient must collect and report data, as described in the [Health & Safety Code §53593](#) and pursuant to the Standard Agreement provisions, to the Department at annual and midyear intervals.

If Recipient is a county, must comply with 2 CFR 200.512 Single Audit Report Submission requirements. Single Audit reporting packages are due to the California State Controller's Office (SCO) nine months after the entity's fiscal year end under 2 CFR 200.512. For most California entities, the reporting package is due March 31 of each fiscal year. Entities with approved extensions on file must submit their reporting package by the due date indicated in their approved extension letter. The Department will make the determination on the status of 2 CFR 200.512 Single Audit reporting compliance as of June 4, 2019 by consultation with SCO. Jurisdictions that are exempt from filing a 2 CFR 200.512 Single Audit report because the level of federal funds is

below the federal threshold must submit a copy of the letter notifying SCO of their exempt status with their application, in addition to notifying SCO. For additional information, see Section [V.A](#), Federal Overlays.

III. Application, Submission, and Workshops

A. Application Forms

Project applications submitted under this NOFA will be funded on a competitive basis, as set forth in the Guidelines, subject to the availability of funds. Application forms, Program Guidelines, and application training information are available on the HHC program [website](#).

1. HHC Program Supplement Application Form – This form contains information needed to evaluate application threshold compliance for projects underwritten by the Department. The Program Supplement Application Form also contains information Applicants must submit in order to utilize their grant funds.

The application forms are available on the Department's [website](#).

B. Application Submission Process

A complete original application, which includes a HHC Supplement Application Form and electronic copies on CD or flash drive with all applicable information must be received by the Department no later than **5:00 p.m. on August 13, 2019**. The Department will only accept applications through a postal carrier service such as U.S. Postal Service, UPS, FedEx, or other carrier services that provide date stamp verification confirming delivery to the Department's office. Please contact the Department if delivery is not completed by fault of the carrier service. The delivery address is:

HOUSING FOR A HEALTHY CALIFORNIA PROGRAM
Department of Housing and Community Development
Division of Financial Assistance, NOFA Section
2020 West El Camino Avenue, Suite 500
Sacramento, CA 95833

Personal deliveries will not be accepted. No facsimiles, incomplete applications, application revisions, electronically transmitted, or walk-in application packages will be accepted.

Applications that do not meet the filing deadline requirements will not be eligible for funding. Applications must be on the Department's forms and cannot be altered or modified by the Applicant. Excel forms must be in Excel format.

Applications must meet all eligibility requirements upon submission. Applications having material internal inconsistencies will not be rated and ranked. It is the Applicant's responsibility to ensure that the application is clear, complete and accurate. After the application deadline, Department staff may request clarifying information and/or inquire as to where in the application specific information is located provided that such information

does not affect the competitive rating of the application. No information, whether written or oral, will be solicited or accepted if this information would result in a competitive advantage to an Applicant or a competitive disadvantage to other Applicants. No Applicant may appeal the Department's evaluation of another Applicant's application.

C. Application Workshops

Applicants are strongly encouraged to attend an HHC workshop to gain information critical for preparing a competitive application, which will be discussed at the workshop. HHC workshop dates, times, and locations are located on the Department's HHC [website](#). These in-person workshops will cover the NOFA and application. To register for a workshop, please sign up through Eventbrite.

If you have questions regarding any of these workshops, send an email to HHCNOFA@hcd.ca.gov.

E. Disclosure of Application

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968). As such, any materials provided will be disclosable to any person making a request under this Act. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

IV. Award Announcements and Contracts

A. Award Announcements

Upon ranking and rating of applications, recommended **projects grants** will be presented to the Internal Loan Committee for review and approval. The Department intends to send award letters by December 2019 for all successful Applicants.

B. Contracts

Awardee(s) will enter into a Standard Agreement with the Department. The Standard Agreement contains all the relevant state and federal requirements, as well as specific information about the award and the work to be performed. ~~Projects must meet a June 30, 2020 deadline to encumber funds and a June 30, 2023 deadline to liquidate funds. There will be no exceptions. Failure to meet these deadlines will be considered a material breach of the Standard Agreement.~~ For projects, construction must start by December 31, 2021.

The Awardee(s) shall remain a party to the Standard Agreement for the entire term of the Standard Agreement; removal of the Recipient(s) shall be prohibited.

C. Disbursements

For administration costs and rental assistance, the Awardee(s) may request a disbursement of up to 40 percent of total awarded contract funds upon execution of the standard agreement. After initial disbursement, the Awardee(s) must demonstrate, prior to each subsequent disbursement request, using forms provided by HCD, that at least 80 percent of funds previously disbursed have been expended by the Awardee(s) or otherwise awarded to eligible subrecipients.

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.

For all activities, final disbursements must be requested by March 30, 2024.

V. Program Overlays

A. Federal Overlays

Activities funded with HHC funds are required to comply with 24 CFR Part 93.350 and 24 CFR Part 93.301. Compliance with these requirements include, but are not limited to, environmental provisions, federal Davis-Bacon Wage requirements, relocation, Equal Opportunity and Fair Housing, Fair Housing Amendments Act, Affirmative Marketing, Section 504 of the Rehabilitation Act and its implementing regulations, the Americans with Disabilities Act and its implementing regulations, Section 3 (employment of low-income persons), Violence Against Women Act, and Single Audit report 2 CFR Part 200.512. Failure to comply with federal overlays could result in significant project cost increases, and rejection of the HHC application.

1. NHTF Environmental Provisions

The NHTF regulations establish specific property standards for housing that receives NHTF funds. These standards include Environmental Provisions for projects involving new construction and rehabilitation. The NHTF Environmental Provisions for new construction and rehabilitation under the Property Standards at 24 CFR § 93.301(f)(1) and (2) are similar to HUD's Environmental Regulations at 24 CFR Parts 50 and 58. NHTF projects are subject to the same environmental concerns that HUD-assisted projects are subject to. The main difference is that the NHTF Environmental Provisions are outcome based, and exclude consultation procedures that would be applicable if NHTF project selection was a federal action. Parts 50 and 58 are process based, and include consultation procedures for several laws and authorities where there may be environmental impacts. Due to the outcome based nature of the NHTF Environmental Provisions and lack of a federal action, compliance with some environmental property standards is streamlined because consultation is not required.

Timing - NHTF housing projects must meet the applicable Property Standards, including the NHTF Environmental Provisions at 24 CFR § 93.301(f)(1) or (2) at project completion [§ 93.407(a)(2)(iv)]. Project completion as defined at 24 CFR § 93.2 requires, among other things, that the project complies with the requirements of Part 93 (including the

property standards under 24 CFR § 93.301). However, it should be determined prior to construction if a project will meet the NHTF Environmental Provisions. If a project cannot meet the NHTF Environmental Provisions, the project cannot be funded by NHTF. For example, if a project will impact a wetland, it cannot be funded by NHTF. It is possible to fund projects that do not meet the Environmental Provisions with other HUD funds after completion of a Part 50 or Part 58 environmental review.

Recordkeeping and Resources - The state, state-designated entity, or subgrantee administering NHTF must maintain documentation demonstrating that each project meets the NHTF Environmental Provisions at project completion [§ 93.407(a)(2)(iv)]. Appendices B and C of the CPD Notice-CPD-16-14, layout the NHTF Environmental Provisions for new construction and rehabilitation, and provide resources for each of the environmental requirements and how to document compliance.

Due to the streamlined NHTF Environmental Provisions, the HUD Environmental Review Online System (HEROS) may not be used to document the Environmental Provisions for projects funded by NHTF.

Combining with Other HUD Funding Sources - In order to effectively assist low- and very-low income families it is likely that State Agencies and NHTF subgrantees will combine NHTF funding with other HUD funding sources. Other HUD funding sources include, but are not limited to, HOME Investment Partnerships (HOME), Rental Assistance Demonstration (RAD), or Public Housing Capital Funds that are subject to environmental review under 24 CFR Part 50 or Part 58.

When combining NHTF with these funding sources a Part 50 or Part 58 environmental review must be done, and the review must meet the NHTF Environmental Provisions. Depending on the type of HUD funding that is being used for the project an environmental review will be completed by HUD staff under Part 50, or a Responsible Entity under Part 58. The HUD grantee must be informed early on that the NHTF Environmental Provisions must also be met as part of the environmental review.

For more information, please refer to the [Notice: CPD-16-14](#).

2. Relocation

Relocation costs must be paid if individuals or businesses will be temporarily or permanently displaced as a result of an NHTF-assisted project pursuant to federal NHTF regulations, [24 CFR 93.201\(f\)](#). This recommendation applies to all rental projects involving any relocation activities. An accurate determination is critical, because relocation costs may be higher if an earlier relocation date is necessary.

The sources and uses submitted with the application must adequately budget for relocation costs.

Applicants must comply with any and all state relocation laws.

3. 2 CFR 200.512, Single Audit Report

Local governments that expend in excess of \$750,000 in federal funds during the fiscal year are required to submit a Single Audit Report package to the California State Controller's Office (SCO). The 2017-18 audit package was due by March 31, 2019.

The Department will make the determination on the status compliance as of June 4, 2019 by consultation with SCO only. Jurisdictions that are exempt from filing a Single Audit Report package because the level of federal funds is below the threshold must also submit a copy of the letter to SCO notifying their exempt status with their application. For more information on the required content of the letter, see the SCO [website](#).

Note: It is strongly recommended that each Applicant check with SCO to confirm receipt of a complete Single Audit Report package submission by the NOFA application due date, and that the submission is properly reflected on SCO's status list.

You may check your jurisdiction's compliance status on the SCO [website](#).

Questions regarding compliance with the submittal requirements can be directed to HHCNOFA@hcd.ca.gov. The Department will only be able to indicate whether a jurisdiction is in compliance according to SCO's Single Audit Report Status report. Technical questions related to why the jurisdiction is deemed not in compliance must be directed to SCO.

B. State Overlays

1. Article XXXIV of the California Constitution

Article XXXIV 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. Health and Safety Code §37001, for example, lists a number of project types that are not considered "low-rent housing projects."

Applicants must submit documentation that shows the project's compliance with or exemption from Article XXXIV.

If a project is subject to Article XXXIV, the application must include an allocation letter from the locality, which shows that there is Article XXXIV authority for the project. A local government official with authority shall prepare the allocation letter and it shall include the following:

- a. The name and date of the proposition, and the number of units that were approved;
- b. A copy of the referendum and a certified vote tally;
- c. The number of units that remain in the locality's "bank" of Article XXXIV authority (i.e., the number of units that are still available for allocation); and

- d. The number of units that the locality will commit to this project.

If a project is statutorily exempt from Article XXXIV, the application must include an Article XXXIV opinion letter from the Applicant's counsel. The Article XXXIV opinion letter must demonstrate that the Applicant has considered both the legal requirements of Article XXXIV and the relevant facts of the project (e.g., the level of participation by all state public bodies, the number of low-income restricted units, and the general content of any regulatory restrictions). Any conclusion that a project is exempt from Article XXXIV must be supported by specific facts and a specific legal theory for exemption that itself is supported by the Constitution, statute, and/or case law.

C. State Prevailing Wages

Program funds awarded under this NOFA are subject to state prevailing wage law, as set forth in Labor Code Section 1720 et seq., and require the payment of prevailing wages unless the project meets one of the exceptions of Labor Code 1720 (c) as determined by the Department of Industrial Relations (DIR). The DIR can be contact directly via its [website](#). Applicants are urged to seek professional advice as to how to comply with state prevailing wage law.

VI. Other Terms and Conditions

A. Right to Modify or Suspend

The Department reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA at any time, including, without limitation, the amount of funds available hereunder. If such an action occurs, the Department will notify all interested parties via [listserv](#) and will post the revisions to the Department's website. Please be sure and subscribe at the listserv link.

B. Conflicts

In the event of any conflict between the terms of this NOFA and either applicable state or federal law or regulation, the terms of the applicable state or federal law or regulation shall control.

Housing for a Healthy California (Chapter 777, Statutes of 2017) Final Guidelines **Amended**



**State of California
Gavin Newsom, Governor**

**Alexis Podesta, Secretary
Business, Consumer Services and Housing Agency**

**Ben Metcalf, Director
Department of Housing and Community Development**

2020 West El Camino Avenue, Suite 500
Sacramento, CA 95833

Telephone: (916) 263-2771
Website: <http://www.hcd.ca.gov>
HHC email: HousingforHealthyCA@hcd.ca.gov

January 25, 2019
Amended May 13, 2019

The matters set forth herein are regulatory mandates, and are adopted in accordance with the authorities set forth below:

Quasi-legislative regulations ... have the dignity of statutes ... [and]... delegation of legislative authority includes the power to elaborate the meaning of key statutory terms...

Ramirez v. Yosemite Water Co., 20 Cal. 4th 785, 800 (1999)

Any regulations or guidelines that are adopted, amended, or repealed to implement this part shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

Health and Safety Code Section 53598, subdivision (b).

INTRODUCTION

The Housing for a Healthy California (HHC) Program provides funding that allows the California Department of Housing and Community Development (Department) to provide Supportive housing opportunities through grants to Counties for capital and operating assistance, or operating reserve grants and capital loans to developers on a competitive basis. The guidelines for the Program are organized into two Articles as follows:

Article I. National Housing Trust Fund Allocation. This section includes Program definitions and requirements pursuant to the federal National Housing Trust Fund (NHTF) allocations. The Department will allocate these NHTF funds competitively to developers for operating reserve grants and capital loans.

Article II. Building Homes and Jobs Trust Fund Allocation. This section includes Program definitions and requirements pursuant to SB 2 Building Homes and Jobs Act. The Department will utilize a portion of monies collected in calendar year 2018 and deposited into the Building Homes and Jobs Trust Fund for the HHC program. The Department will allocate these funds competitively to counties for acquisition, new construction, reconstruction, rehabilitation, administrative costs, capitalized operating subsidy reserves (COSR), and rental subsidies and rental assistance for existing and new Supportive housing opportunities to assist the HHC program's Target Population.

A Notice of Funding Availability (NOFA) will be released for each Article as funds are available.

Housing for a Healthy California Program Final Guidelines

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Article I. National Housing Trust Fund Allocation

Section 100. Purpose and Scope

- (a) In September of 2017, AB 74 was signed into law. This legislation authorizes the California Department of Housing and Community Development (Department) to develop the Housing for a Healthy California (HHC) Program to create Supportive housing for individuals who are recipients of or eligible for health care provided 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 overutilization 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 people who are Chronically homeless or Homeless and a High-cost health user. The Department shall coordinate with the DHCS, consistent with state and federal privacy laws, to match program participant data to Medi-Cal data to identify outcomes among participants as well as changes in health care costs and utilization associated with housing and services provided under HHC.
- (b) AB 74 directs the Department to utilize federal National Housing Trust Fund (NHTF) allocations for years 2018 - 2021 for the HHC program. Starting in August 2018, and for the next three years, the Department must submit a federal NHTF allocation plan that aligns with federal NHTF and AB 74 requirements. The Department will allocate these NHTF funds competitively to developers for operating reserve grants and capital loans.

In addition to applicable state and federal laws and regulations, these guidelines (hereinafter "Guidelines") implement, interpret, and make specific the HHC authorized by Part 14.2 (commencing with Section 53590) of Division 31 of the Health and Safety Code.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(2).

Section 101. Definitions

All terms not defined below shall, unless their context suggests otherwise, be interpreted in accordance with the meaning of terms described in Part 14.2 of Division 31 of the Health and Safety Code (commencing with Section 53590).

- (a) "Applicant" means an organization, agency, or other entity (including a public housing agency, a for-profit entity, or a nonprofit entity) that is an owner or developer as defined by 24 CFR 93.2.
- (b) "Area Median Income" or "AMI" means the most recent applicable county median family income published by the U.S. Department of Housing and Urban Development (HUD).

- (c) “Assisted Unit” means a housing unit that is subject to the NHTF rent and/or occupancy restrictions as a result of the financial assistance provided under the program.
- (d) “Case Manager” means a social worker or other qualified individual who works with a tenant to offer individualized service planning that is flexible and creative to help the tenant gain housing stability. It includes working in collaboration with the tenant to plan, assess, coordinate, and reassess the tenant’s needs, as well as providing referrals and advocacy, and connecting to community support to meet tenants’ supportive service needs. Services include, but are not limited to: tenancy support services, coordination of medical and behavioral health, and substance use disorder treatment, employment services, life skills training, peer support, and crisis management interventions. Resident service coordinators are not Case Managers.
- (e) “Chronically homeless” has the same meaning as in Part 91.5 and 578.3 of Title 24 of the Code of Federal Regulations, except that people who were Chronically homeless before entering an institution would continue to be defined as Chronically homeless before discharge, regardless of length of stay, as those parts read on January 1, 2018.
- (f) “Continuum of Care” has the same meaning as 24 CFR Section 578.3.
- (g) “Coordinated Entry System” or “CES” means a centralized or coordinated process developed pursuant to 24 CFR Section 578.7(a)(8) designed to coordinate program participant intake, assessment, and referrals. A centralized or coordinated assessment system covers the geographic area, is easily accessed by individuals and families seeking housing or services, is well advertised, and includes a comprehensive and standardized assessment tool.
- (h) “Department” means the California Department of Housing and Community Development.
- (i) Development Sponsor or “Sponsor”, as defined in Section 50675.2 of the Health and Safety Code and subdivision (c) of Section 50669 of the Health and Safety Code, means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, duly constituted governing body of an Indian Reservation or Rancheria, or other legal entity, or any combination thereof, certified by the Department as qualified to own, manage, and rehabilitate a rental housing development. A Development Sponsor may be organized for profit, limited profit or be nonprofit, and includes a limited partnership in which the Development Sponsor or an affiliate of the Development Sponsor is a general partner.
- (j) “Distributions” has the same meaning as under 25 CCR Section 8301.
- (k) “Extremely Low Income” or “ELI” has the same meaning as in 24 CFR 93.2.
- (l) “Federal Housing Trust Fund” has the same meaning as the National Housing Trust Fund (NHTF) established pursuant to the Housing and Economic Recovery Act of 2008 (Public Law 110-289) and implementing federal regulations.

- (m) "Fiscal Integrity" means, for any project for any given period of time during the term specified in the Program's regulatory agreement, that the total Operating Income for such project for such period of time, plus funds released pursuant to the Program documents from the project's operating reserve account(s) during such period of time is sufficient to: (1) pay all current Operating Expenses for such project for such period of time; (2) pay all current mandatory debt service (excluding deferred interest) coming due with respect to such project for such period of time; (3) fully fund all reserve accounts established pursuant to the Program documents for such project for such period of time; and (4) pay other costs permitted by the Program documents for such project for such period of time. The ability to pay any or all the permitted annual distributions for a project shall not be considered in determining the Fiscal Integrity of a project.
- (n) "HHC" means the Housing for a Healthy California Program administered by the Department.
- (o) "High-cost health users" mean people who have had either at least three emergency department visits or one hospital inpatient stay over the last year.
- (p) "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.
- (q) "Housing First" has the same meaning as in Welfare and Institutions Code Section 8255.
- (r) "HUD" means the federal U.S. Department of Housing and Urban Development.
- (s) "Lead Service Provider" or "LSP" means the organization that has the overall responsibility for the provisions 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.
- (t) "NOFA" means a Notice of Funding Availability.
- (u) "Operating Expense" has the same meaning as in 25 CCR Section 8301.
- (v) "Operating Income" has the same meaning as in 25 CCR Section 8301.
- (w) "Operating Cost Assistance Reserves" has the same meaning as in 24 CFR Section 93.201(e).
- (x) "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.
- (y) "Point in Time Count" or "PIT" refers to an annual count of sheltered and unsheltered homeless persons on a single night in January.

- (z) "Program" means the Housing for a Healthy California Program.
- (aa) "Project Team" consists of the Applicant, the Lead Service Provider, and the property manager.
- (bb) "Recipient" means an Applicant who has been awarded NHTF funds and has the same meaning as in 24 CFR 93.2. A Recipient must:
- (1) Make acceptable assurances that it will comply with all NHTF requirements during the entire affordability period;
 - (2) Demonstrate ability and financial capacity to undertake, comply, and manage the eligible activity;
 - (3) Demonstrate familiarity with requirements of state, federal, and any other housing programs used in conjunction with NHTF funds to ensure compliance; and
 - (4) Demonstrate experience and capacity to conduct the eligible NHTF activity in question as evidenced by relevant history.
- (cc) "Rural Area" has the same meaning as in Section 50199.21 of the California Health and Safety Code.
- (dd) "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 maximize his/her ability to live, and when possible, work in the community.
- (ee) "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.
- (ff) "Target Population" means a person who is Chronically homeless or is Homeless and a High-cost health user upon initial eligibility, is a Medi-Cal beneficiary, is eligible for Supplemental Security Income, 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.
- (gg) "TCAC" means California Tax Credit Allocation Committee.
- (hh) "UMR" means the Uniform Multifamily Regulations commencing with 25 CCR Section 8300.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53590 and 53595.

Section 102. Minimum Requirements

The Applicant shall comply with the requirements of HHC and all applicable federal and state laws. To be eligible to receive funding, projects must meet all the following minimum requirements:

(a) Eligible Applicants.

- (1) Owners or developers that meet the Recipient definition in 24 CFR 93.2.
- (2) Applicant with no members of the development team currently federally debarred or suspended.

(b) Financial Feasibility. The project shall meet the requirements of Sections 105 and 106 and must prove Fiscal Integrity.

(c) Experience. Collectively, among the members of the Project Team, all the following minimum experience requirements must be met:

- (1) Development, ownership, or operation of at least two permanent Supportive housing projects or at least two affordable rental housing projects in the last five years.
- (2) The Lead Service Provider, which may be the county, or a qualified contracted agency, shall have three or more years of experience serving persons who qualify as members of the Target Population and includes comprehensive case management in Supportive housing, and can include scattered site housing.
- (3) The property manager shall have three or more years of experience serving persons who qualify as members of the Target Population in Supportive housing.
- (4) Experience must be documented through contracts with public agencies, housing owners, or foundations for services provided to at least 10 households at any one time in either housing projects subject to agreements with public agencies restricting rent and occupancy or through tenant-based housing assistance programs. If the Lead Service Provider is not part of the ownership entity, the Applicant must have a written agreement with the Lead Service Provider to implement the Supportive Services plan and submit this agreement along with the application for funding. Only the Lead Service Provider may enter into written agreements for services under the provisions of the Supportive Services plan. All service providers must have a written agreement with the Lead Service Provider prior to commencement of services.

(d) Site Control. The Applicant must have site control of the proposed project that meets the requirements of the UMR 25 CCR Section 8303, which requires the Applicant to have site control of the proposed project property, in the name of the Applicant or an entity controlled by the Applicant. The ownership interest may be demonstrated by fee title, a leasehold interest, an enforceable option to purchase, a disposition and

development agreement, an agreement giving the Applicant exclusive rights to negotiate for acquisition, or a land sales contract. This includes compliance (if applicable) with UMR 25 CCR Section 8316 for a leasehold interest in the property.

- (e) Integration. Proposed projects must demonstrate integration of the Target Population with the general public. In order to demonstrate compliance with this requirement, the following conditions must all be met:
- (1) Assisted Units must be integrated with other units in the project and not separated onto separate floors or areas of the building;
 - (2) To promote integration of the Target Population with other project tenants, in projects of greater than 20 units, the Department will fund no more than 49 percent of the project's total units as Assisted 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;
 - (3) Applicants must certify that they will facilitate or provide regular community building activities and architectural design features that promote tenant interaction. For example, indoor and outdoor community space within the project, and wide hallways as feasible, depending on the scope of the construction activity; and
 - (4) The Supportive Services plan and property management plan, submitted with the application, must document policies that promote participation by tenants in community activities and impose no restriction on guests that are not otherwise required by other project funding sources or would not be common in other unsubsidized rental housing in the community.
- (f) Article XXXIV. All projects shall comply with Article XXXIV Section 1 of the California Constitution, as clarified by Public Housing Election Implementation Law (H&S Code Section 37000 et seq). Article XXXIV documentation for loans underwritten by the Department shall be subject to review and approval by the Department prior to the execution of the Department's Standard Agreement.
- (g) Scattered Site Housing. Projects are permitted to be on scattered sites provided that all of the below conditions are satisfied prior to the closing of the loan. The requirements of this section shall be interpreted in a manner consistent with the requirements of 25 CCR Section 8303(b) pertaining to scattered site housing.
- (1) All project sites in the rental housing development must have a single owner and property manager;
 - (2) All project sites shall be governed by one set of Program documents, which among other things, shall include similar tenant selection criteria, serve similar

tenant populations, and have similar rent and income restrictions;

- (3) If the rental housing development has an operating reserve, there shall only be one operating reserve for all sites in the project;
 - (4) There may be at most one lender with required payments senior to the Department's loan;
 - (5) There must be a single audit and annual report that covers all project sites;
 - (6) The Sponsor's obligations under the Department's Program documents must be secured by all project sites, with lien priority relative to local public agency lenders determined in accordance with 25 CCR Section 8315, and use of cash flow available for residual receipts loan payments determined in accordance with 25 CCR Section 8314; and
 - (7) The Department must be named on insurance policies covering all project sites, with coverage meeting Department requirements.
- (h) Environmental Conditions. All project sites must be free from severe adverse environmental conditions, such as the presence of toxic waste that is economically infeasible to remove and that cannot be mitigated. See 24 CFR 93.301(f).
- (i) Federal, State and Local Requirements. All Assisted Units and other units of the project must be on a permanent foundation and must meet all applicable federal, state, and local requirements pertaining to rental housing, including, but not limited to, requirements for minimum square footage and requirements related to maintaining the property in a safe and sanitary condition.
- (j) Amenities. All project sites must involve a development site that has reasonable accessibility to public transit, public schools, public parks or other public recreational facilities, and is of reasonable proximity to services and amenities for the purposed tenant population as is typically available in that county. The development site must also be within reasonable proximity to employment opportunities available to the tenant population. The development must consider the hours that the services and amenities are available and the frequency, travel time, and cost of transportation to the tenants. The criteria used to establish reasonable accessibility and reasonable proximity are specified in Section 111(h) of the Guidelines.
- (k) Stacking Unit-Based Subsidies.
- (1) The Department does not allow stacking of multiple Department Development Funding Sources on an HHC Assisted Unit. Capitalized operating subsidy reserves or operating assistance is allowed for all units. The prohibition of subsidy stacking in HHC refers to the use of multiple funding sources on a single HHC-assisted unit. "Department Development Funding Sources" shall mean loan or grant funds awarded for permanent funding of development costs under the following programs:
 - a. Multifamily Housing Program
 - b. Supportive Housing Multifamily Housing Program

- c. Veterans Housing and Homelessness Prevention Program
- d. No Place Like Home Program, including funds awarded either by the Department or an Alternative Process County
- e. Affordable Housing and Sustainable Communities Program Affordable Housing
- f. Development loan, except for grants for infrastructure, transportation-related amenities and program costs
- g. Transit Oriented Development Program rental housing development loan, except for grants for infrastructure
- h. Joe Serna, Junior Farmworker Housing Grant Program
- i. SB 2 Farmworker Housing Program
- j. National Housing Trust Fund Program

(2) As an exception to this Subsection (k)(1), a previously Department-assisted unit is eligible for funding assistance from other Department programs upon re syndication, or 14 years from the Placed in Service date noted on the TCAC form 8609 (Placed in Service Package).

(l) Relocation. The Applicant of any project resulting in displacement of tenants shall be solely responsible for providing the assistance and benefits set forth in this subsection and in applicable federal, state, and local law, whichever is more stringent.

(1) All tenants of a property who are displaced as a direct result of the development of an HHC project shall be entitled to relocation benefits and assistance as provided in 24 CFR 93.352.

(2) The Applicant shall prepare a relocation plan conforming with the provisions of 24 CFR 93.352. For loans underwritten by the Department, the relocation plan or other relocation documentation shall be subject to the review and approval by the Department prior to the beginning of construction.

(m) Applicant must comply with 2 CFR Part 200.

(n) Application shall be on forms made available by the Department. In addition, applications must contain:

(1) A resolution from the Applicant's governing board to apply for NHTF funds for a requested amount that does not exceed the amount authorized.

(2) A memorandum of understanding or commitment letter from either the Lead Services Provider or a county department to make available to the project's HHC tenants case management and Supportive Services from one of the following:

- a. County's Whole Person Care Pilot,
- b. Health Homes Program,
- c. Managed care organization, or
- d. Other community-based health care services.

- (3) A certification that residents of the housing development will be authorized to own or otherwise maintain one or more common household pets pursuant to the Pet Friendly Housing Act of 2017 (California Health & Safety Code, Section 50466).
- (4) An initial plan for providing Supportive Services based on the anticipated needs of the Target Population proposed to be served by the project must meet the requirements outlined in Section 112.
- (5) A property management plan that:
 - a. Utilizes a low-barrier tenant selection process;
 - b. Accepts referrals of those with the highest needs for available housing;
 - c. Implements Housing First practices, consistent with the core components set forth in Welfare and Institutions Code Section 8255(b);
 - d. Implements policies and practices to prevent evictions and to facilitate the implementation of reasonable accommodation policies;
 - e. Implements policies and practices of trauma-informed care and harm reduction to prevent evictions; and
 - f. Implements policies and practices that comply with the Violence Against Women Act (Title VI-Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking – Section 601 – 603 and 81 CFR 80724).

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 103. Uses and Terms

- (a) NHTF funds will be limited to the eligible uses described in 24 CFR 93.200 and 93.201.
 - (1) Loans for acquisition and/or new construction.
 - a. NHTF loans shall be used in accordance with 24 CFR Part 93 Subpart E.
 - b. Proposed projects involving new construction and requiring the demolition of existing residential units are eligible only if the number of bedrooms in the new project is at least equal to the total number of bedrooms in the demolished structures. The new units may exist on separate parcels provided that all parcels are part of the same project and meet the requirements of scattered site housing described in Section 102(g).
 - c. The total amount of NHTF assistance shall not exceed the maximum per-unit development subsidy amount established by the Department as stated in the NOFA.
 - d. HHC loans shall be secured by the project's real property and improvements and subject only to liens, encumbrances and other matters of record approved by the Department, consistent with 25 CCR Section 8315. Projects with ground leases shall be subject to 25 CCR Section 8316.
 - e. HHC assistance provided as post-construction permanent loans shall have an initial term of 55 years or longer to match the period of affordability restrictions under the tax credit program, commencing on the date of recordation of the HHC loan documents.

- (2) Grants for project-based operating assistance in the form of a Capitalized Operating Subsidy Reserve (COSR).

The project's COSR will be for at least 15 years to pay for operating costs of an apartment or apartments receiving capital funding to provide Supportive housing to the Target Population.

- (b) Maximum per-unit loan amounts for loans underwritten by the Department shall be published annually for each NOFA and determined as follows:

- (1) Maximum per-unit loan amounts shall not exceed the total eligible costs required, when considered with other available financing and assistance, in order to:
 - a. Enable the funds to be used for the eligible uses;
 - b. Ensure that rents for Assisted Units comply with Program requirements; and
 - c. Operate in compliance with all other Program requirements.
- (2) The capital portion of the loan amount is further limited to the sum of a base amount per Assisted Unit, plus the amount per Assisted Unit required to reduce rents from 30 percent of the 30 percent of AMI level to the actual maximum restricted rent for the Assisted Unit, with loan limits increasing based on the level of affordability provided.
- (3) For loan limit calculations, the Department shall include the number of Assisted Units within a rental housing development and the number of bedrooms per Assisted Unit.
- (4) For Assisted Units receiving rental assistance under renewable rental subsidy contracts, the loan amount will be based on the most restrictive level of income restriction that will apply following the closing of the program loan.
- (5) Initial base amounts for the portion of the loan that does not include a COSR are set pursuant to the Department's Annual Action Plan.
- (6) The COSR portion of the loan shall be determined pursuant to the requirements of Section 108.
- (7) Beginning January 2020, the amounts in subparagraph (5), above, will be adjusted annually based upon increases in the Consumer Price Index. The maximum per-unit amounts for loans underwritten by the Department shall be updated annually and published in the NOFA.

- (c) Recipients shall ensure that all Assisted Units meet all applicable federal and state property standards. Compliance with 24 CFR 93.301(a)(1) and (2) must be maintained for the duration of the affordability period of 55 years, except projects developed on Indian Reservation or Native American lands, which will be for at least 50 years.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 104. Loan Terms

(a) HHC loans shall have the following terms:

- (1) They shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance, unless the Department reduces this rate pursuant to Health and Safety Code Section 50406.7. Interest shall accrue from the date funds are disbursed to, or on behalf of, the borrower.
- (2) Pursuant to 24 CFR section 93.204(b)(1), HCD will charge fees to cover the cost of ongoing monitoring and physical inspection of NHTF rental projects during the state period of affordability and as determined in the NOFA.
- (3) Except for the required monitoring fee payment, and if the borrower is not in default, the Department shall permit the deferral of accrued interest for the term of the loan.
- (4) The Department may require a third-party tax professional to verify the necessity for reducing the interest rate below 3 percent, the cost of which shall be borne by the Sponsor.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 105. Occupancy and Income Requirements

- (a) Household income shall be determined in accordance with the rules in 24 CFR 93.151. At the time of move-in, the household income shall not exceed the established Extremely Low Income (ELI) limits or families with incomes at or below the poverty line (whichever is greater) pursuant to 24 CFR 93.250(a). Income levels shall be expressed in 5 percent increments as a percentage of AMI. The income limits are posted on the Department's website. **Assisted units will be restricted per the income limits set forth in the Project Regulatory Agreement.**
- (b) The Recipient shall maintain documentation of tenant-income eligibility and how they meet the requirements for the Target Population the following ways, as applicable:
- (1) Documentation of enrollment in or eligibility for Medi-Cal benefits.
 - (2) Documentation of a person's status as Chronically homeless could be captured through any of the following:
 - a. A client's entry and exits documented in a Homeless Management Information System;
 - b. An outreach worker or Case Manager's written observations; or
 - c. A client's self-report of episodes of homeless and disability status. Such reports must be done in accordance with procedures established through the local Coordinated Entry System or other procedures established by

the county for determining whether a person qualifies as Homeless and High-cost health user or Chronically homeless.

- (3) Documentation of a person's status as a High-cost health user could be captured through any of the following:
 - a. Discharge summaries; or
 - b. An outreach worker's, case manager's or local County's health department written observations.

(c) Occupancy requirements shall apply for the full term of the regulatory period.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 106. Rent Limits

(a) Assisted Unit rent will be restricted in accordance with the NHTF rent and income limits in 24 CFR 93.302.

- (1) ELI tenants. The rent plus utilities of an ELI tenant shall not exceed the greater of 30 percent of the federal poverty line or 30 percent of the income of a family whose annual income equals 30 percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. HUD will publish the NHTF rent limits on an annual basis. **Rents will be further restricted in accordance with Rent and income limits submitted by the Sponsor in its application for the Program loan, approved by the Department, and set forth in the Regulatory Agreement.**

(b) The income of each tenant must be determined initially in accordance with 24 CFR 93.151. In addition, in each year during the period of affordability (up to 55 years), the project owner must reexamine each tenant's annual income in accordance with one of the options in 24 CFR 93.151(c) selected by the Recipient and as identified in the tenant selection plan.

(c) Over-income tenants. Assisted Units continue to qualify as affordable housing despite a temporary noncompliance caused by increases in the incomes of existing tenants if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with 24 CFR Part 93.302(g) until the noncompliance is corrected.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 107. Underwriting Standards

(a) In analyzing feasibility, the Department shall follow the underwriting requirements of its UMRs commencing with 25 CCR Section 8300 and/or federal NHTF regulations, including the following:

- (1) 25 CCR Section 8303 (Site Control Requirements and Scattered Site Projects);

- (2) 24 CFR 93.201(e) (Operating Cost Assistance and Operating Cost Assistance Reserves);
 - (3) 25 CCR Section 8309 (Replacement Reserves);
 - (4) 25 CCR Section 8310 (Underwriting Standards) and 24 CFR 93.300(b). The more strict requirements shall apply;
 - (5) 25 CCR Section 8311 (Limits on Development Costs);
 - (6) 25 CCR Section 8312 (Developer Fee);
 - (7) 25 CCR Section 8314 (Use of Operating Cash Flow), and 24 CFR Part 93. The stricter requirements shall apply; and
 - (8) 25 CCR Section 8315 (Subordination Policy).
- (b) Where there is a difference between the provisions of the UMRs and these Guidelines, the provisions of these Guidelines shall prevail.
- (c) 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.
- (d) In addition to the operating reserve required by 25 CCR 8308, a Sponsor may establish a COSR for the Assisted Units meeting the requirements of Section 108.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(2).

Section 108. Capitalized Operating Subsidy Reserves

NHTF grant funds may be used to pay for Capitalized Operating Subsidy Reserves (COSR) with the following conditions:

- (a) For projects, not more than 100 percent of the total per-unit amount for capital determined pursuant to Section 103 may be provided per unit for a COSR to address project operating deficits attributable to the Assisted Units.
- (b) The operating reserves 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 Department pursuant to the requirements of these Guidelines.
- (c) In determining how to size each project's COSR, the Department shall consider individual project factors such as: the maximum percentage of Assisted Units it will assist; the anticipated project vacancy rates; the anticipated percentage of Assisted

Units that will have other operating or rental subsidy and the term of that operating or rental subsidy contract, and anticipated tenant incomes.

- (d) The following standard assumptions will be used for establishing the total amount of the project COSR. The Department may modify these assumptions as necessary to maintain project feasibility or extend the term of the COSR.
 - (1) All Assisted Units, other than the proportionate share of the manager's unit, shall be counted in calculating the amount of the COSR. An Assisted Unit receiving other rental assistance may receive assistance from the COSR.
 - (2) 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.
- (e) Notwithstanding the above, in order to sustain the availability of the operating reserves for a minimum of 15 years, distributions from the COSR shall be subject to: The Department may not disburse more than 5 percent of the total COSR to a project per year, except that in any given year where the operating deficit attributable to the Assisted Units exceeds this amount, the Department may, in its sole discretion, increase the disbursement to up to 7 percent of the total COSR, in accordance with the operating reserves limits and applicable review processes;
- (f) Asset management and partnership management fees and deferred developer fees shall only be paid in accordance with the requirements of Section 107.
- (g) In accordance to 24 CFR 93.201(e)(1), Operating Expenses that are eligible to be paid from the COSR include:
 - (1) Insurance
 - (2) Utilities
 - (3) Real property taxes
 - (4) Maintenance
 - (5) Scheduled payments to a reserve for replacement of major systems

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(2).

Section 109. Award Limits

- (a) The maximum loan limit per Applicant is \$20,000,000. The limit on the amount that can be used for the COSR will be one third of the total loan amount, in accordance with 24 CFR 93.200(a)(1).

- (b) NHTF funding will be made available to all jurisdictions in California. Pursuant to the Department's Annual Plan, the Department will set-aside at least 20 percent of the funding for projects located in Rural Areas. In the event no projects target the 20 percent set-aside for projects located in Rural Areas, funds will be distributed according to the distribution methods of 24 CFR 91.320(d) and (k).

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(2).

Section 110. Application Process

(a) Contingent upon an annual federal NHTF allocation, the Department shall issue a competitive NOFA for NHTF funding that specifies, among other things, the amount of project funds available, any restrictions on uses of funds, general terms and conditions of funding applications, minimum requirements, timeframe for submittal of applications, application requirements, and rating metrics. Application requirements include, but are not limited to, the following:

- (1) Identification of Applicants;
- (2) Information on the proposed project;
- (3) Adequate information to determine Applicant's eligibility;
- (4) Adequate information to determine project's eligibility;
- (5) Certification of compliance with federal and state requirements;
- (6) Resolution by the governing board authorizing the application and execution of all documents;
- (7) Adequate information to determine Applicant's experience;
- (8) Site control;
- (9) Compliance with the state's policy on Housing First;
- (10) Project readiness to proceed;
- (11) A Supportive Services plan, including staff-to-client ratio (1:20);
- (12) Commitment of services funding; and
- (13) Adequate information to determine the project's feasibility.

(b) Applications shall be on forms made available by the Department.

(c) Applications shall be evaluated for compliance with the minimum requirements set forth in Section 102 and will be rated and ranked in accordance with the criteria outlined in Section 111. Applicants that do not meet the minimum requirements will

be rejected and will not be rated. Applicants will be subject to the appeal process as detailed in the NOFA.

- (d) If requesting a COSR, the Applicant must comply with the requirements in Section 108 of these Guidelines.
- (e) The Department reserves the right to do the following:
 - (1) Score an application as submitted in the event information is missing from the application; and
 - (2) Request clarification of unclear or ambiguous statements made in an application, and other supporting documents, when doing so will not impact the competitive scoring of the application. No additional information may be introduced into the application documentation.
- (f) Applications selected for funding shall be approved at amounts, terms, and conditions specified by these Guidelines and the NOFA.
- (g) Each project must achieve the minimum scores in the Development Team Experience, Supportive Services plan, and Readiness to Proceed scoring categories, as follows:
 - (1) Development Team Experience: 18 points
 - (2) Supportive Services plan: 10 points
 - (3) Readiness to Proceed: 15 points

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 111. Application Selection Criteria

The criteria detailed below and summarized in the following table shall be used to rate applications. In the event of tied point scores, the following tiebreakers shall be used to determine which project is selected for funding, in the order listed:

- (1) The Readiness to Proceed point score, pursuant to Section 111(f) of these Guidelines; and
- (2) The Supportive Services plan point score, pursuant to Section 111(c) of these Guidelines

	Maximum Applicable Points
Development Team Experience	
Developer Experience	10
Applicant Ownership	5
Property Management	5

Lead Service Provider	15
Total Development Team Experience	35
Supportive Housing Units	25
Supportive Services plan	25
Utilization of Funds to Offset Requests	10
Leverage of Rent/Op Subsidies	15
Readiness to Proceed	30
Confirmation of Local Need	5
Location Efficiency and Access to Destinations	5
TOTAL APPLICABLE POINTS	150

(a) Development Team Experience (35 points maximum). The Applicant must achieve a minimum of 18 points from this section to receive an award.

(1) Developer Experience (10 points maximum)

- a. Applications will be scored based on the number of affordable rental housing developments completed by the project developer over the past five years, including Supportive housing projects completed in the last three years serving persons similar to the Target Population. Applicant should address whether these projects were completed timely and within budget. Delays and cost overruns should be explained.
- b. Two points will be awarded for each completed development that was timely and within budget, up to a maximum of ten points.

(2) Applicant Ownership and Operations Experience (5 points maximum)

- a. Applications will be scored based on the experience of the Applicant in owning or operating (under a long-term master lease or similar arrangement) supportive and/or affordable rental housing developments.
- b. The Applicant's experience includes the experience of its affiliated entities or principals (including management-level staff), but not the experience of board members. If there are multiple entities that comprise the ownership entity of the proposed project, the score will be based on the experience of the entity with a controlling interest in the ownership entity and a substantial and continued role in the project's operations, as evidenced in the ownership entity's legal documents.
- c. One-half point will be awarded for each affordable housing project, and one point will be awarded for each Supportive housing project, up to a maximum of five points.

(3) Property Manager Experience (5 points maximum)

- a. Applications will be scored based on the number of affordable and Supportive housing developments managed by the designated property management agent at the time of application. One-half point will be awarded for each affordable housing development, and one point will be awarded for each Supportive housing development, up to a maximum of five points.
- b. Points will be awarded for Supportive housing developments that have been in operation for at least two years with units restricted to people

experiencing homelessness.

- (4) Lead Service Provider Experience (15 points maximum)
- a. Points will be awarded for experience in the last five years providing comprehensive case management and tenancy support to people experiencing homelessness, and for demonstrated expertise working with the Target Population.
 - b. Experience must be documented through contracts with public agencies, housing owners, or foundations for services in housing projects with at least ten units subject to agreements with public agencies restricting rent or occupancy to Homeless persons or households, or in publicly funded tenant-based housing assistance programs serving at least ten members of the Target Population.

Points will be awarded for the following:

1. Years of experience in permanent Supportive housing (3 points maximum).
 - i. One to two years (1 point)
 - ii. Three years to four years (2 points)
 - iii. Five years or more (3 points)
2. Number of projects or contracts in permanent Supportive housing (3 points maximum).
 - i. One to two projects (1 point)
 - ii. Three to four projects (2 points)
 - iii. Five or more projects (3 points)
3. Years of experience serving the Target Population (3 points maximum).
 - i. One to two years (1 point)
 - ii. Three years to four years (2 points)
 - iii. Five years or more (3 points)
4. Experience providing comprehensive case management, where members of the Target Population were at least 20 percent of the Lead Service Provider's clients during the years for which points are sought in any of the following (two points for either of the following):
 - i. Permanent Supportive housing restricted to members of the Target Population; or
 - ii. Permanent Supportive housing not restricted to members of the Target Population, with documented experience providing Homeless services with documented retention rates of at least 85 percent after 12 months.

To receive points under subsection i. or ii. above, the Lead Service Provider must have current staff expertise and organizational experience:

- i. Connecting members of the Target Population and/or Homeless individuals with community-based health care services, including linkage to primary care services and behavioral health care; and
- ii. Staff expertise and experience must be documented through resumes, job descriptions, contracts, staff training descriptions, and letters from Continuums of Care or other supportive services organizations.

5. Experience of a partner agency if the following conditions are satisfied (2 points):
 - i. An executed agreement between the two agencies must be submitted with the application for HHC assistance; and
 - ii. The agreement must have a term of at least five years and detail the cultural competency services to be provided by the partner agency. These services must include:
 - a. Technical assistance with program development;
 - b. Training and mentoring of Lead Service Provider leadership and staff for the proposed project;
 - c. Assistance with hiring project staff;
 - d. Assistance with developing community linkages;
 - e. Other technical assistance as needed; and
 - f. An agreement to provide services to members of the Target Population residing in the project that are referred by the Lead Service Provider.

6. Documented success in meeting or exceeding specified outcome measures for housing stability under a government contract for at least two years as a Lead Service Provider in Permanent Supportive housing serving persons experiencing homelessness. (2 points)

(b) Supportive Housing (25 points maximum).

- (1) Applications will be scored based on the percentage of **total project units** restricted as Supportive housing in accordance with the table in subsection (2) below.
- (2) To receive any points in this category, a minimum of 5 percent of **total project units** must be restricted as Supportive housing.

The scoring table is as follows:

Percentage of Total Project Units Restricted as Supportive Housing	Points
5%	5
10%	9
15%	13
20%	17
25%	21
30% or more	25

(c) Supportive Services Plan (25 points maximum). The Applicant must achieve a minimum of 10 points from this section to receive an award.

- (1) Applications for projects will be scored based on the following:
 - a. Quality and Quantity of Services (7 points maximum)
 1. The services provided are of appropriate quality and quantity for the Target Population. (2 points)

2. Staff experience, credentials, and job duties include appropriate skills in cultural competency. (2 points)
 3. The service delivery model, tailored to Homeless people impacted with one or more chronic health or behavioral health conditions, that includes, but is not limited to, the following: (3 points)
 - i. Use of a critical time intervention or assertive community treatment model
 - ii. Cognitive behavioral therapy
 - iii. Trauma-informed care
 - iv. Motivational interviewing and other tools to encourage engagement in services
 - v. Other practices recognized as evidenced-based by the Substance Abuse and Mental Health Services Administration (SAMHSA), DHCS, HUD, or other federal or state public agencies
 - b. The accessibility of services, whether they are on-site or in close proximity to the project, including the hours they are available, and the frequency, travel time and cost of transportation required to access them, including both public transportation and private transportation services (e.g. van owned by the provider), and how the service provider will assist in the expense of public transportation (e.g., provide tokens, negotiate discounts, provide their own shuttle service, etc.). (2 points)
 - c. Adherence to Section 113, Housing First principles in the provision of services, including provision of flexible services that facilitate Permanent housing access and housing stability. (2 points)
 - d. The degree to which the physical building space supports social interaction, the provision of services and ensures the safety of all residents, especially those more vulnerable, such as persons with a history of trauma, children, elderly, etc. (1 point)
 - e. The levels of linkages with local systems for ending homelessness and community-based health care resources for members of the Target Population, including: (5 points)
 1. Participation, verified by the local Continuum of Care, in a local CES that is fully established.
 2. The degree of coordination with primary care providers, behavioral health providers, and health care facilities.
- (2) Resident Involvement (3 points maximum)
Points will be awarded based on the quality of:
- a. Strategies to engage residents to encourage participation in services (1 point);
 - b. Strategies to engage residents in services planning and operations (1 point); and
 - c. Tenant satisfaction surveys to inform and improve services, building operations, and property management. (1 point)
- (3) The adequacy of the services budget and the reliability over time of services funding (5 points maximum)
Points will be awarded based on:

- a. The adequacy and accuracy of budgeted income sources and uses and the consistency of these amounts with other sections of the services plan. (1 point)
- b. The completeness, accuracy, specificity and clarity of the budget document. (1 point)
- c. The extent to which the major services funding sources have been accessed by the designated service providers or Applicant in the past. (1 point)
- d. The track record of the Applicant and providers in filling gaps in services funding left by the loss of major funding sources. (1 point)
- e. The percentage of the total services budget that is committed at the time of application. (1 point)

(d) Utilization of Funds to Offset Requests (10 points maximum)

- (1) Applications will be scored based on the ratio of permanent affordable development funding attributable to Assisted Units from sources other than NHTF to the requested NHTF loan amount. Deferred developer fees and funds deposited in a reserve to defray scheduled operating deficits will not be counted in this computation. Land donations will be counted where the value is established by a current appraisal.
- (2) For projects utilizing 9 percent competitive low-income housing tax credits, 0.375 points will be awarded for each full 5 percentage point increment above 50 percent. For example, an application proposing other funds equal to 100 percent of the NHTF funds will receive 3.75 points. An application where other funds equal 250 percent of NHTF funds will receive 10 points.
- (3) For other projects not utilizing 9 percent competitive low-income housing tax credits, 0.75 points will be awarded for each 5 percentage point increment above 50 percent. For example, an application proposing other funds equal to NHTF funds will receive 7.5 points, and an application where other funds equal 150 percent of NHTF funds will receive 10 points.

(e) Leverage of Rental or Operating Subsidies (15 points maximum)

- (1) Applications will be scored based on the percentage of Assisted Units that either:
 - a. Have committed project-based rental or operating subsidies substantially similar in terms to project-based housing choice vouchers to indicate a high likelihood of receiving similar funding for the proposed project; or
 - b. Are restricted to rents not exceeding 30 percent of household income, with project feasibility determined based on the assumption that rents will be affordable to tenants of existing projects targeting Homeless populations, as specified in the HHC application.
- (2) Project-based housing choice vouchers will be deemed committed if they have been allocated to the project and approved by HUD, or if the Department approves other evidence that they will reliably be available (such as a letter from the housing authority committing to project-based housing choice

vouchers to the project).

(3) One point will be awarded for each 5 percentage point increment, up to a maximum of 15 points.

(f) Readiness to Proceed (30 points maximum). The Applicant must achieve a minimum of 15 points from this section to receive an award.

The Supportive Services must be fully implemented and available for use by the tenant at the time of occupancy. Points will be awarded as shown below to projects for each of the following circumstances as documented in the application. Any application demonstrating that a particular category is not applicable to project readiness for the subject project shall be awarded points in that category.

(1) Obtained enforceable commitments for all construction financing, not including tax-exempt bonds, low-income housing tax credits, and funding to be provided by another Department program. Other Department funds must be awarded prior to the application deadline. (5 points)

(2) Completion of the California Environmental Quality Act, if necessary and not entitled to a streamlined review under AB 2162, and

- a. Phase I Environmental Site Assessment (ESA-ASTM) for projects with NHTF only, or
- b. If any other federal funding sources are utilized, the project must complete a Phase I Environmental Site Assessment with the National Environmental Policy Act. (5 points)

(3) Obtained all necessary and discretionary public land use approvals, except building permits and other ministerial approvals, or documented to be an eligible project under AB 2162. (5 points)

(4) 5 points will be awarded if either:

- a. The Applicant has fee title ownership to the site or a long-term leasehold securing the site meeting the criteria for HHC site control; or
- b. The Applicant can demonstrate that the working drawings are at least 50 percent complete, as certified by the project architect;

(5) Obtained local design review approval to the extent such approval is required. (5 points)

(6) Obtained commitments for all deferred-payment financing, grants and subsidies, in accordance with TCAC requirements and with the same exceptions as allowed by TCAC. Deferred payment financing, grant funds, and subsidies from other Department programs must be awarded prior to application deadline. (5 points)

(g) Local Need (5 points maximum)

More than 400 individuals are Homeless in the Applicant's geographic jurisdiction using the latest PIT count and as stated in the NOFA.

(h) Location Efficiency and Access to Destinations (5 points maximum)

Location Efficiency and Access to Destinations refers to reasonable access and proximity to amenities, services, and public transportation that allows members of the Target Population to have choices in accessing resources for independent living.

Points may be awarded cumulatively across the categories below up to a total of five points. Applicants must provide a map demonstrating proximity for items (1) and (2) to be eligible for the respective points.

- (1) Projects located where there is a rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop within one-half mile (one mile for Rural Areas) from the site, with service at least every 30 minutes (or at least two departures during each peak period for a commuter rail station or ferry terminal) during the hours of 7 a.m. - 9 a.m. and 4 p.m. – 6 p.m., Monday through Friday. (1 point)
- (2) Projects that provide a map highlighting the location of the existing and operational services within one-half mile of the project area (two miles for Rural Areas), as follows:
 - a. (1 point) Grocery store which meets the CalFresh Program requirements;
 - b. (1 point) Medi-Cal clinic that accepts Medi-Cal payments;
 - c. (1 point) Public elementary, middle or high school; and
 - d. (1 point) Licensed child care provider.

(i) Applicants will be subject to the appeal process as detailed in the NOFA.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 112. Supportive Services

- (a) Each application must include a project-specific Supportive Services plan. This plan is to be developed by the Lead Service Provider and the property manager and shall include information listed in (c) and (d) of this section. Recipients must utilize a Lead Service Provider.
- (b) The property management staff and service providers must make participation in Supportive Services by HHC tenants voluntary. Access to or continued occupancy in housing cannot be conditioned on participation in services or on sobriety. The Supportive Services plan must describe the services to be made available to HHC tenants in a manner that is voluntary, flexible and individualized, so HHC tenants may continue to engage with supportive services providers, even as the intensity of services needed may change. Adaptability in the level of services should support tenant engagement and housing retention.
- (c) Using evidence-based models, the following Supportive Services shall be made

available to HHC tenants based on tenant need. Except as otherwise noted below, the following required services shall be provided onsite at the project or offsite at another location easily accessible to tenants, with the majority of case management services offered on-site:

- (1) Assistance accessing and linking tenants to Medi-Cal enrollment and enrollment in other benefits the tenant may be eligible for;
- (2) Case management;
- (3) Peer support activities;
- (4) Support in linking to behavioral health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups;
- (5) Support in linking to primary care services, including access to routine and preventive health and dental care, medication management, and wellness services;
- (6) Benefits counseling and advocacy, including assistance in accessing Supplementary Security Income/State Supplemental Payment (SSI/SSP);
- (7) Basic housing retention skills (such as unit maintenance and upkeep, cooking, laundry, working with a landlord, getting along with neighbors, and money management); and
- (8) Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above.

The following Supportive Services are not required to be made available but are encouraged to be part of a project's Supportive Services plan.

- (1) Recreational and social activities;
- (2) Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable accommodations in the education process;
- (3) 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
- (4) Obtaining access to other needed services, such as civil legal services, or access to food and clothing.

(d) The following additional information shall be provided in the Supportive Services plan:

- (1) Description of the Target Population to be served and identification of any

additional subpopulation target or occupancy preference for the HHC project that the Applicant wishes to undertake beyond what is permitted under the Target Population requirements. Any additional subpopulation targeting or occupancy preference for the HHC project must be approved by the Department prior to construction loan closing and must be consistent with federal and state fair housing requirements;

- (2) Description of tenant outreach, engagement, and retention strategies to be used;
 - (3) Description of each service to be offered, how frequently each service will be offered or provided depending on the nature of the service, who is anticipated to be providing the services, the location, and general hours of availability of the services;
 - (4) 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;
 - (5) 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;
 - (6) Estimated itemized budget and sources of funding for services;
 - (7) Description of how the supportive services staff and property management staff will work together to prevent evictions, to adopt and ensure compliance with harm reduction principles, and to facilitate the implementation of reasonable accommodation policies from rent-up to ongoing operations of the project;
 - (8) General service provider and property manager communication protocols;
 - (9) Description of how the physical design of the project fosters tenant engagement, onsite supportive services provision, safety and security, and sustainability of furnishings, equipment, and fixtures; and
 - (10) Other information needed by the Department to evaluate the Supportive Services to be offered consistent with the Program.
- (e) Copies of draft written agreements or memoranda of understanding (MOUs) that identify the roles and responsibilities of the Recipient, the project owner, other service providers, and the property manager must be provided. The draft written agreements or MOUs must be materially consistent with the information set forth in the Supportive Services plan.

The Department may request that any necessary updates to the Supportive Services plan or related documents, including fully executed written agreements between the county, service providers, the project owner, and the property manager, be provided prior to the beginning of the initial rent-up period or prior to permanent loan closing.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 113. Housing First

- (a) Projects shall employ Housing First practices that are documented in the application, property management plan and Supportive Services plan. Adherence to the Housing First core components pursuant to Welfare and Institutions Code Section 8255(b).
- (b) For all HHC funded projects, Housing First property management and services delivery practices shall be followed. Housing First practices include the following:
 - 1. Tenant selection practices shall be done in conjunction with the local Coordinated Entry System and promote the acceptance of Applicants regardless to their sobriety or use of substances, completion of treatment, or agreement to participate in services;
 - 2. Applicants are not rejected based on poor credit or financial history, poor or lack of rental history, or criminal convictions unrelated to tenancy, or behaviors that indicate a lack of “housing readiness”;
 - 3. Applicants are assisted in making application for tenancy and reasonable accommodation requests;
 - 4. Supportive Services are flexible and voluntary and focus on housing stability, engagement, and problem solving over therapeutic goals; and
 - 5. The lack of policies or practices regimenting daily activities or limiting privacy, visitors, or the individual’s ability to engage freely in community activities or to manage their own activities of daily living.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 114. Tenant Selection

Tenants must meet income requirements in Section 105 and Target Population requirements in Section 102.

Recipients shall accept referrals through use of a CES or other similar system in accordance with the provisions of 25 CCR Section 8305, and in compliance with Housing First requirements 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) Recipients shall accept tenants 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.
- (d) Projects must also provide a preference for accessible units to persons with disabilities requiring the features of the accessible units in accordance with Section 10337(b)(2) of the TCAC regulations.

The requirements of 25 CCR Section 8305 (a)(4)(A) and 25 CCR Section 8305 (a)(4)(D) shall be implemented as approved by the Department in a manner that is consistent with the requirements of the CES.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 115. Rental Agreements and Grievance Procedures

Rental or occupancy agreements and grievance procedures for Assisted Units shall comply with 25 CCR Section 8307 and 24 CFR 93.303. Tenants shall not be required to maintain sobriety, be tested for substances, or participate in services or treatment.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 116. 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.

(a) General best practices for all developments:

(1) Safety Features:

- a. Site selection and development of the project should consider the safety concerns of the prospective tenants.
- b. Building entrance and exit points should only allow admittance to residents or guests that residents admit.
- c. Common areas within the project should be oriented so as 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; and
- 3. A centralized location, to the extent possible.
- d. Safety lighting that reduces or eliminates blind or dark spaces where people can hide.

(2) Property Management:

- a. Policies to support an on-call staff member or 24-hour availability of staff from the property management company.
- 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.

(b) For those populations that have a history of sexual trauma and/or domestic violence:

(1) Safety features incorporate all the general best practices and include the following:

a. For projects that will also be serving women with a history of domestic violence or sexual trauma:

- 1. Designate at least 25 percent of the Assisted Units will be 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.
- 2. 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.

b. Security cameras:

- 1. At entrances, exits and common areas (including hallways, elevators, and stair wells);
- 2. 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; and
- 3. Camera recordings should be maintained for at least 30 days.

(2) Property Management:

- a. Policies to support an on-call staff member or 24-hour availability of staff from the property management company.
- 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.

The project should have 24-hour security if it serves persons impacted by domestic violence, transition age youth and other vulnerable populations.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2) and 53595.

Section 117. Reporting Requirements

Recipient must collect and report data, as described in Section 53593, to the Department at annual and midyear intervals. Reporting of the following is required:

- (a) Not later than 90 days after the end of each project's fiscal year, the Recipient shall submit an independent audit of the development prepared by a certified public accountant and in accordance with the Department's current audit requirements and all other applicable requirements, as stated by law or included in the NOFA.
- (b) Recipients 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.
- (c) Recipients shall report the number of participants living in the Supportive housing project after 12 months, 24 months, and 36 months, as relevant.
- (d) Recipients shall report the number of participants and the type of interventions offered through the grant funds.
- (e) Recipients shall report on the number of participants who exited the project each year and where they exited to, including other Permanent housing, homelessness, or death.
- (f) To the extent available and feasible, Recipients shall provide data on the impact of the Program on participants' use of corrections systems and law enforcement resources.
- (g) If Recipient is a local government, must comply with 2 CFR Part 512, as outlined in the NOFA.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53593.

Section 118. Operating Budgets

The Recipient shall submit proposed operating budgets to the Department prior to occupancy, and annually thereafter. These budgets shall be subject to Department approval and comply with the requirements in 25 CCR Section 7326.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(2).

Section 119. Federal and State Overlays

- (a) Federal Overlays. Activities funded with HHC funds are required to comply with 24 CFR Part 93.350 and 24 CFR Part 93.301. Compliance with these requirements include, but are not limited to, environmental provisions, federal Davis-Bacon Wage requirements and state prevailing wage laws, relocation, Equal Opportunity and Fair Housing, Fair Housing Amendments Act, Affirmative Marketing, Section 504 of the Rehabilitation Act and its implementing regulations, and the Americans with Disabilities Act and its implementing regulations, Section 3 (employment of low-income persons), Violence Against Women Act, and Single Audit report 2 CFR Part 200.512. Failure to comply with federal overlays could result in significant project cost increases, and rejection of the HHC application.
- (b) 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.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(2).

Section 120. Legal Documents

After a Recipient is sent a letter providing notice of award pursuant to a NOFA, and prior to actual disbursement of funds pursuant to that award, the Department and Recipient shall enter into a state "Standard Agreement" that shall constitute a conditional commitment of said funds. The Standard Agreement shall require the Recipient to comply with the requirements and provisions of these Guidelines, and generally applicable state contracting rules and requirements. The Standard Agreement shall encumber state moneys in an amount no more than as established in the NOFA and said amount shall be consistent with the application and corresponding award letter. The Standard Agreement shall contain the terms necessary to ensure the Recipient complies with all HHC-NHTF requirements, including, but not limited to, the following:

- (a) Requirements for the execution of a promissory note, operating reserve agreement, or other project-specific contracts as may be applicable;
- (b) Requirements set forth in the NOFA;
- (c) Requirements, where appropriate, for the execution and recordation of covenants, regulatory agreements, or other instruments restricting the use and occupancy of and appurtenant to the project and the property thereunder (for the purposes of these Guidelines, all such documents are collectively herein referred to as the HHC regulatory agreement;
- (d) Requirements for the execution of a Deed of Trust or other security instrument securing the debt owed by the borrower to the Department for the amount of the award. The Deed of Trust must be recorded against the fee estate underlying the property; leasehold security will not be accepted unless such security strictly meets

the requirements set forth in 25 CCR Section 8316;

- (e) The Recipient's responsibilities for timing and completion of the project, as well as all reporting requirements;
- (f) Remedies available to the Department in the event of a violation, breach or default of the Standard Agreement; and
- (f) All other provisions necessary to ensure compliance with the requirements of HHC and applicable state and federal law.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2), 53593 and 53595.

Section 121. Defaults and Loan and/or Grant Cancellations

- (a) In the event of a breach or violation by the Recipient of any of the provisions of HHC-NHTF requirements, the regulatory agreement, the promissory note, or the deed of trust, or any other agreement pertaining to the project, the Department may give written notice to the Recipient 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, 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) The Department may accelerate all amounts, including outstanding principal and interest, due under the loan and demand immediate repayment thereof. Upon a failure to repay such accelerated amounts in full, the Department may proceed with a foreclosure in accordance with the provisions of the Deed of Trust and state law regarding foreclosures.
 - (2) The Department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to operate the project in accordance with HHC-NHTF requirements.
 - (3) The Department may seek such other remedies as may be available under the relevant agreement or any law as it relates to both the loan and the COSR grant.
 - (4) Suspension from future Department funding awards.
 - (5) The Department may seek other remedies set forth in the relevant agreement or any other applicable legal or equitable remedies law.
- (b) If the breach or violation involves charging tenants rent or other charges in excess of those permitted under the regulatory 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 regulatory agreement, the Department may seek, as an additional remedy, the repayment of such overcharges.

- (c) The Department may cancel loan commitments or COSR grants under any of the following conditions:
- (1) The objectives and requirements of HHC cannot be met;
 - (2) Implementation of the project cannot proceed in a timely fashion in accordance with the approved plans and schedules;
 - (3) Special conditions have not been fulfilled within required time periods;
 - (4) There has been a material change, not approved by the Department, in the principals or management of the Recipient or project; or
 - (5) If the Recipient fails to apply for Tax Credit funding, which they relied on for project feasibility in their application, within 18 months of the HHC award date.

The Department, in writing and upon demonstration by the Recipient of good cause, may extend the date for compliance with any of the conditions in this subsection, as long as these extensions are within the established/agreed upon deadlines established in the NOFA.

- (d) Upon receipt of a notice from the Department of intent to cancel the loan or request to repay the grant, the Recipient shall have the right to appeal to the Director.
- (e) The Department may use any funds available to it to cure or avoid a Recipient's default on the terms of any loan or other obligation that jeopardizes the fiscal integrity of a project or the Department's security in the project. Such defaults may include defaults or impending defaults in payments on mortgages, failures to pay taxes, or failures to maintain insurance or required reserves. The payment or advance of funds by the Department pursuant to this subsection shall be solely within the discretion of the Department and no Recipient shall be entitled to or have any right to payment of these funds. All funds advanced pursuant to this Subsection shall be part of the HHC loan or COSR grant and, upon demand, due and payable to the Department. Where it becomes necessary to use state funds to assist a project to avoid threatened defaults or foreclosures, the Department shall take those actions necessary, including, but not limited to, foreclosure or forced sale of the project property, to prevent further, similar occurrences and ensure compliance with the terms of the applicable agreements.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(2), 53593 and 53595.

Article II. Building Homes and Jobs Trust Fund Allocation

Section 200. Purpose and Scope

- (a) In September of 2017, AB 74 was signed into law. This legislation authorizes the California Department of Housing and Community Development (Department) to develop the Housing for a Healthy California (HHC) program to create Supportive housing for individuals who are recipients of or eligible for health care provided through the California Department of Health Care Services (DHCS) Medi-Cal program. The goal of HHC is to reduce the financial burden on local and state resources due to the overutilization of emergency rooms or incarceration as the first point of health care provision for people who are Chronically homeless or Homeless and a High-cost health user. The Department shall coordinate with the DHCS, consistent with state and federal privacy law, to match Program participant data to Medi-Cal data to identify outcomes among participants, as well as changes in health care costs and utilization associated with housing and services provided under HHC.
- (b) AB 74 allows the Department to utilize revenues appropriated to the Department from other revenue sources for HHC purposes. As directed in the 2018-2019 state Budget Act, the Department will utilize a portion of moneys collected in calendar year 2018 and deposited into the Building Homes and Jobs Trust Fund for the HHC program. The Department will allocate these funds competitively to counties for acquisition, new construction or reconstruction and rehabilitation, administrative costs, capitalized operating subsidy reserves (COSR), and rental subsidies for existing Supportive housing to assist HHC's Target Population. The Department has elected to incentivize utilizing locally committed funding in an amount at least equivalent to the requested HHC funding amount. **Note, funds applied pursuant to Health and Safety Code Section 53594(a)(1) acquisition funding, new construction, and rehabilitation shall comply with Federal Housing Trust Fund regulations.**
- (c) In addition to applicable state and federal laws and regulations, these guidelines (hereinafter "Guidelines") implement, interpret, and make specific the HHC program authorized by Part 14.2 (commencing with Section 53590) of Division 31 of the Health and Safety Code and for Fiscal Year 2018 Chapter 2.5 (commencing with Section 50470) of Part 2 of Division 31 of the Health and Safety Code.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53591(a)(1), 53594 and 50472.

Section 201. Definitions

All terms not defined below shall, unless their context suggests otherwise, be interpreted in accordance with the meaning of terms described in Part 14.2 of Division 31 of the Health and Safety Code (commencing with Section 53590).

- (a) "Applicant" means a County, as defined below.
- (b) "Area Median Income" or "AMI" means the most recent applicable County median family income published by HUD.
- (c) "Assisted Unit" means a housing unit that is subject to the program's rent and/or occupancy restrictions as a result of the financial assistance provided under the program.
- (d) "Case Manager" means a social worker or other qualified individual who works with a tenant to offer individualized service planning that is flexible and creative to help the tenant gain housing stability. It includes working in collaboration with the tenant to plan, assess, coordinate, and reassess the tenant's needs, as well as referrals and advocacy and connection to community support to meet tenants' supportive services needs. Services include, but are not limited to: tenancy support services, coordination of medical and behavioral health, substance use disorder treatment, employment services, life skills training, peer support, and crisis management interventions. Resident service coordinators are not Case Managers.
- (e) "Chronically homeless" has the same meaning as in Part 91.5 and 578.3 of Title 24 of the Code of Federal Regulations, except that people who were Chronically homeless before entering an institution would continue to be defined as Chronically homeless before discharge, regardless of length of stay, as those parts read on January 1, 2018.
- (f) "Continuum of Care" is defined in 24 CFR Section 578.3.
- (g) "Coordinated Entry System" or "CES" means a centralized or coordinated process developed pursuant to 24 CFR Section 578.7(a)(8), designed to coordinate program participant intake, assessment, and provision of referrals. A centralized or coordinated assessment system covers the geographic area, is easily accessed by individuals and families seeking housing or services, is well advertised, and includes a comprehensive and standardized assessment tool.
- (h) "County" means a county, city and county, or a city collaborating with a county to secure services funding.
- (i) "DHCS" means the state Department of Health Care Services.
- (j) "Department" means the Department of Housing and Community Development.
- (k) "Development Sponsor" or "Sponsor", as defined in Section 50675.2 of the Health and Safety Code and subdivision (c) of Section 50669 of the Health and Safety Code,

means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, duly constituted governing body of an Indian Reservation or Rancheria, or other legal entity, or any combination thereof, certified by the Department as qualified to own, manage, and rehabilitate a rental housing development. A Development Sponsor may be organized for profit, limited profit or be nonprofit, and includes a limited partnership in which the Development Sponsor, or an affiliate of the Development Sponsor, is a general partner.

- (l) "Distributions" has the same meaning as under 25 CCR Section 8301(h).
- (m) "Fair Market Rent" or "FMR" means the rent, including the cost of utilities, as established by HUD 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 non-luxury nature with suitable amenities.
- (n) "Fiscal Integrity" means, for any project for any given period of time during the term specified in the program's regulatory agreement, that the total Operating Income for such project for such period of time, plus funds released pursuant to the Program documents from the project's operating reserve account(s) during such period of time is sufficient to: (1) pay all current Operating Expenses for such project for such period of time; (2) pay all current mandatory debt service (excluding deferred interest) coming due with respect to such project for such period of time; (3) fully fund all reserve accounts established pursuant to the Program documents for such project for such period of time; and (4) pay other costs permitted by the Program documents for such project for such period of time. The ability to pay any or all the permitted annual distributions for a project shall not be considered in determining the Fiscal Integrity of a project.
- (o) "Grantee" means an eligible Applicant that has been awarded funds under the program.
- (p) "HHC" means the Housing for a Healthy California Program administered by the Department.
- (q) "Health Homes Program" means the Health Homes Program, administered by the Department of Health Care Services, 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.
- (r) "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.
- (s) "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.
- (t) "Housing First" has the same meaning as in Welfare and Institutions Code Section 8255.

- (u) “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.
- (v) “Long-term rental assistance” means a rental subsidy provided to a housing provider, including a developer leasing affordable housing, 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 Department.
- (w) “NOFA” means a Notice of Funding Availability.
- (x) “Operating Expenses” has the same meaning as in 25 CCR Section 8301.
- (y) “Operating Income” has the same meaning as in 25 CCR Section 8301.
- (z) “Operating Cost Assistance Reserves” has the same meaning as in 25 CCR Section 8308.
- (aa) “Permanent housing” means a housing unit where the landlord does not limit the 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.
- (bb) “Point in Time Count” or “PIT” refers to an annual count of sheltered and unsheltered homeless persons on a single night in January.
- (cc) “Program” means the Housing for a Healthy California Program created by this part.
- (dd) “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.
- (ee) “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.
- (ff) “Target Population” means a person who is Chronically homeless or is Homeless and a High-cost health user upon initial eligibility, is a Medi-Cal beneficiary, is eligible for Supplemental Security Income, 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.
- (gg) “UMR” means the Uniform Multifamily Regulations commencing with 25 CCR Section 8300.

- (hh) "Whole Person Care" Pilot or "WPC" 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.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53590 and 53595.

Section 202. Minimum Requirements

The Applicant shall comply with the requirements of HHC and all applicable federal and state laws.

(a) The Applicant shall meet all the following minimum requirements:

- (1) Has identified a source of funding for providing intensive services promoting housing stability. Funding for these services may include, but is not limited to, one of more of the following:
 - a. County general funds.
 - b. WPC pilot program funds, to the extent those funds are available, or the WPC program has been renewed
 - c. The Health Homes Program
 - d. MHSa program
 - e. Managed Care Organization
 - f. Other County-controlled funding to provide these services to eligible participants
- (2) Has developed a process for administering grant funds implementing affordable and Supportive housing projects. The agency the Applicant is partnering with, or the applying housing agency, must have either administered rental assistance or funded an affordable or Supportive housing project within the past three years.
- (3) Agrees to collect and report data, as described in Section 219, to the Department.
- (4) Must be compliant with both the housing element and their annual progress report submittals.

(b) The Applicant shall submit an application that meets the following requirements:

- (1) The request for funding shall promote housing for persons who meet all the following requirements:
 - a. Is Chronically homeless, or is homeless and a high-cost health user upon initial eligibility
 - b. Is a Medi-Cal beneficiary
 - c. Is eligible for Supplemental Security Income
 - d. Is eligible to receive services under a program providing services promoting housing stability, including, but not limited to, the following:
 1. The WPC pilot program, to the extent the WPC program is available or has been renewed
 2. The Health Homes Program

3. A locally controlled service program funding or providing services in Supportive housing
 - e. Is likely to improve his or her health conditions with Supportive housing
 - (2) The use of funds proposed by the Applicant shall be clearly connected to the goals and strategies pursuant to Section 53591(a)(1).
 - (3) The amount requested shall not exceed the maximum amount specified in Section 208.
 - (4) The proposed projects shall be financially feasible for the duration of the HHC rental subsidy.
 - (5) A resolution from the County board of supervisors, or other controlling body, that authorizes the County to apply for funding and coordinate referrals and access to health care services to HHC tenants, such as a WPC pilot program, Health Homes Program, or other community-based program funding services.
 - (6) A County Application Plan as specified in Section 211.
- (c) A County subrecipient(s) of HHC funds cannot be debarred or suspended from any state programs.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Sections 53592 and 53595.

Section 203. Eligible Uses

- (a) A County shall use grants awarded pursuant to this part for any of the following:
- (1) Acquisition, new construction, or reconstruction and rehabilitation of (a) project(s). Under this use, Applicants will be subject to Article I, Sections 103(a)(1), 104, 105, 106, 107, and 109(a) of these Guidelines.
 - (2) Operating assistance, which may include either or both of the following:
 - a. Long-term rental assistance to private landlords for periods as referenced in the NOFA, subject to renewal grants.
 - b. 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 the Target Population.
 - (3) A County's administrative costs, as determined by the Department NOFA.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53594.

Section 204. Site and Neighborhood and Property Standard Requirements

In carrying out the site and neighborhood standards with respect to new construction, the requirements of 24 CFR 983.57(e)(2) apply. These standards do not apply to rehabilitation projects. However, if project-based vouchers are used in an assisted rehabilitation unit, the site and neighborhood standards for project-based vouchers will apply. In addition, the requirements of 24 CFR Part 8 will apply, and specifically address the site selection with respect to accessibility for persons with disabilities.

The Applicant shall ensure that all Assisted Units meet all applicable federal and state property standards. All Assisted Units must also meet the requirements of 25 CCR Section 8304 for the duration of the affordability period. Projects must meet the accessibility requirements specified in the TCAC regulations, as may be amended and renumbered from time to time, including those of Section 10325(f)(7)(K) and, for senior projects, those of Section 10325(g)(2)(B) and (C). Exemption requests, as provided for in the TCAC regulations, must be approved by the Department.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53594.

Section 205. Occupancy and Income Requirements

- (a) Household income shall be determined in accordance with the rules in 24 CFR 93.151. At the time of move-in, household income shall not exceed the established extremely low income (ELI) limits or incomes at or below the poverty line, whichever is greater.
- (b) The County or subrecipients shall maintain documentation of tenant income eligibility and eligibility in all the following ways, as applicable:
 - (1) Documentation of enrollment in or eligibility for Medi-Cal benefits.
 - (2) Documentation of a person's status as Chronically homeless could be captured through any of the following:
 - a. A client's entry and exits documented in a Homeless Management Information System;
 - b. An outreach worker or Case Manager's written observations; or
 - c. A client's self-report of episodes of Homeless and disability status must be done in accordance with procedures established through the local Coordinated Entry System or other procedures established by the County for determining whether a person qualifies as a Homeless and High-cost health user, or Chronically homeless.
 - (3) Documentation of a person's status as a High-cost health user could be captured through any of the following:
 - a. Discharge summaries; or
 - b. An outreach worker's, case manager's or local County's health department written observations.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53594.

Section 206. Rent Limits

- (a) Assisted Unit rent shall not exceed the Fair Market Rent or reasonable market rent as determined by the Department. Tenants must meet the income determination requirements of Section 205.
- (b) Over-income tenants - if at the time of re-certification, a tenant household's income exceeds the extremely low-income limit, or income at or below the poverty line, then the County/subrecipient:
 - (1) Shall re-designate the tenant's Assisted Unit as a non-Assisted Unit and designate the next available non-assisted comparable unit as an Assisted Unit until the unit mix required by the Program regulatory agreement is achieved.
 - (2) If all the project units are Assisted Units, that project can continue with the over-income unit(s) until such time as those over-income households no longer reside in the project.
 - (3) A unit shall be deemed "comparable" if it has the same number of bedrooms and reasonably similar square footage as the original unit.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53594.

Section 207. Capitalized Operating Subsidy Reserves (COSR)

HHC grant funds may be used to pay for a COSR with the following conditions:

- (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 County pursuant to the requirements of these 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 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.
 - (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) Notwithstanding 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 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) 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/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 Health and Safety Code, as well as all other state, federal laws and regulations.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53594.

Section 208. Maximum Award Limits

The maximum grant limit is \$20,000,000 per Applicant for new construction, acquisition, rehabilitation, rental subsidies, administrative costs and/or operating assistance (COSR and/or rental assistance). The actual award amounts **may** be adjusted for project size and the number of households served.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53594.

Section 209. Fee Limits

A County may use up to 10 percent of the grant, as reflected in the NOFA, to fund administrative costs for the HHC program.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53594.

Section 210. Use of Operating Cash Flow

Regarding allowable uses of operating cash flow for capital or operating subsidies, including a COSR, the County shall follow **the** requirements commencing with 25 CCR Section 8314, as applicable.

Where there is a difference between the provisions of the UMRs and these Guidelines, the provisions of these Guidelines shall prevail.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53594.

Section 211. County Application Plan

Any plan that meets the following requirements is acceptable, including, but not limited to, Continuum of Care plans, or any other County plan specific to homelessness. Applicant's proposed uses of funds should be clearly connected to the goals and strategies outlined in the plan.

Applicants should include in their application plan the following:

- (a) A description of homelessness County-wide, including a discussion of the estimated number of residents experiencing homelessness or chronic homelessness among single adults, families, and unaccompanied youth;
- (b) Special challenges or barriers to serving the Target Population;
- (c) County resources applied to address homelessness, including efforts undertaken to prevent the criminalization of activities associated with homelessness;

- (d) Available community-based resources, including partnerships with community-based organizations and non-profits;
- (e) Identification of other partners tasked with addressing Homeless needs;
- (f) Systems in place to collect the data required under Section 219;
- (g) Efforts that will be undertaken to ensure that access to a CES, and any alternate assessment and referral system established for the Target Population pursuant to the requirements of these Guidelines, will be available on a nondiscriminatory basis;
- (h) Applicants may propose an alternative definition of High-cost health user than defined in Section 201 of these Guidelines.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53592 and 53595.

Section 212. Application Process

- (a) The Department shall issue a NOFA that details the application process for Applicants that specifies, among other things, the amount of funds available, application requirements, threshold requirements, award requirements, the allocation of rating points, the deadline for submittal of applications, and other general terms and conditions of funding commitments.
- (b) The Department shall evaluate applications for compliance with the minimum requirements set forth in Section 202 and score based on the criteria outlined in Section 213.
- (c) Applicants that do not meet the minimum requirements will be rejected and will not be rated.
- (d) The Department reserves the right to do the following:
 - (1) Score an application as submitted in the event information is missing from the application; and
 - (2) Request clarification of unclear or ambiguous statements made in an application and other supporting documents where doing so will not impact the competitive scoring of the application.
- (e) Applications selected for funding shall be approved at amounts, terms, and conditions specified by the Guidelines and the NOFA.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1).

Section 213. Application Selection Criteria

The criteria detailed below and summarized in the following table shall be used to rate applications.

	Maximum Applicable Points
Need	
Number of individuals experiencing homelessness and impact of housing costs (H&S Code 53591(a)(1)(A))	10
Applicant's commitment to address Homeless needs (H&S Code 53591(a)(1)(D))	15
Total Need Points	25
Proposed Uses and Process for Using Funds	
Project(s) Description (H&S Code 53591(a)(1)(F))	10
Process for Using Grant Funds (H&S Code 53591(a)(1)(B))	10
Funding Coordination (H&S Code 53591(a)(1)(C))	10
Total Uses of Funds Points	30
Experience	
Applicant's experience in rental subsidies, funding, underwriting, or administering Supportive housing projects	15
Applicant's experience with projects comparable in scope/services to proposed project	15
Barriers encountered and addressed	5
Identify any best practices that could be used by other program participants	5
Total Experience Points	40
Funding Sources	
Description of plan to sustain funding	30
Total Funding Sources Points	30
Incentive Points	
Applicant has Whole Person Care Pilot Program available or renewed, or has Health Homes Program, or has other County-controlled funding that provides similar services to the Target Population. H&S Code 53591(a)(1)(E)	10
Projects with locally committed funding for projects in an amount at least equivalent to requested HHC funding	10
Total Incentive Points	20
TOTAL APPLICABLE POINTS	145

(a) Need (25 points maximum)

Consideration will be given to the number of individuals experiencing homelessness and the impact of housing costs in the County. Estimated need will be based on the number of Homeless individuals established at the latest PIT count and rent burden in the Applicant's geographic jurisdiction according to the **Comprehensive Housing Affordability Strategy (CHAS) data**. Points will be awarded as follows:

- (1) Estimated Need (10 points maximum)
 - a. More than 400 individuals are Homeless in the Applicant's geographic jurisdiction as stated in the NOFA (10 points); or
 - b. More than half of the ELI population in the Applicant's geographic jurisdiction pay more than 50 percent of their income towards rent. (5 points)
- (2) Describe the Applicant's demonstrated commitment to address the needs of people experiencing homelessness. Applicant has demonstrated successful outcomes in implementing federal and state programs addressing the needs of people experiencing homelessness, along with local commitment of resources. (15 points maximum)
 - a. The Applicant has dedicated local resources to provide Permanent housing to residents experiencing homelessness over the last three years and has a plan to address homelessness. The plan has been successful and has been implemented for at least one year (15 points); or
 - b. The Applicant has administered programs with successful outcomes in moving people from homelessness to Permanent housing but has not dedicated resources consistently over the last three years. The Applicant has a plan to address homelessness and has been implementing it over the last year (10 points); or
 - c. The Applicant proposes to implement some actions in the next 12 months, including implementation of a plan to address homelessness and dedication of local resources. (5 points)

(b) Proposed Uses and Process for Using Funds (30 points maximum)

- (1) Project Description. Applicant's description of the specific uses of the grant funds. For each specific planned use of the grant funds, the Applicant must respond to **the** required items to receive full points: (10 points)
 - a. **If the Applicant intends to use funding for development, project(s)' location and target date(s) for completion (10 points); or**
 - b. **If the Applicant intends to use funding for rental assistance or a COSR, project(s)' total number of units and the total number of households who will receive Permanent housing and/or rental subsidies under the project (10 points).**
- (2) Process for Using Grant Funds. The Applicant's description of the following: (10 points maximum)
 - a. The Applicant's or agency or agencies responsible for the distribution of the HHC grant funds and the proposed selection criteria and process to identify project(s) and/or sub-recipient(s) **(6 points)**;

- b. The timeline with clearly delineated milestones (1 point); and
- c. The proposed funding source for the services (3 points)

(3) Funding Coordination. The Applicant's description of how the proposed HHC funding will supplement existing federal, state, and local funding. (10 points maximum)

- a. Regarding service provision, the Applicant's description of the following:
 - 1. The funding source(s) (2 points);
 - 2. The amount of funding per participant, per month, the Applicant intends to commit (1 point);
 - 3. The length of time services will be provided (1 point); and
 - 4. The process for selecting the Homeless service provider (2 points).
- b. The description of the Applicant's partnerships with affordable and Supportive housing providers to address homelessness (2 points).
- c. The description of the Applicant's partnerships with healthcare providers who provide dental, mental health, primary care and substance abuse services (2 points).

(c) Experience (40 points maximum)

(1) The Applicant's experience, for the last three years, in funding and underwriting Supportive housing projects; and/or the Applicant's experience administering Supportive housing projects; and/or the Applicant's experience working with agencies that administer rental subsidies. (15 points maximum)

- a. If the Applicant intends to use funding for development or a COSR, the Applicant has developed and/or administered four or more projects in the last three years. If the Applicant intends to use funding for rental assistance, the administering agency has administered rental subsidies for at least 500 households in the last three years. (15 points)
- b. If the Applicant intends to use funding for development or a COSR, the Applicant has developed and/or administered at least two to three projects in the last three years. If the Applicant intends to use funding for rental assistance, the administering agency has administered rental subsidies for at least 300 households in the last three years. (10 points)
- c. If the Applicant intends to use funding for development or a COSR, the Applicant has developed and/or administered one project in the last three years. If the Applicant intends to use funding for rental assistance, the administering agency has administered rental subsidies for at least 100 households in the last three years. (5 points)

(2) The Applicant's development funding, rental assistance, or other operating assistance to the Target Population that is comparable in scale and scope to the number of projects or rental assistance the Applicant has proposed for the Program. (15 points maximum)

- a. If the Applicant intends to use funding for development or a COSR, the Applicant has developed and/or administered four or more projects comparable in scale and scope to the proposed project and Target Population. If the Applicant intends to use funding for rental assistance,

- the administering agency has administered rental subsidies for at least 500 clients similar to the Target Population. (15 points)
- b. If the Applicant intends to use funding for development or a COSR, the Applicant has developed and/or administered at least two to three projects comparable in scale and scope to the proposed project and Target Population. If the Applicant intends to use funding for rental assistance, the administering agency has administered rental subsidies for at least 300 clients similar to the Target Population. (10 points)
 - c. If the Applicant intends to use funding for development or a COSR, the Applicant has developed and/or administered one project comparable in scale and scope to the proposed project and Target Population. If the Applicant intends to use funding for rental assistance, the administering agency has administered rental subsidies for at least 100 clients similar to the Target Population. (5 points)
- (3) Description of barrier(s) the Applicant encountered in the implementation of its Homeless strategy or funding and how barriers were resolved. (5 points)
- (4) Description of any best practices developed by the Applicant that could be used for other program participants. (5 points)
- (d) Funding Sources (30 points maximum)
- (1) **The Applicant's description of the plan to sustain funding for the program/project. The Applicant may commit to using funding from the Building Homes & Jobs Act allocations to score points in this category. (30 points)**
- (e) Incentive Points (20 points maximum)
- (1) The Applicant has a Whole Person Care Pilot Program or is working with managed care organizations to make available Health Homes Program benefits to people experiencing homelessness. (10 points)
 - (2) Evidence demonstrating locally committed **funding** in an amount at least equivalent to requested HHC funding. (10 points)

In the event of tied point scores, the following tiebreakers shall be used to determine which project is selected for funding, in the order listed:

- (1) Applicant relevant experience
- (2) Need
- (3) Application Plan

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1).

Section 214. Supportive Services

- (a) Each application must include a County-specific Supportive Services plan that will identify how the County plans to provide or subcontract to provide Supportive Services to participants in the Program.
- (b) The County must ensure services are provided to participants, but that participants are not required to participate in services. Access to or continued occupancy in housing cannot be conditioned on participation in services or on sobriety. The Supportive Services plan must describe the services to be made available to HHC tenants in a manner that is voluntary, flexible, and individualized, so HHC tenants may continue to engage with supportive services providers, even as the intensity of services needed may change. The level of services should support tenant engagement and housing retention.
- (c) Using evidence-based models, the following Supportive Services shall be made available to HHC tenants based on tenant need. Except as otherwise noted below, the following required services shall be provided onsite at the project or offsite at another location easily accessible to tenants, with the majority of case management services offered on-site:
 - (1) 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;
 - (2) Case management and tenancy support services;
 - (3) Peer support activities;
 - (4) Services to link participants, as needed, to behavioral health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups and to coordinate care;
 - (5) Services to link participants, as needed, to substance abuse disorder treatment;
 - (6) Support in linking to primary care services, including access to routine and preventive health and dental care, medication management, and wellness services;
 - (7) Benefits advocacy, including assistance or linkage to services in accessing Medi-Cal and Supplemental Security Income/State Supplementary Payment(SSI/SSP);
 - (8) Housing retention skills, including working with landlords and neighbors, unit maintenance and upkeep, and money management; and
 - (9) Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above.

The following Supportive Services are not required to be made available but are encouraged to be part of an Applicant's plan to provide Supportive Services to participants.

- (1) Recreational and social activities;
- (2) Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable accommodations in the education process;
- (3) 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
- (4) Obtaining access to other needed services, such as civil legal services, or access to food and clothing.

(d) The following additional information shall be provided in the Applicant's plan to provide Supportive Services:

- (1) Description of tenant outreach, engagement, and retention strategies to be used;
- (2) 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;
- (3) 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;
- (4) 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;
- (5) Estimated itemized budget, and sources of funding for services;
- (6) 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;

- (7) General service provider and property manager communication protocols;
- (8) Provider-to-client staff ratio (1:20);
- (9) Description of how the physical design of the project fosters tenant engagement, onsite supportive services provision, safety and security, and sustainability of furnishings, equipment, and fixtures; and
- (10) Other information needed by the Department to evaluate the Supportive Services to be offered consistent with the program, as specified in the NOFA.

The Department may request that any necessary updates to the plan to provide Supportive Services or related documents, including fully executed written agreements between the County, 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.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1) and 53595.

Section 215. Housing First

- (a) Projects shall employ Housing First practices that are documented in the Applicant's plan to provide Supportive Services in the application. Projects must adhere to the Housing First core components pursuant to Welfare and Institutions Code Section 8255(b).
- (b) Housing First practices include the following:
 - (1) Tenant selection practices that adhere to Section 216 of these Guidelines and promote the acceptance of Applicants regardless of their sobriety or use of substances, completion of treatment, or agreement to participate in services;
 - (2) Tenants are not rejected on the basis of poor credit or financial history, poor or lack of rental history, or minor criminal convictions;
 - (3) Tenants are assisted in making application for tenancy and reasonable accommodation requests;
 - (4) Supportive Services are flexible and voluntary and focus on housing stability, engagement, and problem-solving over therapeutic goals; and
 - (5) Landlords or property managers do not impose restrictions on daily activities or limiting privacy, visitors, or the individual's ability to engage freely in community activities.
- (c) Management and services practices emphasize tenant retention and offer flexibility and services to prevent and resolve lease violations and evictions. Subsidy-only units

shall follow Housing First property management and services practices described in subsection (b) above or implement modified Housing First practices that, at a minimum, incorporate:

- (1) Tenant selection practices that promote the acceptance of Applicants regardless of their sobriety or use of substances, completion of treatment, or agreement to participate in services;
- (2) Applicants are seldom rejected on the basis of poor credit or financial history, poor or lack of rental history, or minor criminal convictions;
- (3) Applicants are assisted in making application for tenancy and reasonable accommodation requests;
- (4) Assistance shall be provided in obtaining Permanent housing as rapidly as possible and without preconditions, such as participation in services, length of stay, or successful completion of transitional housing program. Upon exit to Permanent housing, follow up services shall be provided for no less than six months to ensure that tenants retain Permanent housing; and

(d) Services are voluntary unless required by a public agency funding source.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1) and 53595.

Section 216. Tenant Selection

- (a) Tenants must meet income requirements in Section 205 and Target Population requirements in Section 202.
- (b) Tenants shall be selected through use of a CES, in accordance with the provisions of 25 CCR Section 8305 and in compliance with Housing First requirements 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.

- (1) 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).
- (2) 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.
- (3) Sponsors shall accept tenants 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.

- (c) 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.
- (d) 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.
- (e) Projects must also provide a preference for accessible units to persons with disabilities requiring the features of the accessible units in accordance with Section 10337(b)(2) of the TCAC regulations.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1) and 53595.

Section 217. Rental Agreements and Grievance Procedures

Rental or occupancy agreements and grievance procedures for Assisted Units shall comply with 25 CCR Section 8307 and 24 CFR 93.303. Tenants shall not be required to maintain sobriety, be tested for substances, or participate in services or treatment.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53594.

Section 218. 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.

(a) General best practices for all developments:

- (1) Safety features:
 - a. Site selection and development of the project should consider the safety concerns of the prospective tenants.
 - b. Building entrance and exit points should only allow admittance to residents or guests that residents admit.
 - c. Common areas within the project should be oriented so as 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; and
 - 3. A centralized location, to the extent possible.
 - d. Safety lighting that reduces or eliminates blind or dark spaces.
- (2) Property Management:
 - a. Policies to support an on-call staff member or 24-hour availability of staff from the property management company.
 - 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.

(b) For those populations that have a history of sexual trauma and/or domestic violence:

- (1) Safety features incorporate all of the general best practices and include the following:
 - a. For projects that will also be serving women with a history of domestic violence or sexual trauma:
 1. 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.
 2. 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.
 - b. Security cameras:
 1. At entrances, exits and common areas (including hallways, elevators, and stair wells);
 2. 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; and
 3. Camera recordings should be maintained for at least 30 days.
- (2) Property Management:
 - a. Policies to support an on-call staff member or 24-hour availability of staff from the property management company.
 - 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.

(c) The project should have 24-hour security if it serves persons impacted by domestic violence, transition age youth and other vulnerable populations.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1) and 53595.

Section 219. Reporting Requirements

The County shall, at annual and midyear intervals, report all of the following data to the Department:

- (a) Not later than 90 days after the end of each project's fiscal year, the Grantee shall submit an independent audit of the development prepared by a certified public accountant and in accordance with the Department's current audit requirements and all other applicable requirements, as stated by law or included in the NOFA.

- (b) The County shall submit the data as required by the Department to measure the costs and outcomes for each of its Assisted Units. The County shall work with service providers or other sub-recipients to gather the data.
- (c) The County 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.
- (d) The County shall also report on the following:
 - (1) 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;
 - (2) 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
 - (3) To the extent available and feasible, the County shall provide data on the impact of the Program on participant's use of corrections systems and law enforcement resources.
- (e) Recipient must comply with 2 CFR Part 512, as outlined in the NOFA.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53593.

Section 220. Operating Budgets

The County shall submit proposed operating budgets to the Department prior to award and annually thereafter. These budgets shall be subject to Department approval and comply with the requirements in 25 CCR Section 7326.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1) and 53594.

Section 221. Federal and State Overlays

- (a) Federal Overlays. Activities funded with HHC funds are required to comply with 24 CFR Part 93.350 and 24 CFR Part 93.301. Compliance with these requirements include, but are not limited to, environmental provisions, federal Davis-Bacon Wage requirements and state prevailing wage laws, relocation, Equal Opportunity and Fair Housing, Fair Housing Amendments Act, Affirmative Marketing, Section 504 of the Rehabilitation Act and its implementing regulations, and the Americans with Disabilities Act and its implementing regulations, Section 3 (employment of low-income persons), Violence Against Women Act, and Single Audit report 2 CFR Part

200.512. Failure to comply with federal overlays could result in significant project cost increases, and rejection of the HHC application.

- (b) 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.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1) and 53594 and 50472.

Section 222. Legal Documents

Grants shall be governed by a Standard Agreement or other agreement with the County on a form prescribed by the Department. The agreement shall ensure that the provisions of these Guidelines are applicable to the project(s) covered by the agreement and enforceable by the Department. The agreement will contain such other provisions as the Department determines are necessary to meet the requirements and goals of the program, including, but not limited to, the following:

- (a) Requirements for the execution of a promissory note, operating reserve agreement, or other project-specific contracts as may be applicable;
- (b) Requirements set forth in the NOFA;
- (c) Requirements, where appropriate, for the execution and recordation of covenants, regulatory agreements, or other instruments restricting the use and occupancy of and appurtenant to the project and the property thereunder (for the purposes of these Guidelines, all such documents are collectively herein referred to as the HHC regulatory agreement);
- (d) The County's responsibilities for timing and completion of Projects, if applicable, as well as any and all reporting requirements;
- (e) Remedies available to the Department in the event of a violation, breach or default of the Standard Agreement; and
- (f) Any and all other provisions necessary to ensure compliance with the requirements of HHC and applicable state and federal law.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1) and 53594 and 50472.

Section 223. Defaults and Grant Cancellations

In the event the Department becomes aware of a breach or violation by the Grantee or its participating entities engaged in the delivery of HHC, any of the provisions of HHC–SB 2 requirements or Standard Agreement, or the locally executed HHC loan or

grant pertaining to the project, 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:

- (a) Termination of the Grant Agreement and full or partial repayment of the awarded amount.
- (b) Suspension from future Department funding awards.
- (c) The Department may seek other remedies set forth in the Grant Agreement or any other applicable legal or equitable remedies.

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.

NOTE: Authority cited: Health and Safety Code Section 53598(b). Reference cited: Health and Safety Code Section 53591(a)(1) and 53594 and 50472.

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Eric D. Shaw
Director

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Benjamin McCloskey, Deputy Director Mayor's Office of Housing and Community Development

DATE: July 27, 2021

SUBJECT: Accept and Expend Resolution for California Department of Housing and Community Development 2019 Housing for a Healthy California Article II

GRANT TITLE: 2019 Housing for a Healthy California Article II

Attached please find electronic copies of each of the following:

- X Proposed resolution; original signed by Department, Mayor, Controller
- X Grant information form
- X Grant budget
- X Grant award letter from funding agency
- X Grant agreement (Draft)
- X Grant guidelines

Departmental representative to receive a copy of the adopted resolution:

Name: Benjamin McCloskey
Phone: 415-701-5575
Interoffice Mail Address: Benjamin.McCloskey@sfgov.org
Certified copy required Yes No

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).