



# County of Santa Clara

Office of Supportive Housing

## Notice of Funding Availability

*Supportive Housing Development Fund*

New Construction or Acquisition & Rehabilitation

Supported in part by the 2016 Measure A General Obligation Affordable Housing Bond

*Santa Clara County Housing Authority*  
Project Based Vouchers

*Santa Clara County Acquisition Fund*  
Fund Manager

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## Introduction and Background

In December 2014, the County of Santa Clara's Board of Supervisors affirmed the County's role in promoting affordable housing, especially for vulnerable populations. Housing special needs populations is a County service and therefore the County must take an active role in developing, financing and supporting various types of affordable housing for the populations that the County serves. The Board further established that the County's priorities were to:

1. Increase the supply of housing that is affordable to extremely low-income households;
2. Increase the scope and breadth of supportive housing for special needs populations, including homeless and chronically homeless persons; and,
3. Improve coordination and collaboration among the County, the cities, other governmental agencies, and the affordable housing community.

In November 2016, Santa Clara County residents approved the 2016 Measure A Affordable Housing Bond (Housing Bond), a \$950 million general obligation bond that will create new affordable rental and homeowner housing opportunities. The Housing Bond is part of an ongoing effort to: 1) increase affordable housing opportunities for our community's most vulnerable and poorest residents; and, 2) to prevent and reduce homelessness throughout Santa Clara County. The Housing Bond builds on key policy shifts and communitywide partnerships that occurred over the last five years. On August 15, 2017 the Board approved the issuance of up to \$250 million in General Obligation Bonds.

The County's Office of Supportive Housing (OSH) announces the availability of funding for the development of new, permanent affordable housing for the community's most vulnerable populations. **This NOFA makes available development capital funding, project based vouchers and acquisition funding through the establishment of the Santa Clara County Acquisition Fund.**

### **Development Capital Funding**

This invitation makes available funding from a variety of County resources in development capital funding. The Board has authorized the County Administration to fund the following two types of projects:

- **Type 1:** Projects that commit **at least 50%** of the units within the project as Permanent Supportive Housing (PSH), Rapid Rehousing (RRH), or a combination of PSH and RRH units. (Note the County will select and/or approve the target population for PSH units).
- **Type 2:** Projects that have an affordability structure resulting in an average affordability of 45% of AMI **and** commit a minimum of 1/3 of the affordable units as a combination of PSH and RRH, 1/3 of the affordable units for ELI households and 1/3 of the affordable units for households earning up to 80% AMI.

### **Project Based Vouchers**

This NOFA also makes available approximately **258** Project-Based Vouchers (PBVs). The Santa Clara County Housing Authority (SCCHA) is designating this invitation as its Public Notice of a competitive request for award. The NOFA is comprised of the Notice of Funding Availability & Program Guidelines and the appendices. The PBV's are subject to availability, approval, and qualifications under HUD requirements and SCCHA's Administrative Plan. These vouchers are available to Special Needs populations including 1) persons with disabilities, 2) the chronically homeless, 3) those at-risk of being homeless or who are homeless, 4) persons aged 55 and over; and 5) youth transitioning out of foster care. A supplemental application is required for an allocation of PBV's. SCCHA may use this NOFA as the competitive selection process for future PBV allocations.

***Santa Clara County Acquisition Fund (SCCAF)***

The County through this NOFA is pleased to announce it is accepting proposals from qualified applicants to serve as the Fund Manager of the new Santa Clara County Acquisition Fund (SCCAF). To be eligible to serve as the Fund Manager, applicants must be non-profit Affordable Housing lenders. This NOFA provides \$50 Million in funding to establish the SCCAF and requires the selected Fund Manager to use the funds to make project loans to Affordable Housing developers for the acquisition of real property for the development or preservation of Affordable Housing for extremely low and low income households. Proposal for this component of the NOFA are due on **October 19<sup>th</sup>, 2017 at 5:00PM.**

**A. Purpose and Strategic Priorities**

The Supportive Housing Development Fund (“SHDF Program”) will advance communitywide housing priorities, including enhancing a supportive housing system to more effectively prevent and reduce homelessness throughout Santa Clara County. The Program’s primary objective is to reduce and prevent homelessness by:

- Developing PSH units for persons with disabling conditions;
- Developing RRH units for people who need short-term rental assistance and services to obtain and maintain permanent housing; and,
- Increasing the supply of housing that is affordable to extremely low income (ELI) and very low income (VLI) households.

*County-wide Housing Production Goal*

Between July 1, 2017, and June 30, 2028, the County’s goal is to develop or finance at least 4,800 new housing units. Of the 4,800 units, at least

- 1,600 units would be used as RRH for families or individuals who are homeless;
- 1,200 units would be used as PSH for persons with disabling conditions and who are homeless, including chronically homeless men, women and families;
- 600 units would be used as PSH for persons with disabling conditions;
- 800 units would be used for other ELI households; and
- 600 units would be used for other VLI households.

**B. Important Dates**

Application for this NOFA will be accepted on a rolling, “over-the-counter” basis. The County anticipates reviewing applications as they are received and making funding recommendations to the Board of Supervisors as a collection of projects. The following dates are tentative dates for review windows and anticipated funding award dates by the Board of Supervisors. This will enable developers to plan ahead for land acquisition and project financing. Future review dates and Board meeting dates will be published on an on-going basis.

Event	Tentative Dates
Board Approves Program Guidelines and First Issuance	August 15, 2017
NOFA released	September 25, 2017
County application window opens	September 28, 2017
Review of proposals	September 25 - November 1, 2017
SCCAF Fund Manager Applications Due	October 19, 2017
Board of Supervisors Meeting - Funding Awards	November 14, 2017
Review proposals	November 2, 2017 - January 18, 2018
Board of Supervisors Meeting - Funding Awards	February 20, 2018

**C. Application Process**

Applicants seeking funding through this NOFA must complete and submit the Application Form for each project. Supplemental information is required for those seeking PBV housing assistance from SCCHA, (see Appendix 3). Applicant's interested in submitting an application for the SCCAF are not required to submit the general application form and should refer to Appendix 4 for additional process related information.

**D. Submission Format**

Applications can be submitted via email to [Consuelo.Hernandez@hhs.sccgov.org](mailto:Consuelo.Hernandez@hhs.sccgov.org) beginning on Thursday, September 28, 2017.

**E. NOFA Questions**

All inquiries relating to this NOFA process, administration, reservation, or to the technical portions of this NOFA, must be submitted through BidSync. Responses or changes to the NOFA will be posted on [www.bidsync.com](http://www.bidsync.com).

## Section 1: General Provisions

Through this NOFA the County of Santa Clara’s Office of Supportive Housing intends to solicit and fund proposals for the construction of new permanent supportive housing, rapid rehousing units, and affordable housing units for households earning up to 30% of the area median income.

### A. Funding Availability

This NOFA makes available County capital funding, operating subsidies (including Project Based Section 8 Vouchers from the Santa Clara County Housing Authority) and supportive services subsidies. The following summarizes the available resources and any applicable restrictions or requirements.

#### 1. Capital Funding

For this NOFA the County will make available capital funding from a variety of funding sources outlined in Table 1 for new construction or acquisition and rehabilitation. Funding will be provided in a form of a capital loan for the following uses: predevelopment, site acquisition with or without rehabilitation, construction or rehabilitation and permanent financing.

**Table 1: Available Funds - Capital Funding**

Type of Funds	Funding Amount	Restrictions	Maximum Subsidy Per Unit	Maximum Subsidy Per Project
2016 Measure A - Affordable Housing Bond	\$213 M (First Issuance)	Capital funding only	None	None
No Place Like Home <sup>1</sup> (non-competitive allocation)	\$10 M	Capital and operating	TBD	TBD
No Place Like Home (competitive allocation)	\$86M	Capital and operating	TBD	TBD
Affordable Housing Fund	TBD	Capital and operating	None	None
Stanford Affordable Housing Fund	TBD	6 mile radius from Stanford	None	None
HOME Investment Partnership	\$700,000 annually	Subject to annual appropriations	\$140,107 - \$277,344 <i>See latest published numbers from HUD</i>	Varies by amount of HOME funding
Community Development Block Grant Program	\$500,000 annually	Subject to annual appropriations	None	None

<sup>1</sup> The funding included in this NOFA are estimates. The County of Santa Clara is eligible to be designated as an Alternative Process County. The NPLH program include a competitive and non-competitive allocation.

It is the County’s intention to invest in opportunities that enable the long term affordability of rental housing. Five loan types are offered through this NOFA. A summary of the loan terms for each is summarized in Table 2. The County reserves the right to negotiate terms on a case by case basis.

**Table 2: Loan Terms by Loan Type**

Terms	Predevelopment	Acquisition	Construction	Permanent (a)	Permanent (b)
Loan Amount	Maximum \$1,500,000	Negotiable depending on the project and location.			
LTV	110%	110%	100%	100%	100%
Interest Rate	0%	2%	3% simple interest	3% simple interest	2% - 4% compounding
Term	5 years	5 years	3 year conditional; converts to perm (a) at project completion	55 years	20 years
Security	Promissory note secured by deed of trust				
Recourse and Guarantees	Non-recourse	Non-recourse	Non-recourse	Non-recourse	Full recourse
DCR			1.15	1.15	1.15
Repayment	Principal and interest deferred during predevelopment and construction; repaid at construction closing	Principal deferred during predevelopment / construction; repaid at construction closing	Interest deferred during construction; converts to permanent	Annual payments based on the availability of residual receipts	Principal and interest required above the line

**2. Operating Subsidy/Rental Assistance**

The County anticipates that an operating subsidy or rental assistance of some type will be needed for each PSH or RRH unit. Through this NOFA the County is making available operating subsidies as summarized in Table 3. Operating funds in the form of a rental subsidy, will be provided through a project based or tenant based subsidy. Project based subsidies will be reserved for PSH units and for persons aged 55 and over. The County will be utilizing a variety of sources to provide tenant based rental assistance. As a result, the subsidy per unit and per project will vary and depend on the funding source.

**Table 3: Available Operating Subsidy**

Type of Subsidy	Availability	Term	Subsidy Per Unit	Subsidy Per Project
Tenant Based Rental Assistance	1,600	3 to 24 months	Varies by funding source	Varies by funding source
Project Based Section 8 Vouchers	250	20 years	As specified by SCCHA Section 8 payment standards	Minimum of 20 vouchers per project
Capitalized Operating Reserve	N/A	Sized for 20 years	Based on individual project factors	Based on individual project factors

**3. Supportive Services Subsidy**

The County will ensure that sufficient and effective supportive services are provided to PSH and RRH residents. Typically, the County will enter into a Memorandum of Understanding (MOU) with the property owner specifying roles and responsibilities, and will describe the types of services that are provided. Table 3, Support Services, summarizes the services and term for each program type. The supportive services are in addition to “resident services” that the owner provides as required by CTCAC. The supportive services shall be coordinated and managed by the County. However, the supportive services may be provided by a combination of County staff, County contractors, or staff or contractors of the County’s partner agencies. When financially feasible, a portion of the supportive services costs will be covered as an above the line expense.

**Table 3: Supportive Services**

Program	Target Population	Estimated Annual Per Unit Cost	Term
Rapid Rehousing Program	Individuals or families earning up to 30% AMI and who are: <ul style="list-style-type: none"> <li>• Homeless; or</li> <li>• At imminent risk of homelessness.</li> </ul>	\$5,000 - \$7,500	3 to 24 months
Permanent Supportive Housing	Individuals or families with a disabling condition, who are extremely low income and who are: <ul style="list-style-type: none"> <li>• Chronically Homeless;</li> <li>• Homeless;</li> <li>• Leaving institutions, including, but not limited to, hospitals, residential care facilities, and skill nursing facilities; or,</li> <li>• At imminent risk of homelessness.</li> </ul>	\$10,000	15 to 30 years

**B. Eligible Projects and Project Types**

Funding is available for new construction or rehabilitation projects as follows:

- New construction of multi-family rental housing.



- New construction of mixed use developments (containing both residential and non-residential space). Generally, the funding sources associated with the Supportive Housing Development Program will only be used to assist the affordable housing portion of a project. Costs associated with developing the commercial portions must be separated from residential costs.
- Acquisition and Rehabilitation of rental housing (for existing developments, the proposal must meet one of two identified eligible project types at attrition/turnover)

The following are the County's eligible project types:

- **Type 1:** Projects that commit **at least 50%** of the units within the project as PSH units, RRH units or a combination thereof. (Note the County will select and/or approve the target population for PSH units).
- **Type 2:** Projects that have an affordability structure resulting in an average affordability of 45% of AMI **and** commit a minimum of 1/3 of the affordable units as a combination of PSH and RRH, 1/3 of the affordable units for ELI households and 1/3 of the affordable units for households earning up to 80% AMI.

Note that the County will be prioritizing development projects that increase the inventory of affordable housing units.

### C. Reservations

All proposals will be evaluated and scored individually. The County reserves the following rights:

- Right to reject, waive or terminate the NOFA. The County reserves the right to amend through addenda, to accept or reject any or all proposals, in whole or in part, and to waive any informality in the NOFA/RFP process, or to terminate the NOFA process at any time, if deemed to be in the best interest of the County. The County reserves the right to fund projects that do not meet these guidelines if it is in the best interest of the County. For example, the County may have to fund a project in order to meet timeliness requirements of a specific funding source such as the Home Investment Partnerships Program (HOME).
- Right to not award. The County reserves the right not to award, withhold or delay awarding funds to any project even if the project meets the threshold eligibility under the Supportive Housing Development Program's guidelines and the NOFA's requirements.
- Right to retain proposals. The County reserves the right to retain all proposals submitted and not permit their withdrawal, unless authorized in writing by the County, for a period of ninety (90) days following the proposal submission.
- Right to Reject Any Proposal. The County reserves the right to reject any proposal, in whole or in part, that does not meet the requirements of this solicitation, including but not limited to, incomplete proposals and proposals offering conflicting, alternate or non-requested services.
- Right to Negotiate. The County reserves the right to negotiate the terms of agreement.
- No obligation to Compensate. The County shall have no obligation to compensate any Applicant for any costs incurred in responding to this solicitation.

- Proposals as Public Records. All proposals in response to this NOFA are public records and available for inspection and copying upon request only after such time as the proposal is recommended for award. Proposers wishing to keep discrete portions of their proposal confidential under applicable provisions of the California Public Records Act and/or related law should indicate with specificity such confidential information in their proposal. If, in the County's sole discretion, the County withholds the confidential information consistent with applicable law in response to a California Public Records Act Request, and, in the event the requester sues the County or threatens to sue the County seeking release of the confidential information, the County may require and the proposer agrees that the proposer requesting non-disclosure shall indemnify, defend, and hold harmless the County from and against all liability and costs relating to the lawsuit or threat of a lawsuit.
- Equal Opportunity. The County is an Equal Opportunity Business Enterprises which promote competitive solicitations and does not discriminate on the basis of race, color, religion, creed, national origin, sex, disability, age or perceived or actual gender identity, sexual orientation. The County strongly encourages minority-owned and women-owned businesses, socially and economically disadvantaged business enterprises, and small businesses to submit proposals, to participate as partners, or to participate in other business activity in response to this NOFA.
- Equitable Distribution. The County reserves the right to take additional factors into consideration to ensure that federal, State, and local guidance on fair housing and related equity issues is followed.

#### **D. Funding Commitment**

The County's commitment of funding will be made for 36 months from the date the Board approves the funding. All other sources of funding must be committed within that time frame, extensions may be granted on a case-by-case basis.

#### **E. Eligible Applicants**

Eligible applicants include Non-profit organizations, tax-credit limited partnerships or limited liability corporations, mission aligned for-profit affordable housing developers with a successful development track record, public agencies, other local jurisdictions, and joint ventures among any of these entities. (Note: Development partnerships where at least one developer has met any of the above requirements) Refer to Section 3 for more details on the threshold requirements for eligible applicants.

#### **F. Eligible Use of Funds**

Funds may be used for hard and soft costs associated with New Construction or Acquisition with Substantial Rehabilitation. Funds may be used to reimburse acquisition and predevelopment costs previously paid by the applicant for the proposed project. The County prefers to disburse the majority of its funds at construction loan closing and/or during the construction period. Funds may be used only to pay for restricted residential units (i.e. PSH units) and a proportionate amount of the project's common areas. Funds awarded under this NOFA may be used for the following expenses:

- Predevelopment and Acquisition (Note: County will only directly fund the acquisition of land that is entitled for housing)

- Acquisition of land and improvements in conjunction with New Construction or Acquisition with Substantial Rehabilitation. The land cost shall not exceed fair market value, as determined by an appraisal.
- Hard and soft costs generally in conformance with the County's Underwriting Guidelines.
- Permanent financing.
- Project-funded capitalized operating subsidy reserves, except if using HOME funds.

Acquisition of real property that is not currently entitled for housing will be required to go through the newly established SCCAF. More information related to the SCCAF can be found on Appendix 4. The County anticipates the funding will be available in mid-November.

**G. Ineligible Activities.** Funds awarded under this NOFA shall not be used for the following expenses or activities.

- Costs associated with non-Supportive Housing Units or commercial space.
- Capitalized transition reserve
- Refinancing permanent debt on existing developments without substantial rehabilitation.

**H. Tenant Selection**

All referrals for supportive housing units (PSH & RRH units alike) shall come directly from the Santa Clara County Continuum of Care's (CoC) Coordinated Entry System (CES), which is managed by the County's Office of Supportive Housing. Refer to Section 6, Supportive Services and Referral Process, for more information.

**I. Misrepresentations or Material Changes to the Project**

Any changes regarding the borrowing entity or changes to the project's design, including but not limited to unit count, unit configuration, and/or financial structure of either the applicant or the project subsequent to the submittal of an application under this NOFA must receive approval from OSH. Otherwise, OSH reserves the right to withdraw its commitment. In the event misrepresentations are made regarding either the borrowing entity or the project, OSH's commitment will be cancelled.

**J. Equity Share**

For any loan funded by the OSH, if the borrower fails to perform within a specific period of time and the property is ultimately sold, OSH will be entitled to a share in any appreciation that has occurred between the price paid at acquisition and the time of sale. OSH's share in the appreciation will be equal to the proportion of the OSH loan amount to the original purchase price of the property.

**K. Lien Priority and Subordination**

The County may, at its discretion, subordinate repayment and security positions under special circumstances. However, it is the County's intention to no longer subordinate its affordability covenants to the deeds of trust securing other lender's financing, with some exceptions (subject to staff approval and to the ratio of loan to total development cost). The affordability covenants control, among other things, the maximum income of tenants of project units, and the maximum rents allowed for project units.

**L. Affordability Covenant/Regulatory Agreement**

For all proposed projects, the required term of the affordability covenants will be fifty-five (55) years from the completion of construction, or the maximum required by CTCAC, MHP, HUD or CDLAC, whichever is longer. The affordability covenant remains in effect for no less than the agreed-upon term regardless of the date upon which the County's loan is fully repaid.

**M. Default**

The loan agreement will specify the events that may cause the County to declare the borrower in default.

**N. Environmental Review**

The National Environmental Policy Act (NEPA) was established in 1969 to give environmental values appropriate consideration in decision-making with regard to federally-funded projects. Projects requesting an allocation of PBV's the environmental review process and clearance must meet NEPA standards. Therefore, the applicant shall not undertake or commit any funds to physical or choice-limiting actions, including further property acquisition, demolition, movement, rehabilitation, repair or construction prior to receiving a NEPA environmental clearance from the County.

Note that an option agreement on a proposed site or property is allowed prior to completion of the environmental review, if the option agreement is subject to a determination by the County on the desirability of the property for the project as a result of the completion of the environmental review in accordance with 24 CFR Part 58 and the cost of the option is a nominal portion of the purchase price.

In addition, projects must meet the requirements of the California Environmental Quality Act (CEQA) and obtain CEQA clearance by the local jurisdiction.

**O. Other Special Terms and Conditions**

- a. Ground Lease: For new developments, applicants must include the opportunity for the County (and/or another public entity) to eventually own the land as ground lessor under a long-term ground lease structure or some other land dedication/subdivision mechanism that will ensure long-term affordable housing as the primary use of the land.
- b. Wages. The County requires the payment of State prevailing wages be paid when County funds are used for construction. Wage rates for workers performing work related to the development of the awarded projects shall be paid not less than the general prevailing rate of per diem wages, as defined in Section 1773 of the California Labor Code and Subchapter 3 of Chapter 8, Division 1, Title 8 of the California Code of Regulations (Section 16000 et seq.), and as established by the Director of the California Department of Industrial Relations ("DIR"). In addition, if federal funds are used for physical improvements, the higher of State prevailing wage and Davis-Bacon wage rates shall be determined and paid for each job classification.
- c. Insurance. During development, sponsors/developers must obtain comprehensive general liability and property (hazard) insurance coverages of at least \$2 million. The County will also require property damage or builder's risk insurance in the amount equal to 100% of the replacement costs of the structure, with a lender's loss payable endorsement in favor of the

County. Construction contractors will be required to obtain liability and builders risk insurance in an amount equal to \$2 million. Automobile insurance, professional liability, workers compensation, and employer's liability coverage are also required.

- d. Payment and Performance Bonds. General Contractors will be required to provide payment and performance bonds equal to 100% of the construction contract amount.
- e. Article XXXIV of the California Constitution. Applications must demonstrate compliance with Article XXXIV (Article 34) by providing either documentation of Article 34 authority from the local jurisdiction, or a letter from the jurisdiction's City Attorney indicating why Article 34 does not apply.

## Section 2: Application Submission and Review Process

Responses to this NOFA related to capital funding and PBV's should be organized as indicated below. Supplemental information is required for applicants seeking an allocation of PBV's (Refer to Appendix 3 for more information). Applicants that were awarded funds or Project-Based Vouchers through the "Joint Notice of Funding Availability/Request Proposal No. 1607-01" issued in partnership by the Santa Clara County Housing Authority, City of San Jose Housing Department and the County are not required to resubmit a full application package. Please contact Consuelo Hernandez, AICP via email ([Consuelo.hernandez@hhs.sccgov.org](mailto:Consuelo.hernandez@hhs.sccgov.org)), for specific directions.

### A. Submittal Requirements

1. Summary. Provide a concise narrative description of the proposal for developing the proposed site, including the overall size, uses, resident and community amenities, general layout, and summarized financing and services plans. Complete Appendix A, Application Form. The Project related information shall be captured in the Application Form.

2. Sponsor Background Information.

Provide copies of the following for the Lead Developer or Co-Developer entity:

- Certificate of Good Standing
- Certification of 501(c)(3) status
- Previous 2 years of tax returns or audited financial statements with management letters signed by Applicant or certified CPA (Partnerships: please include for general partner)
- Borrower's organizational chart

3. Applicant Technical Capacity and Experience.

Respondent Description, provide the name of each organization, names of organization's Director (or equivalent position) and primary contact persons, and phone numbers and email addresses for each of the following:

- Lead Developer and Co-Developers (if applicable)
- Development Consultant (if applicable)
- Property Manager
- Resident Service Provider
- Supportive Services

Provide a concise narrative to summarize the organizational structure of the Applicant, including the roles of Developer, Co-Developer and Development Consultant. Identify and briefly describe the experience of key development staff. Include the following in each response as relates to the Applicant experience, Property Management Experience, Resident Services Provider Experience and Supportive Service Provider Experience:

- Description of how the relevant threshold requirement is met.
- Description of any additional experience that demonstrates responsiveness to the Evaluation and Scoring Criteria.
- For the Service Provider, refer to the threshold requirements in Section 3.

4. Property Management and Operations Plan

- Resident services narrative for non PSH/RRH populations
- Draft Property Management Plan (including tenant selection criteria)

5. Site Control.

- Evidence of site control, including the chain of contracted transactions to transfer ownership (or leasehold interest) from the current owner to the development entity
- Preliminary title report (no older than 3 months from proposal date)
- Phase I Environmental Assessment of property
- Scaled Map showing all amenities for which Applicant will use to demonstrate minimum eligibility for TCAC and CDLAC funds.

6. Project Readiness

- Project Milestone Schedule, indicating which, if any, milestones have already been achieved.
- Land Use and Zoning
  - Evidence that the project is permitted under the current zoning and/or land use designation; or
  - Information as to why the project is appropriate to obtain zoning approval

7. Financial Feasibility and Cost Effectiveness

Describe the overall financing plan for the Project that demonstrates that the Project meets threshold requirements, with sufficient information to allow the County to fully determine each Project's feasibility, including:

- Full development pro forma, including:
  - Construction and Permanent Funding Sources
  - Uses including reserves and developer fee (both paid and deferred)
  - Rent schedule (including rental subsidies if applicable)
  - Tax Credit calculations assumptions (both 4% and 9%)
- 20-year cash flow (including, as appropriate, commercial revenue)
- Year 1 operating budget
- Commercial space financing plan (if applicable)

In the narrative, highlight any innovative financing approaches intended to minimizing the County's projected capital gap financing. In addition, Respondents are encouraged to highlight any innovative direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses, including estimated savings calculations if appropriate.

8. Leveraging

- Identify all non-County sources of funds, including terms, interest rates, fees and repayment requirements.
- Provide copies of funding commitment letters.

9. Community Engagement

- Design of a Community Engagement Plan describing outreach to neighborhood groups and other stakeholders (see Section 3 for more information).
- Cost estimate for implementation of the Community Engagement Plan.

10. Local Support

- Specify the extent to which it has engaged City staff

- If appropriate, a letter from City staff acknowledging the applicant’s engagement and/or letter indicating the City’s support (signed by a non-elected official).

**B. Review Process**

The award process under this NOFA is not solely dependent on score. It is the County’s intention to identify 140 development proposals over a ten year period. Ideally the County would like to review development proposals earlier in order to strategically manage the development pipeline.

1. Threshold Review.

- Evaluation Factors. Section 5 outlines the evaluation factors and the scoring criteria the County will use to rank projects.
- Underwriting. County Staff will underwrite according to the underwriting criteria outlined in Appendix 2 and the criteria established in these program guidelines. The County will prepare the underwriting analysis, formulate recommendations based on the applications received and present preliminary recommendations to the County’s Executive Administrative Committee.

2. Determination of Award.

The County will consider the following factors in prioritizing and determining if and when to fund a project: 1) target population and number of units; 2) cost reasonableness and total development cost; and 3) project readiness and ability to start construction in 12 months. Projects that are not selected for a formal award may be funded at a future time.

3. Board of Supervisors. Funding recommendations will be presented to the Board. Once the Board approves the funding, staff will draft loan documents for review by the Borrower and County Counsel.



## Section 3: Threshold Requirements

### A. Eligible Applicants.

Eligible applicants include Non-profit organizations, tax-credit limited partnerships or limited liability corporations, mission aligned for-profit affordable housing developers with a successful development track record, public agencies, other local jurisdictions, and joint ventures among any of these entities. *(Note: Development partnerships where at least one developer has met any of the above requirements)*

Technical Capacity and Experience. The applicant must demonstrate technical capacity and experience to successfully develop, own and manage affordable and supportive housing, including partnering with providers of supportive services.

- **Developer Criteria:** Developers who have successfully built and operated three to five restricted affordable rental housing developments, one of which includes at least 50% of the units as PSH or RRH and at least 50% of the units, with the exception of the manager's unit, targeted to households with incomes at or below 80% AMI. Ownership by an affiliated limited partnership for tax credit purposes will qualify as ownership of the project.
- **Property Manager:** The applicant team must include a property management agent with experience managing at least one project with at least 50 supportive housing units whose residents receive supportive services from a community-based organization. The property manager may be the applicant's own personnel, or a third-party contractor.
- **Resident Services:** The Applicant must include a provider of services to residents of multi-family developments with at least 24-months experience. The Resident Services provider may be the applicant's own personnel, or a third-party contractor. The Resident Services provider must have experience with supportive housing residents and experience coordinating with providers of supportive services.
- **Supportive Services:** All supportive services will be provided by County staff and/or community-based organizations and other government agencies that have an agreement with the County. While the County would ultimately determine how the supportive services are provided, developers may participate in the selection process in two ways. The first process is used if the applicant has not identified a particular provider of supportive services. In this case, the applicant would participate in the County's selection process after the applicant is successful in securing the County's development financing. Alternatively, the applicant may identify one of the County's contracted providers of supportive services as part of the application process. The provider need not be a partner in the development, but should be a significant contributor to the design of the development. The applicant must demonstrate why selection of the particular provider is advantageous for the development, the residents, and the County. The County reserves the right to accept or reject the applicant's proposed service provider.

### B. Projects

1. **Type 1:** Projects that commit **at least 50%** of the units within the project as PSH units, RRH units or a combination thereof. (Note the County will select and/or approve the target population for PSH units).

2. **Type 2:** Projects that have an affordability structure resulting in an average affordability of 45% of AMI **and** commit a minimum of 1/3 of the affordable units as a combination of PSH and RRH, 1/3 of the affordable units for ELI households and 1/3 of the affordable units for households earning up to 80% AMI.

### C. **Proposals**

1. **Site Control.** Applicant must submit evidence that it possesses full site control, meaning that the Applicant has obtained an enforceable right to use a parcel of land prior to the submission of the proposal. This right may consist of fee title, ground lease, an exclusive negotiating agreement, DDA, purchase & sale agreement or an enforceable option.
2. **Project Readiness.** Applicant must demonstrate the capacity to secure all necessary funding for the development within three (3) years of the selection date for Program funds. The County, under certain circumstances, may prioritize the order of projects moving forward for tax credit purposes. Under these circumstances the project readiness criteria may be waived. Applicants seeking an allocation of Section 8 PBV's should refer to Appendix 3 for additional project readiness information.
3. **Land Use and Zoning.** Applicant must either 1) submit evidence that the proposed project is permitted under the current General Plan Land Use designation or Zoning Ordinance at the time of the proposal submission and that all appeal periods have concluded; or 2) Submit information as to why the project is appropriate to obtain zoning approval and demonstrate that it will receive the necessary approvals within 24 months of loan closing. The County reserves the right to consult with Local City staff to determine site-specific entitlement requirements.
4. **Financial Feasibility of the Project.** (i.e. realistic development and operating budget projections) In order to be considered, the applicant must submit evidence of project financial feasibility for at least a 15-year period. If the project is a new construction or rehabilitation, the project also must demonstrate that it is feasible per guidelines for the 9% and 4% LIHTC program. Applicant must follow the underwriting guidelines in the NOFA so that the review panel is able to determine feasibility and compare projects against one another.
5. **Tenant Selection Criteria.** The applicant must submit a property management plan that has or will adopt tenant selection criteria guidelines that: pose minimal barriers to entry, have a minimal number of steps; use a 'screening in' approach versus a 'screening out' approach; have clear mitigation steps that recognize the needs of homeless persons, chronically homeless persons and individuals with disabling conditions; and acknowledge the fact that individuals who are enrolled in supportive housing programs are actively addressing their housing barriers.
6. **High-quality Design and Amenities.** The project must incorporate high-quality design and amenities appropriate for the target population being proposed. All project must include common space for residents. For PSH units, developments should include features that address the housing and services needs of supportive housing residents, such as secure entrances, meeting spaces with doors to enable case managers and service providers to meet confidentially with clients, and space for education, workshops, and recreation. The applicant must also demonstrate the extent to which the proposed development meets or advances County policies

related to health, transportation and sustainability (i.e. Safe and Healthy Communities initiatives through Public Health and the Office of Sustainability).

7. Leverage. Must propose the maximum use of available non-local funds to achieve the highest reasonable financial leverage of capital resources. Non-local funds include, but are not limited to Affordable Housing Program (AHP), Affordable Housing and Sustainable Community (AHSC), and the Veterans Housing and Homelessness Prevention (VHHP) program.
8. Community Engagement Plan. Applicants are required to commit to the design and execution of a Community Engagement Plan in conjunction with the County and the local jurisdiction's staff that:
  - a. Engages and informs elected and other public officials;
  - b. Builds active community support;
  - c. Addresses community concerns and engages with individuals who oppose the development;
  - d. Incorporates a communications strategy to inform and engage community members beyond proximate residents and businesses; and,
  - e. Incorporates the needs and feedback of potential affordable and supportive housing residents.

Applicants will be required to provide examples of community engagement efforts utilized in similar projects as the proposed project.

9. Local Jurisdictions. Without presupposing actions from elected governing boards, applications must demonstrate engagement with the local municipality. The applicant must specify the extent to which it has engaged city staff and elected officials. If appropriate, the applicant may also submit a letter from the city acknowledging the applicant's engagement and/or a letter indicating the city's support. Letters from a city should be signed by a non-elected representative (such as the city/town manager or director of housing) of the municipality where the project is located and must contain the details of the project, including the number of units, the affordability level(s), and the population(s) that will reside at the property.

## Section 4: Underwriting, Cost and Pricing Guidelines

- A. Financial Feasibility.** Proposed projects must demonstrate financial feasibility for both development and operations, assuming the underwriting standards appended to these guidelines as Appendix B. For operations, projects must demonstrate positive cash flow for 20 years.
- B. Reasonable Development Costs.** Projects with abnormally high costs - generally defined as being more than 15% above the median development cost per unit, per bedroom, or per square foot for similar projects - must provide justification for the costs. If County Staff does not approve the justification for higher costs or the revised budget, the application may be deemed incomplete or the County could require a reduction in the development budget.
- C. Project based vouchers.** Project based rental subsidies will be provided to units designated as PSH at an amount sufficient to cover the operating costs for those units. The amount of the rental subsidy shall be based on the Project's ability to pay for operating costs and the amount of hard debt that is supported by the operating subsidy income or "overhang."
- D. Capitalized Operating Subsidy Reserve.** The subsidy shall be sized to cover anticipated operating deficits attributable to the PSH units. The total amount of the subsidy will be determined upon the individual Project underwriting performed by the County pursuant to the requirements of these guidelines. Typically, the County expects the reserve to be sized for a 15-20 year period. Projects that propose to rely on a project-funded capitalized operating reserve or cross-subsidy to support the expenses of PSH units, shall assume the following in demonstrating long-term operational feasibility.
- Rents for households of a PSH unit shall be set at 30% of Supplemental Security Income (SSI).
  - Rents may be set higher in the unusual circumstance where the household may earn higher incomes.
- E. Operating Budget.** Operating budgets and 20-year pro formas must meet the following criteria:
- The operating budget must show positive cash flow inclusive of all fees within 18 months of initial rent-up and first year Debt Service Coverage ratio shall not be less than 1.10:1. Ideally, the budget should show sufficient cash flow to make a modest payment to residual receipt loans.
  - Include operating and replacement reserves (See Replacement and Operating Reserve Requirements below).
  - Include Asset Monitoring Fee of \$100 per unit per year.
  - 5% annual vacancy/collection loss for family, senior, and preservation projects and 10% annual vacancy/collection loss for SRO or special needs projects.
  - 3.5% annual increase for expenses (other than property taxes and replacement reserves deposits) and 2.5% annual increase for income.
  - The operating budget will be reviewed to ensure it is sufficient for proper maintenance and management but is not excessive compared to other similar properties.
  - Asset management fees may not exceed \$7,500 annually. Tax credit projects are allowed an additional partnership management fee of up to \$19,500 annually. Partnership/asset management fees may increase by 3% per year, and are only allowed to the extent cash flow is available after payment of operating expenses, debt service, and deposits to reserves.

- F. Deferred Developer Fee.** As applicable, projects must include any deferred developer fee amount and include repayment schedule as part of the 20 year cash- flow projections.
- G. Cash Flow/Incentive Management Fee.** For nonprofits, if a project has no monitoring findings or other violations of County or other agreements, and reserves are fully funded, excess cash flow (after payment of operating costs, reserves, senior debt, deferred developer fee, and current partnership/asset management fee) will be split between the developer/sponsor and the County, with 50% of excess cash flow paid to the County as a residual receipts loan payment and 50% for the developer/sponsor as an Incentive Management Fee.

If the project is owned by a partnership, the partnership agreement should clearly indicate that the Incentive Management Fee will be paid to the developer/sponsor. This fee shall be used for projects and activities contributing directly to the developer's (or its affiliate's) affordable housing programs and community development activities.

If other lenders also require residual receipts payments, the developer/sponsor's proportion of the excess cash flow will be reduced to 25%. The lenders will receive distributions of the remaining 75% of the excess cash flow based on relative loan amounts. Staff should be included in any negotiations of residual receipts loan payments. Deferred partnership/asset management fee can only be paid from the developer sponsor's portion of the Incentive Management.

## Section 5: Evaluation Factors/Scoring Criteria

All Projects must meet the threshold criteria to be considered for funding. In addition, all Projects will be evaluated for cost efficiency and success in leveraging other funding sources to limit the amount of local subsidy needed. Applications will be compared to one another and to current development standards. Finally, the award process for purposes of these County’s funds is not solely dependent on score. The County will consider the following factors in prioritizing and determining if and when to fund a project: 1) target population and number of units; 2) cost reasonableness and total development cost; and 3) project readiness and ability to start construction in 12 months.

The County reserves the right to make awards in an amount less than requested by the Applicant, or reject applications altogether based upon cost and funding considerations or submission of grossly incomplete or inaccurate projections.

Category	Potential Points
1. Applicant Technical Capacity and Experience	30 points
a. Developer Capacity	10 points
b. Developer Financial Strength	5 points
c. Strength of Development Team	15 points
2. Proposal	40 points
a. Site Control	5 points
b. Project Readiness	25 points
c. Design & Local Amenities	10 points
3. Financial Characteristics	20 points
a. Leveraging	10 points
b. Cost Effectiveness	10 points
4. Community Engagement	5 points
5. Local Support	5 points
<b>Total Points</b>	<b>100 points</b>

1. Applicant Technical Capacity and Experience (25 points)
  - a. Developer Capacity and Staffing. (10 points)  
Points are awarded based on evidence that the lead staff, including the Project Manager and supervisory staff, proposed to work on the current proposal have the necessary experience and that the organization has adequate staffing capacity to undertake the project.
  - b. Developer Financial Strength (5 points)  
Points are awarded based on evidence that the lead staff, including the Project Manager and supervisory staff, proposed to work on the current proposal have the necessary experience and that the organization has adequate staffing capacity to undertake the project.
  - c. Strength of Development Team (15 points)  
Points are awarded based on evidence that the Development Team members (Developer principals, Property Manager, Attorney, Architect, Financial Consultant, etc.) exceed the minimum requirements.

2. Proposal (40 Points)

a. Site Control (5 Points)

All projects demonstrating site control will be awarded the maximum points.

b. Readiness (25 points).

Points are awarded based on obtaining enforceable commitments or other enforceable reservations of construction financing (5 points), permanent financing (5 points), completion of all necessary environmental clearances (5 points) and obtaining all discretionary land use approvals (10 points).

c. Design and Local Amenities (10 points)

A project may earn 2.5 points for each of the following attributes that is properly documented according to the facility's distance (measured by radius from the project) and certified to be applicable to the proposed project, for a maximum of 10 points.

- i. Transit: The proposed project is located within a public transit corridor, or the proposed project is using a van or dial-a-ride service. The project site must be within ¼ mile of a transit station, rail station, commuter rail station, bus station, or bus stop, with service provided at least every 30 minutes during rush periods.
- ii. Groceries: The proposed project is located within ½ mile of groceries and other essential shopping needs. Grocery is defined as a full-service store or supermarket that provides fresh food staples: fresh meats, poultry, dairy products, and produce. [Convenience stores and mini-marts/markets are not considered full-service stores or supermarkets.]
- iii. Health and social services:
  1. Chronically homeless units: The proposed project offers on-site services, or door-to-door transportation links; *additionally*, the site either is within one mile of a facility that operates to serve the target population, or the site is located within a ½ mile of public transit and relevant services are easily accessible by transit.
  2. Other special needs units: The proposed special needs units are served by onsite provision of services, or the units' services plan includes a commitment by a service provider to provide door-to-door transportation links that brings residents directly to service providers.
  3. Family projects: The proposed family project is located within ½ mile of a public elementary, junior high, or high school.
- iv. Recreation: The proposed project is located within ¼ mile of a park, library, recreational facility, or a community center accessible to the general public and appropriate for the targeted population.

Partial credit may be awarded at the sole discretion of the funders for locational attributes that do not meet the distance criteria listed below but that provide comparable functionality, accessibility and convenience to residents. For instance, a

project site that is 0.27 miles from a transit station rather than .25 miles may be eligible for partial points.

3. Financial Characteristics (20 Points).

- a. Leveraging (10 Points). Degree to which outside funding will be pursued. Points will be awarded on a sliding scale based upon a project’s ability to leverage funds from anticipated permanent funding sources other than those from the funders of this NOFA. It is only the permanent financing sources identified that will be used to determine the leveraging ratio. If private debt is underwritten on PBV rental income to the project, the private debt may be counted in this calculation. Partial points will be awarded for projects that have a leveraging ratio that falls in between the scoring levels set forth below:

Percent of Sources from Other Funders	Points
30% or less	0
40%	4
50%	6
60%	8
70% +	10

Committed Funds: Additionally, projects that have current soft funding commitments representing a minimum 5% of total development costs receive 3 points. Regardless, the maximum points to be awarded in this category is 10.

- b. Cost Effectiveness. Each Project’s Financial Plan will be ranked according to the degree to which it is feasible and consistent with the requirements, limitations and opportunities associated with the proposed sources, proposed development costs that are comparable to other similar Projects; minimizes the County’s permanent financing; proposes innovative sources of financing instruments; and uses innovative (i.e. non-standard, routine or commonly used) but practical materials or methodologies designed to reduce development, construction and/or operating costs, either directly or indirectly, without reducing the overall quality of the completed Development.

	Points
Top ranked proposals related to cost effectiveness, preliminary financing plans, cost controls	10
2 <sup>nd</sup> ranked proposals	7
All other proposal	0-5

4. Community Engagement (5 points)

Each proposal will be reviewed on the merits of the design of a community engagement plan. Applicants that identify and elaborate on potential coordination needs with partners and stakeholder groups including government entities, nonprofits or affordable housing advocates will be awarded the maximum points.

5. Local Support (5 points)

All projects that provide a letter of support from City staff acknowledging the applicant’s engagement, will be awarded the maximum points.



## Section 6: Supportive Services & Referral Process

### A. Supportive Services

County provided supportive services will be offered for both PSH and RRH units as follows:

1. PSH Units: The County will ensure that sufficient and effective supportive services are provided to PSH residents. Typically, the County will enter into a Memorandum of Understanding (MOU) with the property owner. The MOU specifies the roles and responsibilities of the owner and the County, and describes the types of services that are provide to the PSH residents. The supportive services are in addition to “resident services” that the owner provides. The supportive services shall be coordinated and managed by the County. However, the supportive services may be provided by a combination of County staff, County contractors, or staff or contractors of the County’s partner agencies. The MOU is not a commitment of funds directly to the project.

On average, supportive services provided through the County will cost \$10,000 per unit per year, an expense which will be external to the project’s operating budget. Over time, as individuals recover, the County anticipates that their utilization of services will diminish or change. However, the supportive services shall be provided or offered to PSH residents for as long as the development maintains a set aside for PSH.

When financially feasible, a portion of the supportive services will be covered as an above the line expense. Supportive Services will be provided by the County for a term of 15 to 30 years.

2. RRH Units: Similar to PSH units, the County will provide the supportive services that are necessary to help RRH participants obtain and maintain stable housing. The key differences are that in RRH units:
  - The supportive services will range between \$5,000 and \$7,500 per unit per year because the households’ are not disabled and generally need less medical and behavioral health services;
  - The cost of the supportive services is in addition to a tenant-based or other rental subsidy that is provided to each unit for a period of three to 24 months; and,
  - The supportive services are provided for three to 24 months.

### B. County Referral Process

In compliance with the U.S. Department of Housing and Urban Development’s (HUD) requirements for communities that receive CoC program funds, the County manages the countywide CES. Through the CES, homeless individuals and families are assessed for and referred to appropriate housing and interim housing programs. The County is responsible for designing and implementing common assessment tools, managing the dynamic registries of homeless persons in need of assistance, managing the Homeless Management Information System (HMIS), making or coordinating all referrals to programs, and managing or monitoring the performance of all supportive housing and interim housing programs. The CES is linked to street, medical and specialized outreach programs so that the community is able to continuously identify and assess individuals in need and to effectively connect them to the appropriation housing programs.

- Currently, all homeless individuals and families are assessed using Vulnerability Index & Service Prioritization Decision Assistance Tool (VI-SPDAT). The tool helps determine whether homeless persons need PSH, RRH, or some other housing intervention. Households within the

PSH or RRH bands are referred to programs based on their vulnerability score and based on the availability and specific requirements of PSH and RRH programs.

The CES is currently being expanded and adapted to adequately assess the needs and coordinate supportive housing programs for individuals who are living in, but can leave institutions.

- During the initial lease up for PSH and for RRH units, the County will identify and refer eligible households to supportive service providers. The providers will assist the households apply for, move-in, and maintain their housing in the proposed development. The process will repeat as units PSH or RRH units become vacant. The referral process will be specified in the MOU between the owner and the County.
- Screening-in criteria and low barrier admission policies. PSH's admission policies are designed to "screen-in" rather than screen-out applicants with the greatest barriers to housing such as having no or very low income, poor rental history and past evictions, or criminal histories. Tenant selection criteria will prioritize people who have been homeless the longest or who have the highest service needs as evidenced by vulnerability assessments or the high utilization of crisis services.

## Section 7: Post-Award Requirements

If the Board of Supervisors approves the Application, a conditional commitment letter (“Commitment”) will be issued to the Applicant specifying the terms and conditions upon which the County will award and fund the Project. If the Applicant does not satisfy the terms and conditions of the Commitment in the County’s sole and absolute discretion, within the time frame specified therein, the funds will not be awarded.

- A. Release of Funds.** The County will make capital funds available for disbursement on a draw-down or reimbursement basis, upon closing of the loan and/or commencement of construction. Disbursement of funds for payment of hard costs will be on a draw-down basis. The disbursement of funds for acquisition and predevelopment funding will be provided as the need for the funds arises.
- B. Special conditions to closing.** In addition to the standard conditions, representations, and warranties, the County in its sole discretion, may require projects to meet the following special conditions prior to loan closing:
- Applicants may be required to present their project to the County’s Executive Committee.
  - Applicants may be required to address any architectural, design, and supportive services deficiencies identified during the application review process prior to release of loan funds.
- C. Compliance with all Conditions Prior to Closing on Construction Finance.** All requirements and conditions set forth in the NOFA and the loan documents must be satisfied, as determined by the County, in its sole discretion, prior to disbursements of any loan funds. The applicant represents and warrants that all materials and information provided in connection with this NOFA are true and correct at all times, from date of submission to the County and throughout the award process, loan closing and term of the loan. By way of example, but not by limitation, some of the conditions, representations, or warranties that must be at all times true include:
- Applicant must be in good standing and have the authority and organizational power to enter into the documents, agreements, and certifications related to the NOFA and any resulting loan.
  - Applicant and its partners, principals, or affiliates must not be or include any persons or companies who are non-compliant with the requirements of any agreement with the County or be listed on HUD’s debarment lists.
  - Applicant and its partners, principals or affiliates cannot be in default or in violation of any of its obligations under the NOFA, or any loan documents, contracts, agreements, court orders or laws, and submitting for the NOFA and providing the information and entering into the agreements contemplated by the NOFA will not cause a default or violation.
  - There shall be no change in the ownership, which is not promptly disclosed to and approved by the County.
  - Applicant and its partners, principals, or affiliates shall not be subject to any binding, agreement, suit, order, or law which would be violated if applicant proceeds with the transactions contemplated by the NOFA, or the loan documents.
  - There shall be no discovery of any preexisting event or circumstances and there shall be no material adverse change in the condition or suitability of the project site, the feasibility of the project, completion date, or the cost of the project, which is not promptly disclosed to and approved by the County. Applicant and its partners, principals or affiliates shall not be subject to any litigation, suit, arbitration or administrative proceeding which may adversely affect the ability of applicant to perform any of its obligations under and contemplated by the NOFA.

- There shall be no deviation from the Supportive Services Plan approved by the County that is not promptly disclosed to and approved by the County.

**D. Retention.** For Construction/Permanent loans, the County will hold 5% of the loan amount, up to a maximum of \$1,000,000, until the construction of the project is complete. Any withheld loan amount will only be released within 30 days after all of the following information has been provided to the County:

- Contractor’s letter request for release
- Consent of contractor’s surety
- Architect’s Certificate of Final Payment
- Confirmation of Title Company Readiness to Issue Property Title
- Endorsements to the Original Title Policy
- Recorded or Correct filing of the Notice of Completion
- Certificate of Occupancy

**E. Cost Certification.** Developers must arrange for an independent cost certification on completion of a project. Approval of this certification is a requirement for conversion. At a minimum the Cost Certification should include the following:

- Cost Reconciliation Schedule. The borrower must show all sources in lien order and include loans or equity contributions that were spent and expenses that were incurred during the development period. The borrower must show the total proposed initial sources and uses and the actual sources and uses by line item. The analysis must explain any difference for line items that are over or below 10% of the original sources and uses budget.
- Analysis of Reserve Accounts. The Borrower must show the total proposed initial reserve amounts and the actual initial reserve deposit. The analysis must explain any difference between the proposed reserve amount and the deposited amount.

**F. Reporting.**

- Expenditures. Upon approval of funding, Borrower will be required to submit expenditure updates to ensure compliance with Measure A, including but not limited to Measure A’s accountability safeguards.
- Quarterly Updates. Upon commitment of funds from the County, Borrower must provide written quarterly updated to County staff. Quarterly updates will allow County staff to anticipate upcoming approvals needed and to stay informed about efforts to move the project forward and on schedule.

## Section 8: Compliance Monitoring

The County reserves the right to undertake periodic monitoring of the Project during construction and once in operation.

### **CONSTRUCTION PHASE**

Construction Monitoring. The County reserves the right to undertake periodic monitoring, including site visits of the Project during construction to ensure SHDF program compliance. Borrower shall be given adequate notice of any monitoring. Borrower shall submit quarterly construction progress reports from the close of acquisition financing until the completion of the rehabilitation work. The County shall supply the reporting form for such quarterly progress reports.

### **OPERATION PHASE**

Desk Review. The County will undertake periodic monitoring of projects that receive to confirm ongoing program compliance. Such monitoring may consist of reviewing documents and records related to tenant income and rents, including those portions paid directly by tenants and by any rental assistance programs. The County may also review occupancy of targeted Units and information relevant to the financial condition of the Project to ensure the Restricted Units are in compliance with the affordability requirements of the program, and to ensure the Project's long-term viability. The submitted documentation must be sufficiently detailed for the County to confirm whether the project is in compliance with the program requirements.

The annual compliance report submitted by applicant to the County must include a tenant roster listing household size, income, and rent for each tenant in a restricted unit. The County shall review reports for compliance with the program requirements, shall require the developer to correct violations of any requirements, and may request additional documentation from the Borrower, as the situation dictates.

- Increases to Tenant Income. After initial qualification and upon recertification of household income, a household occupying a Restricted Unit may have its rent increased as a result of increases in household income, consistent with Project rules, rent restrictions and other requirements.
- Rent Limit Compliance for Rental Units. The Department will periodically monitor the development to ensure that the Restricted Units are in compliance with the affordability requirements and that procedures used to calculate the maximum tenant-paid rent for the Restricted Units are consistent with the Project's policies and requirements.

Field Monitoring. The County may conduct periodic site visits to projects. During such visits, County representatives may interview the resident manager, review a sample of the on-site tenant files, inspect a sample of Units of various sizes and affordability, and tour common areas and grounds.

Residual Receipt Documentation. Following completion of the Project, on an annual basis, Owner shall submit to the County audited financial reports for the Project detailing income and expenses for the preceding year, including a determination of the Residual Receipts, if any, generated by the Project in that year. If Residual Receipts are generated, the financial report must include or be accompanied by an accounting of the distribution of such Residual Receipts among the Owner, County, and any other designated recipients.

## Section 9: Definitions

At Imminent Risk of Homelessness. Individual or family who will imminently lose their primary nighttime residence, provided that:

1. Residence will be lost within 14 days of the date of application for homeless assistance
2. No subsequent residence has been identified; and
3. The individual or family lacks the resources or support networks needed to obtain other permanent housing.

At Risk of Chronic Homeless. (*Note this is specific to No Place Like Home funds*) Includes, but is not limited to persons who are at high-risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others as defined in No Place Like Home program guidelines.

Chronically Homeless (HUD Definition at 24 CFR 578.3)

1. Includes an individual or family who:
  - a. Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter, and
  - b. Has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year, or on at least four separate occasions in the last three years, and
  - c. Can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability.
2. An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) above, before entering that facility, or
3. A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) including a family whose composition has fluctuated while the head of household has been homeless.

Continuum of Care: As defined by 24 Code of Federal Regulations (CFR) 578.3, Continuum of Care refers to the group organized to provide coordinated services to homeless individuals. This group is composed of representatives of organizations such as non-profit homeless providers, faith-based organizations, businesses, governments, public housing agencies, victim service providers, medical providers, advocates, law enforcement, social service providers, school districts, universities, mental health services providers, affordable housing developers, and organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons, to the extent they reside within the geographic area and are available to participate

Coordinated Entry System (CES): The centralized system to assess the eligibility and needs of each individual or family who seeks homeless assistance and prioritize access to assistance based on individual needs and strengths. This organized process provides for the assessment of homeless individuals for the

purposes of placing them into Permanent Supportive Housing, with the goal of housing the most vulnerable people first. A CES also includes data and referral systems that capture information about available PSH units so that the prioritized individual can be referred to the next available and appropriate PSH unit. CES management is part of the Homeless Management Information System (HMIS) required by HUD and administered by the Office of Supportive Housing.

Development Sponsor: Development sponsor has the same meaning as “sponsor” as defined in Health and Safety Code Section 50675.2(g), and includes 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, or rehabilitate, a rental housing development. A sponsor may be organized as a for-profit, limited-profit, or non-profit corporation.

Disabling Condition: A disabling condition means:

1. A physical, mental or emotional impairment including a diagnosable substance use disorder, serious mental illness, post-traumatic stress disorder, cognitive impairment resulting from brain injury, or chronic physical illness or disability which is
  - a. Expected to be of long-continued and indefinite duration,
  - b. Substantially impedes and individual’s ability to live independently, and
  - c. Of such a nature that such ability could be improved by more suitable housing conditions;
2. A developmental disability as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act.
3. The disease of acquired immunodeficiency syndrome or any conditions arising from the etiological agency for acquired immunodeficiency syndrome (HIV/AIDS)

ELI Tenants: Extremely Low Income Tenants, earning up to 30% of the AMI for Santa Clara County.

Homeless (HUD Definition at 24 CFR 578.3): Includes but is not limited to:

1. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
  - a. An individual or family with a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; including a car, park, abandoned building, bus or train station, airport, or camping ground, or
  - b. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, State, or local government programs for low-income individuals), or
  - c. An individual who is existing an institution where he or she resided for 90 days or less, and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.
2. An individual or family who will imminently lose their primary nighttime residence (see at “Imminent Risk of Homelessness” Definition above)
3. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless, but who:
  - a. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act ((42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the

- Violence Against Women Act of 1994 (U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a),
- b. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60-days immediately preceding the date of application for homeless assistance,
  - c. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance, and
  - d. Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment.
4. Any individual or family who:
- a. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence,
  - b. Has no other residence, and
  - c. Lacks the resources or support networks, such as family, friends, and faith-based or other social networks to obtain other permanent housing.

Housing First: A homeless assistance approach that prioritizes providing permanent housing to people experiencing homelessness, thus ending their homelessness and serving as a platform from which they can pursue personal goals and improve their quality of life.

HOME: The HOME Investment Partnership Program granted to the County on a formula basis to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

Individuals Leaving Long-Term Care Facilities: Individuals leaving long term care facility (including skilled nursing, rehab facility, subacute or similar facility) or a hospital that cannot be safely discharged due to lack of housing or homelessness, either experienced prior to admission or resulting from their stay.

Letter of Interest (LOI): A letter provided by OSH to an Applicant to demonstrate the County's preliminary support for a proposal based upon limited information for purposes of the Applicant's negotiations with a seller. The "soft" commitment expressed in a Letter of Interest will be subject to ultimate approval by the Board of Supervisors, funding availability and any outstanding materials OSH has yet to receive or review at the time of execution of a LOI.



No Place Like Home (NPLH): A program for counties to fund the development of permanent supportive housing for persons with mental illness who are chronically homeless, at risk of chronic homelessness, or homeless.

Owner: Applicant, Borrower or an OSH-approved related entity of Applicant or Borrower that holds equitable and beneficial interest in the Project. If equitable and beneficial interest in the Project is held by two separate, related entities, the two related entities may together constitute the Owner.

Permanent Supportive Housing: A type of housing program that provides permanent affordable housing and supportive services to individuals (and their families) who have disabling conditions. There is no limit to the length of stay and housing units are occupied by persons with lease agreements and have access to on-site or off-site services that are flexible, voluntary and individualized in order to assist an individual or family retain their housing, improve their health status, and maximize their ability to live, and, when possible, work in the community. PSH programs are typically prioritized for chronically homeless persons and families or other populations with significant health needs.

Project: A multifamily residential property using funding made available through this NOFA.

Rapid Rehousing (RRH): A type of housing program connects families and individuals to permanent housing through time-limited financial assistance and targeted supportive services. RRH program participants are provided shallow or declining rent subsidies, other temporary financial assistance, and time-limited case management and other support services. In RRH programs, individuals and families eventually take over the full rent of their leased housing units. After “transitioning in place,” the individuals and families may reside in the unit so long as they abide by the lease. If and when RRH unit becomes vacant, the unit is filled by a new RRH participant. To ensure that individuals and families can transition in place, units that are set aside for RRH programs shall have their rents restricted to a level affordable to households earning no more than 30% of AMI, adjusted for household size.

Residual Receipts: Project income remaining after payment of all Project operating costs, fulfillment of reserve requirements and debt service obligations.

Stanford Affordable Housing Fund: A special housing fund established in 2001 to assist in the development of affordable housing units within a six-mile radius of the Stanford University Campus.