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Council Meeting

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CITY OF FRESNO  
CITY CLERK'S OFFICE

# FRESNO CITY COUNCIL



## Information Packet

### ITEM(S)

#### **File ID 20-001479 (1-B)**

Approve material terms of agreement between City of Fresno and Fresno Housing Authority related to HomeKey program.

### **Contents of Supplement: Final Report to Council and Attachments A, B and C**

### **Item(s)**

#### **Supplemental Information:**

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

#### **Americans with Disabilities Act (ADA):**

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

## **REPORT TO THE CITY COUNCIL**

**October 29, 2020**

**FROM:** MIGUEL ARIAS, Council President, District 3

LEE BRAND, Mayor  
Office of the Mayor & City Manager

**BY:** H. SPEES, Director, Strategic Initiatives  
Office of the Mayor & City Manager

### **SUBJECT**

..Title

Actions pertaining to Memorandum of Understanding with the Fresno Housing Authority related to the State of California HomeKey Program:

1. Adopt a finding of Categorical Exemption pursuant to Section 15301/Class 1 and Section 15303/Class 3 of the California Environmental Quality Act (CEQA) Guidelines
2. Approve Memorandum of Understanding with the Fresno Housing Authority (FHA) allowing for the expenditure of up to \$6,842,138 over a period of up to five years for operational and support services to prevent COVID-19 among residents temporarily sheltered in four motels to be acquired by the FHA through the State of California's Homekey Program.

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### **RECOMMENDATION**

Authorize the City Manager to execute the attached Memorandum of Understanding (MOU) with the FHA (See Attachment A) for up to \$6,842,138 for up to five years for operational and supportive services for four motel properties developed as COVID-19 Shelters under the State of California's HomeKey Program (See Attachment B).

### **EXECUTIVE SUMMARY**

Adoption of the proposed MOU will establish the City of Fresno's future commitment of these dollars for up to \$6,842,138 for up to five years. This master agreement will allow the Fresno Housing Authority's applications to the State to move forward, resulting in close to \$24,000,000 in acquisition, repair, operations and services funding for Day's Inn, Motel 99, Parkside Inn and Welcome Inn for a total of 321 doors.

This five-year MOU will be funded in annual increments. Funding will be committed each year by January 15, via the parties entering into an addendum to the master agreement that will outline the terms and conditions of each year's funding (including Federal requirements when applicable), depending on the source of funds used. The annual addendum will be authorized each year by City Council.

The State's HomeKey Program utilizes a portion of its Federal CARES Act Funding to allow communities to acquire motels, use them initially as a part of their community's COVID-19 Homeless Response, then convert them to permanent affordable housing (See Attachment B).

These four motels are all located along the Parkway Drive Corridor. This is an area of Fresno consisting of a densely populated strip of motels visible along Highway 99, with a history of being the epicenter for families and individuals living in poverty. The subculture of human trafficking, gangs, and drugs draw adults and their children into a cycle of despair, creating Adverse Childhood Experiences of abuse, neglect and trauma. During COVID-19, it is crucial that they are provided with improved quality living conditions where cost is not a barrier. This project, in combination with several other proposed efforts would support these individuals and begin a significant transformation of this neighborhood.

One of the facilities will become the new home for the Golden State Triage Center, currently being operated under a contract between the City of Fresno and Turning Point of Central California. HomeKey will allow for the expansion of this triage facility at no additional cost.

## **BACKGROUND**

On July 16, 2020 the California Department of Housing and Community Development (Department) announced the availability of approximately \$600 million of Homekey Program (HomeKey) grant funding through this Notice of Funding Availability (NOFA). (See Attachment B). Since then, the State has made available an additional \$200 million. HomeKey is a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness and impacted by COVID-19.

HomeKey funding is derived from the State's direct allocation of the federal Coronavirus Relief Fund (CRF) plus \$50 million is state General Fund intended to supplement the acquisition of, and provide initial operating subsidies for, HomeKey sites. Projects receiving an award from the State's direct allocation of the federal CRF must expend the funds by December 30, 2020. The portion of a Project's award associated with state General Fund must be expended by June 30, 2022. Depending on the funding award, the successful applicant must close escrow by an expenditure deadline prior to December 30, 2020.

Previously the City, the County of Fresno and the Fresno Madera Continuum of Care have aligned various resources to execute the COVID-19 Homeless Response for the prevention and containment of COVID-19 among individuals experiencing homelessness throughout the greater Fresno community. This has resulted in making available over 300 beds for various uses and has to date effectively prevented any major outbreak among our community's homeless population.

In addition, the City has provided funding to the communitywide COVID-19 Homeless Response in the form of its one-time State COVID-19 Emergency Homelessness Funding Grant (\$1,012,869.44), as well as its Federal Coronavirus Aid, Relief, and Economic Security Act Emergency Solutions (ESG-CV1) Grant (\$2,103,510) as well as potentially \$2,000,000 more of its Federal Coronavirus Aid, Relief, and Economic Security Act Emergency Solutions (ESG-CV2) Grant.

The execution of this agreement would add to these previous actions representing the City's participation in the community wide COVID-19 homeless response and will add significant housing spaces provided as safe exits to residents of COVID-19 related shelters.

This MOU contains the following provisions that assure that the City's responsibilities to its various funders are met and that funds are stewarded in a way that assures minimum investment and maximum results:

- Housing Authority to expend all funds in a manner consistent with the MOU and aligned with Homekey requirements. City shall provide the sources of the funding and the restrictions associated with each source in advance of the distribution to Housing Authority so that Housing Authority may confirm that the funding source is applicable and compliance is attainable. Once the Housing Authority accepts the funding with knowledge of compliance, Housing Authority will become responsible for any funds disallowed by the State of California or the Federal Government so long as those funds were distributed to Housing Authority.
- City and Housing Authority shall diligently seek additional grants and funding to provide the services being paid for by the City, Housing Authority and others. Where such funding replaces existing funding obligations, City Manager and Housing Authority Executive Director shall meet to develop the protocol for reducing their agencies' contributions using proportionality as the guiding principal.
- Housing Authority will prioritize City residents in motels referenced in this agreement. The City shall have first priority for use of at least 30% of the total Project units ("City Priority Units") to which City may refer eligible Fresno residents from homeless encampments within the City. If any City Priority Unit sits vacant for 30 days, Housing Authority may fill the unit, and shall notify the City when a subsequent unit becomes vacant and that unit shall become a City Priority Unit, to keep the total number of City Priority Units at or above 30%.

## **ENVIRONMENTAL FINDINGS**

Staff has performed a preliminary environmental assessment and finds this project to be categorically exempt pursuant to CEQA Guidelines 15301/Class 1, as there will be no change in existing use.

## **LOCAL PREFERENCE**

Local preference is not applicable because this resolution does not include an award of a construction or service contract.

## **FISCAL IMPACT**

There is no impact on the City's General Fund as a result of this action.

### **Attachments:**

Attachment A – Memorandum of Understanding with the Fresno Housing Authority

Attachment B – 2020 State of California HCD HomeKey NOFA July 15, 2020

Attachment C – Powerpoint Presentation

**AGREEMENT  
BETWEEN THE CITY OF FRESNO  
AND FRESNO HOUSING AUTHORITY  
REGARDING HOMEKEY PROGRAM**

THIS AGREEMENT (this "Agreement") is made and entered into effect on \_\_\_\_\_ (the "Effective Date"), by and between the CITY OF FRESNO, a California municipal corporation (City), and HOUSING AUTHORITY OF THE CITY OF FRESNO, a body corporate and politic, formed under the laws of the State of California (Housing Authority).

**RECITALS**

WHEREAS, the State of California issued a Notice of Funding Availability for the HomeKey Program on July 16, 2020, to award \$800 million in grant funding to local public entities, including cities, counties, or other local public entities, including housing authorities, to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings, and convert them into interim or permanent, long-term housing; and

WHEREAS, \$750 million of the \$800 million comes from the State's direct allocation of Coronavirus Aid Relief Fund (CARES) funds, for which expenses must be incurred by December 30, 2020, and the balance of HomeKey Program funding comes from the State of California General Fund, which must be spent by June 30, 2022; and

WHEREAS, Housing Authority has been tentatively awarded approximately \$23.9 million in funding to purchase, repair, and operate the following four properties located on the Parkway Drive corridor ("Parkway Corridor"): Day's Inn, Motel 99, Parkside Inn, and Welcome Inn (the "Project Properties"); and

WHEREAS, HomeKey Program requires the Project Properties to be used as temporary shelters for individuals experiencing homelessness or at risk of becoming homeless during the COVID-19 pandemic, and at the conclusion of the pandemic, HomeKey Program-funded properties may be converted to permanent affordable housing (the "Project"); and

WHEREAS, City supported Housing Authority's application for HomeKey Program funding with support letters from the Mayor pledging that he would seek the approval of the City Council for funding to help support the operations and services for these temporary shelters for up to five years; and

WHEREAS, to finalize the HomeKey Program funding award, the California Department of Housing and Community Development is requiring Housing Authority to provide a contract to show the City's commitment to helping Housing Authority fund the operations and services for these temporary shelters; and

WHEREAS, City declares homelessness is a public health and safety issue and the City Council declares there to be a shelter emergency for the community and its intention through this contract is to partner with Housing Authority to provide housing and services to as many individuals experiencing homelessness as possible; and

WHEREAS, the Project Properties are under contract for acquisition subject to Housing Authority Board approval; and

WHEREAS, Acquisition of the Project Properties will provide up to 321 units; and

WHEREAS, once the Project Properties are acquired, they will be used to provide temporary housing and services for homeless individuals and families or those at risk of homelessness, and will thereafter be considered for future permanent affordable housing; and

WHEREAS, City's commitment of funds under this Agreement will allow Housing Authority's application with the State to move forward, resulting in over \$23 million in acquisition, repair, operations and services funding for the Project Properties; and

WHEREAS, the parties also wish to commit to a long-term vision of revitalization for the Parkway Corridor; and

WHEREAS, this Agreement will be administered for City by its City Manager (Administrator) or designee.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing and of the covenants, conditions, and premises hereinafter contained to be kept and performed by the respective parties, it is mutually agreed as follows:

1. Responsibilities of the Parties. Housing Authority agrees to acquire title to the Project Properties and implement the Project pursuant to HomeKey Program guidelines, including providing operational and supportive services. City agrees to provide a financial contribution towards Project's operational and supportive services on the terms and conditions set forth herein. The parties jointly agree to engage in future planning and funding strategies to jointly revitalize the Parkway Corridor.

2. Term of Agreement and Conditions Precedent. This Agreement shall be effective on the Effective Date and shall continue in full force and effect through December 31, 2025, subject to any earlier termination in accordance with this Agreement. As a condition precedent to performance by City, Housing Authority will acquire title to the Project Properties and commence operations as homeless housing at all four sites.

3. Compensation.

(a) So long as the Project Properties are operated as temporary homeless shelters, City shall provide an annual contribution towards operational and supportive services for the Project Properties, not to exceed the amounts set forth in the schedule below ("Annual Contribution").

Year 1: \$1,297,011 (on or before January 15, 2021)

Year 2: \$1,344,575 (on or before January 15, 2022)

Year 3: \$1,428,468 (on or before January 15, 2023)

Year 4: \$1,481,119 (on or before January 15, 2024)

Year 5: \$1,290,965 (on or before January 15, 2025)

(b) Payment of the Year 1 Annual Contribution shall be committed on or before January 15, 2021, and each subsequent Annual Contribution shall be committed before January 15 of each subsequent year. In order for the City to make each Annual

Contribution payment, the parties shall approve and execute as an addendum to this Agreement a subrecipient agreement setting forth the source of funding and any jointly agreed to restrictions associated therewith. City's contribution shall be conditioned upon availability of funding and final Council approval of use of funds for this purpose. Nothing in this Agreement shall pre-commit the City to any future legislative act but the City shall work in good faith to help ensure that funding is available for the Project Properties.

(c) The parties may agree to modify this Agreement to increase or decrease the scope of services or provide for the rendition of services not required by this Agreement, which modification shall include an adjustment to Housing Authority's compensation. Any change in the scope of services must be made by written amendment to the Agreement signed by an authorized representative for each party. Housing Authority shall not be entitled to any additional compensation if services are performed prior to a signed written amendment.

(d) Housing Authority agrees to expend the Annual Contribution in a manner consistent with this Agreement and with all requirements of State of California HomeKey Program. For all funds distributed pursuant to this Agreement, Housing Authority shall be solely responsible for confirming the funding source is applicable and for compliance with all associated requirements. Once Housing Authority accepts any funds under this Agreement, Housing Authority shall be solely responsible and liable for any funds disallowed by the State of California or the Federal Government to the extent that such disallowance does not relate to City's conduct prior to release of such funds. If any such funds shall be determined to have been requested and/or used by Housing Authority for costs other than for eligible costs, and subject to the notice and cure provisions of Section 4 below, an equal amount from non-public funds shall become immediately due and payable by the Housing Authority to the City; provided, however, that the Housing Authority shall, subject to its full cooperation with the City, be entitled to participate in any opportunity to remedy, contest, or appeal such determination.

(e) The parties shall diligently seek additional grants and funding to provide the services being funded by this Agreement. If such funding is acquired, City and Housing Authority shall develop a protocol for reducing each party's contributions using proportionality as the guiding principle.

(f) In the event any funding provided by a party other than City for the Program or services being performed hereunder is suspended, reduced or withdrawn, then either party may suspend this Agreement immediately upon its receipt of notice thereof, or terminate this Agreement as provided in Section 4 below.

#### 4. Termination, Remedies, and Force Majeure.

(a) This Agreement shall terminate without any liability of City to Housing Authority upon the earlier of : (i) Housing Authority's filing for protection under the federal bankruptcy laws, or any bankruptcy petition or petition for receiver commenced by a third party against Housing Authority; (ii) sixty (60) calendar days' prior written notice for breach of this Agreement by the Housing Authority; (iii) City's non-appropriation of funds sufficient to meet its obligations hereunder during any City fiscal year of this Agreement, or insufficient funding for the Project; or (iv) expiration of this Agreement.

(b) This Agreement shall terminate without any liability of Housing Authority to City upon the earlier of: (i) City's filing for protection under the federal bankruptcy laws, or any bankruptcy petition or petition for receiver commenced by a third party against City; (ii) sixty (60) calendar days' prior written notice for breach of this Agreement by City; (iii) the Housing Authority's non-appropriation of funds sufficient to meet its obligations hereunder during any Housing Authority fiscal year of this Agreement, or insufficient funding for the Project; or (iv) expiration of this Agreement.

(c) Immediately upon any termination or expiration of this Agreement, each party shall (i) immediately stop all work hereunder; (ii) immediately cause any and all of its subcontractors to cease work; and, (iii) in the case of the Housing Authority, return to City any and all unearned payments and all properties and materials in the possession of Housing Authority that are owned by City. Subject to the terms of this Agreement, Housing Authority shall be paid compensation for services satisfactorily performed prior to the effective date of termination.

(d) Upon any breach of this Agreement by either party, the other may (i) exercise any right, remedy (in contract, law or equity), or privilege which may be available to it under applicable laws of the State of California or any other applicable law; (ii) proceed by appropriate court action to enforce the terms of the Agreement; and/or (iii) recover all direct, indirect, consequential, economic and incidental damages for the breach of the Agreement. (e) Each party shall provide the other with adequate written assurances of future performance in the event that either party fails to comply with any terms or conditions of this Agreement.

(f) Each party shall be liable for default unless its nonperformance is caused by an occurrence beyond the reasonable control of that party and without its fault or negligence such as, acts of God or the public enemy, acts of City or the Housing Authority, as the case may be, in its contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. The nonperforming party shall notify the other in writing as soon as it is reasonably possible after the commencement of any excusable delay, setting forth the full particulars in connection therewith, and shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the other of the cessation of such occurrence.

5. City Priority Use. The parties agree that, subject to California and federal law, residents of the City of Fresno residents shall have priority within the Project Properties. The City shall have first priority for use of at least 30% of the total units of the Project Properties ("City Priority Units") to which City may refer eligible residents, which may include individuals living in homeless encampments. If any City Priority Unit sits vacant for 30 days, Housing Authority may fill the unit, and shall notify the City when a subsequent unit becomes vacant and that unit shall become a City Priority Unit, to keep the total number of City Priority Units at or above 30%.

6. Future Planning.

(a) In addition to the Project Properties acquired for the Project, the City may of its own accord purchase one or more hotels on the Parkway Corridor. City and Housing Authority agree to collaborate on the development of a rehabilitation plan for the Parkway Corridor, including neighborhood amenities, permanent affordable housing,



permanent supportive housing, mixed income housing, market rate housing, and commercial and retail amenities. The parties agree to work cooperatively to obtain alternative sources of funding for such an effort.

(b) The parties agree the City Manager and/or his or her designee, the Fresno City Council President or its designee, and the Housing Authority Executive Director and/or his or her designee, shall meet no less than twice a year to review budgets, discuss current and future funding needs, determine the application of any additional funding, and to discuss the future development of the area and any other aspects of the efforts described in this Agreement.

7. Intentionally Deleted.

8. Level of Skill; Subcontractors.

(a) Housing Authority may, at its sole discretion, subcontract any of the services required under this Agreement, in compliance with the terms of this Agreement and HomeKey Program guidelines. It is further mutually understood and agreed by and between the parties hereto that inasmuch as Housing Authority represents to City that Housing Authority and its subcontractors, if any, are skilled in the profession and shall perform in accordance with the standards of said industry necessary to perform the services agreed to be done by it under this Agreement, City relies upon the skill of Housing Authority and its subcontractors, if any, to do and perform such services in a skillful manner and Housing Authority agrees to thus perform the services and require the same of any subcontractors. Therefore, any acceptance of such services by City shall not operate as a release of Housing Authority or any subcontractors from said industry and professional standards.

(b) City reserves the right to hire additional contractors to perform the services required under this Agreement, and offset the current or next Annual Contribution payment accordingly, so long as such hiring and associated offset is memorialized in an Addendum executed by the parties, setting forth the amount of the offset.

(c) If Housing Authority subcontracts any or all of the services to be performed under this Agreement where the subcontract is for a total of \$250,000 or greater during any calendar year, Housing Authority shall require, at the discretion of the City Risk Manager or designee, subcontractor(s) to enter into a separate Side Agreement with the City to provide required indemnification and insurance protection. Any required Side Agreement(s) and associated insurance documents for the subcontractor must be reviewed and preapproved by City Risk Manager or designee. If no Side Agreement is required, the Housing Authority will be solely responsible for ensuring that its subcontractors maintain insurance coverage at levels no less than those required by applicable law and is customary in the relevant industry.

(d) To the full extent required by applicable federal and state law, each party and its contractors and agents shall comply with the Davis-Bacon Act, as amended, California Labor Code Section 1720 et seq., and the regulations adopted pursuant thereto ("Prevailing Wage Laws"), if so required, and shall be solely responsible for carrying out the requirements of such provisions. Each party shall indemnify, defend and hold the

other and its elected and appointed officers, officials, employees, agents, consultants, and contractors harmless from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors, or third party claimants pursuant to Labor Code sections 1726 and 1781), the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including, but not limited to the Prevailing Wage Laws, or any act or omission of that party related to the payment or requirement of payment of prevailing wages.

9. Indemnification. To the furthest extent allowed by law, Housing Authority shall indemnify, hold harmless and defend City and each of its officers, officials, employees, agents, and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage), and from any and all claims, demands and actions in law or equity (including reasonable attorney's fees and litigation expenses) that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of Housing Authority, its principals, officers, employees, agents, or volunteers in the performance of this Agreement.

If, pursuant to Section 8 above, Housing Authority should subcontract all or any portion of the services to be performed under this Agreement, Housing Authority shall require each subcontractor to indemnify, hold harmless and defend City and each of its officers, officials, employees, agents, and volunteers in accordance with the terms of the preceding paragraph.

Conversely, to the furthest extent allowed by law, City shall indemnify, hold harmless and defend Housing Authority and each of its officers, officials, employees, agents, and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage), and from any and all claims, demands and actions in law or equity (including reasonable attorney's fees and litigation expenses) that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of City, its principals, officers, employees, agents, or volunteers in the performance of this Agreement.

If, pursuant to Section 8 above, City should subcontract all or any portion of the services to be performed under this Agreement, City shall require each subcontractor to indemnify, hold harmless and defend Housing Authority and each of its officers, officials, employees, agents, and volunteers in accordance with the terms of the preceding paragraph.

This Section shall survive termination or expiration of this Agreement.

10. Insurance.

(a) Throughout the life of this Agreement, Housing Authority shall pay for and maintain in full force and effect all insurance as required in Exhibit B, which is incorporated into and part of this Agreement, with an insurance company(ies) either

(i) admitted by the California Insurance Commissioner to do business in the State of California and rated no less than "A-VII" in the Best's Insurance Rating Guide, or (ii) as may be authorized in writing by City's Risk Manager or designee at any time and in its sole discretion. The required policies of insurance as stated in Exhibit B shall maintain limits of liability of not less than those amounts stated therein. However, the insurance limits available to City, its officers, officials, employees, agents, and volunteers as additional insureds, shall be the greater of the minimum limits specified therein or the full limit of any insurance proceeds to the named insured.

(b) If at any time during the life of the Agreement or any extension, Housing Authority or any of its subcontractors fail to maintain any required insurance in full force and effect, all services and work under this Agreement shall be discontinued immediately, and all payments due or that become due to Housing Authority shall be withheld until notice is received by City that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to City. Any failure to maintain the required insurance shall be sufficient cause for City to terminate this Agreement. No action taken by City pursuant to this Section shall in any way relieve Housing Authority of its responsibilities under this Agreement. The phrase "fail to maintain any required insurance" shall include, without limitation, notification received by City that an insurer has commenced proceedings, or has had proceedings commenced against it, indicating that the insurer is insolvent.

(c) The fact that insurance is obtained by Housing Authority shall not be deemed to release or diminish the liability of Housing Authority, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify City shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Housing Authority. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of Housing Authority, its principals, officers, agents, employees, or persons under the supervision of Housing Authority, vendors, suppliers, invitees, consultants, sub-consultants, subcontractors, or anyone employed directly or indirectly by any of them.

(d) Upon request of City, Housing Authority shall immediately furnish City with a complete copy of any insurance policy required under this Agreement, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Agreement.

(e) If Housing Authority should subcontract all or any portion of the services to be performed under this Agreement, Housing Authority shall require each subcontractor/sub-consultant to provide insurance protection, as an additional insured, to the City and each of its officers, officials, employees, agents, and volunteers in accordance with the terms of this Section, except that any required certificates and applicable endorsements shall be on file with Housing Authority and City prior to the commencement of any services by the subcontractor. Housing Authority and any subcontractor/sub-consultant shall establish additional insured status for City, its officers, officials, employees, agents, and volunteers by using Insurance Service Office (ISO) Form CG 20 10 11 85 or both CG 20 10 10 01 and CG 20 37 10 01 or by an executed

manuscript company endorsement providing additional insured status as broad as that contained in ISO Form CG 20 10 11 85.

11. Conflict of Interest and Non-Solicitation.

(a) Prior to City's execution of this Agreement, Housing Authority shall complete a City of Fresno conflict of interest disclosure statement in the form as set forth in **Exhibit C**. During the term of this Agreement, Housing Authority shall have the obligation and duty to immediately notify City in writing of any change to the information provided by Housing Authority in such statement.

(b) Housing Authority shall comply, and require its subcontractors to comply, with all applicable (i) professional canons and requirements governing avoidance of impermissible client conflicts; and (ii) federal, state, and local conflict of interest laws and regulations including, without limitation, California Government Code Section 1090 et. seq., the California Political Reform Act (California Government Code Section 87100 et. seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations Section 18700 et. seq.). At any time, upon written request of City, Housing Authority shall provide a written opinion of its legal counsel and that of any subcontractor that, after a due diligent inquiry, Housing Authority and the respective subcontractor(s) are in full compliance with all laws and regulations. Housing Authority shall take, and require its subcontractors to take, reasonable steps to avoid any appearance of a conflict of interest. Upon discovery of any facts giving rise to the appearance of a conflict of interest, Housing Authority shall immediately notify City of these facts in writing.

(c) In performing the work or services to be provided hereunder, Housing Authority shall not employ or retain the services of any person while such person either is employed by City or is a member of any City council, commission, board, committee, or similar City body. This requirement may be waived in writing by the City Manager, if no actual or potential conflict is involved.

(d) Housing Authority represents and warrants that it has not paid or agreed to pay any compensation, contingent or otherwise, direct or indirect, to solicit, or procure this Agreement or any rights/benefits hereunder.

(e) Housing Authority and any of its subcontractors shall have no interest, direct or indirect, in any other contract with a third party in connection with this Project unless such interest is in accordance with all applicable law and fully disclosed to and approved by the City Manager, in advance and in writing. Notwithstanding any approval given by the City Manager under this provision, Housing Authority shall remain responsible for complying with Section (a), above.

(f) If Housing Authority should subcontract all or any portion of the work to be performed or services to be provided under this Agreement, Housing Authority shall include the provisions of this Section in each subcontract and require its subcontractors to comply therewith.

(g) This Section shall survive expiration or termination of this Agreement.

12. Recycling Program. In the event Housing Authority maintains an office or operates a facility(ies), or is required herein to maintain or operate same, within the

incorporated limits of the City of Fresno, Housing Authority at its sole cost and expense shall:

- (i) Immediately establish and maintain a viable and ongoing recycling program, approved by City's Solid Waste Management Division, for each office and facility. Literature describing City recycling programs is available from City's Solid Waste Management Division and by calling City of Fresno Recycling Hotline at (559) 621-1111.
- (ii) Immediately contact City's Solid Waste Management Division at (559) 621-1452 and schedule a free waste audit, and cooperate with such Division in their conduct of the audit for each office and facility.
- (iii) Cooperate with and demonstrate to the satisfaction of City's Solid Waste Management Division the establishment of the recycling program in paragraph (i) above and the ongoing maintenance thereof.

13. General Terms.

(a) Except as otherwise provided by law, all notices expressly required of City within the body of this Agreement, and not otherwise specifically provided for, shall be effective only if signed by the Administrator or designee.

(b) Records of Housing Authority's expenses pertaining to the Project shall be kept on a generally recognized accounting basis and shall be available to City or its authorized representatives upon request during regular business hours throughout the life of this Agreement and for a period of three years after final payment or, if longer, for any period required by law. In addition, all books, documents, papers, and records of Housing Authority pertaining to the Project shall be available for the purpose of making audits, examinations, excerpts, and transcriptions for the same period of time. If any litigation, claim, negotiations, audit or other action is commenced before the expiration of said time period, all records shall be retained and made available to City until such action is resolved, or until the end of said time period whichever shall later occur. If Housing Authority should subcontract all or any portion of the services to be performed under this Agreement, Housing Authority shall cause each subcontractor to also comply with the requirements of this paragraph. This Section shall survive expiration or termination of this Agreement.

(c) Housing Authority shall provide City a report aligning with the HomeKey Program reporting requirements semi-annually, or as reasonably requested by the City.

(d) Prior to execution of this Agreement by City, Housing Authority shall have provided evidence to City that Housing Authority is licensed to perform the services called for by this Agreement (or that no license is required). If Housing Authority should subcontract all or any portion of the work or services to be performed under this Agreement, Housing Authority shall require each subcontractor to provide evidence to City that subcontractor is licensed to perform the services called for by this Agreement (or that no license is required) before beginning work.

14. Nondiscrimination. To the extent required by controlling federal, state and local law, Housing Authority shall not employ discriminatory practices in the provision of services, employment of personnel, or in any other respect on the basis of race, religious

creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era. Subject to the foregoing and during the performance of this Agreement, Housing Authority agrees as follows:

(a) Housing Authority will comply with all applicable laws and regulations providing that no person shall, on the grounds of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Agreement.

(b) Housing Authority will not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era. Housing Authority shall ensure that applicants are employed, and the employees are treated during employment, without regard to their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era. Such requirement shall apply to Housing Authority's employment practices including, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Housing Authority agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provision of this nondiscrimination clause.

(c) Housing Authority will, in all solicitations or advertisements for employees placed by or on behalf of Housing Authority in pursuit hereof, state that all qualified applicants will receive consideration for employment without regard to race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, ethnicity, status as a disabled veteran or veteran of the Vietnam era.

(d) Housing Authority will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice advising such labor union or workers' representatives of Housing Authority's commitment under this Section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(e) If Housing Authority should subcontract all or any portion of the services to be performed under this Agreement, Housing Authority shall cause each subcontractor to also comply with the requirements of this Section.

15. Independent Contractor.

(a) In the furnishing of the services provided for herein, Housing Authority is acting solely as an independent contractor. Neither Housing Authority, nor any of its officers, agents, or employees shall be deemed an officer, agent, employee, joint venturer, partner, or associate of City for any purpose. City shall have no right to control or supervise or direct the manner or method by which Housing Authority shall

perform its work and functions. However, City shall retain the right to administer this Agreement, to the extent provided for herein, so as to verify that Housing Authority is performing its obligations in accordance with the terms and conditions thereof.

(b) This Agreement does not evidence a partnership or joint venture between Housing Authority and City. Housing Authority shall have no authority to bind City absent City's express written consent. Except to the extent otherwise provided in this Agreement, Housing Authority shall bear its own costs and expenses in pursuit thereof.

(c) Because of its status as an independent contractor, Housing Authority and its officers, agents, and employees shall have absolutely no right to employment rights and benefits available to City employees. Housing Authority shall be solely liable and responsible for all payroll and tax withholding and for providing to, or on behalf of, its employees all employee benefits including, without limitation, health, welfare and retirement benefits. In addition, together with its other obligations under this Agreement, Housing Authority shall be solely responsible, indemnify, defend and save City harmless from all matters relating to employment and tax withholding for and payment of Housing Authority's employees, including, without limitation, (i) compliance with Social Security and unemployment insurance withholding, payment of workers compensation benefits, and all other laws and regulations governing matters of employee withholding, taxes and payment; and (ii) any claim of right or interest in City employment benefits, entitlements, programs and/or funds offered employees of City whether arising by reason of any common law, de facto, leased, or co- employee rights or other theory. It is acknowledged that during the term of this Agreement, Housing Authority may be providing services to others unrelated to City or to this Agreement.

16. Notices. Any notice required or intended to be given to either party under the terms of this Agreement shall be in writing and shall be deemed to be duly given if delivered personally, transmitted by facsimile followed by telephone confirmation of receipt, or sent by United States registered or certified mail, with postage prepaid, return receipt requested, addressed to the party to which notice is to be given at the party's address set forth on the signature page of this Agreement or at such other address as the parties may from time to time designate by written notice. Notices served by United States mail in the manner above described shall be deemed sufficiently served or given at the time of the mailing thereof.

17. Binding. Once this Agreement is signed by all parties, it shall be binding upon, and shall inure to the benefit of, all parties, and each parties' respective heirs, successors, assigns, transferees, agents, servants, employees and representatives.

18. Assignment.

(a) This Agreement is personal to each party and there shall be no assignment by either party of its rights or obligations under this Agreement without the prior written approval of the other. Any attempted assignment shall be null and void unless approved in writing for the City, by the City Manager or designee, or for the Housing Authority, by its CEO. The City expressly acknowledges that Housing Authority may assign all or some of its rights and obligations to Housing Authority's instrumentality, Silvercrest, a California nonprofit public benefit corporation.

(b) Housing Authority hereby agrees not to assign the payment of any monies due Housing Authority from City under the terms of this Agreement to any other individual(s), corporation(s) or entity(ies). City retains the right to pay any and all monies due Housing Authority directly to Housing Authority.

19. Compliance With Law. Each party shall at all times comply with all applicable laws of the United States, the State of California and City, and with all applicable regulations promulgated by federal, state, regional, or local administrative and regulatory agencies, now in force and as they may be enacted, issued, or amended during the term of this Agreement.

20. Waiver. The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement. No provisions of this Agreement may be waived unless in writing and signed by all parties to this Agreement. Waiver of any one provision herein shall not be deemed to be a waiver of any other provision herein.

21. Governing Law and Venue. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction. Venue for purposes of the filing of any action regarding the enforcement or interpretation of this Agreement and any rights and duties hereunder shall be Fresno County, California.

22. Headings. The Section headings in this Agreement are for convenience and reference only and shall not be construed or held in any way to explain, modify or add to the interpretation or meaning of the provisions of this Agreement.

21. Severability. The provisions of this Agreement are severable. The invalidity, or unenforceability of any one provision in this Agreement shall not affect the other provisions.

23. Interpretation. The parties acknowledge that this Agreement in its final form is the result of the combined efforts of the parties and that, should any provision of this Agreement be found to be ambiguous in any way, such ambiguity shall not be resolved by construing this Agreement in favor of or against either party, but rather by construing the terms in accordance with their generally accepted meaning.

24. Attorney's Fees. If either party is required to commence any proceeding or legal action to enforce or interpret any term, covenant or condition of this Agreement, the prevailing party in such proceeding or action shall be entitled to recover from the other party its reasonable attorney's fees and legal expenses.

25. Exhibits. Each exhibit and attachment referenced in this Agreement is, by the reference, incorporated into and made a part of this Agreement.

26. Precedence of Documents. In the event of any conflict between the body of this Agreement and any exhibit or attachment hereto, the terms and conditions of the body of this Agreement shall control and take precedence over the terms and conditions expressed within the exhibit or attachment. Furthermore, any terms or conditions contained within any exhibit or attachment hereto which purport to modify the allocation of risk between the parties, provided for within the body of this Agreement, shall be null and void.



27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. No Third Party Beneficiaries. The rights, interests, duties, and obligations defined within this Agreement are intended for the specific parties hereto as identified in the preamble of this Agreement. Notwithstanding anything stated to the contrary in this Agreement, it is not intended that any rights or interests in this Agreement benefit or flow to the interest of any third parties.

29. Extent of Agreement. Each party acknowledges that they have read and fully understand the contents of this Agreement. This Agreement represents the entire and integrated agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be modified only by written instrument duly authorized and executed by both City and Housing Authority.

[SIGNATURES FOLLOW ON THE NEXT PAGE.]

IN WITNESS WHEREOF, the parties have executed this Agreement at Fresno, California, the day and year first above written.

CITY OF FRESNO,  
a California municipal corporation

HOUSING AUTHORITY OF THE CITY  
OF FRESNO,  
a body corporate and politic

By: \_\_\_\_\_  
Wilma Quan, City Manager

By: \_\_\_\_\_

APPROVED AS TO FORM:  
DOUGLAS T. SLOAN  
City Attorney

Name: \_\_\_\_\_

Title: \_\_\_\_\_  
Board Chair,

By: \_\_\_\_\_ Date  
Senior Deputy City Attorney

By: \_\_\_\_\_

Name: \_\_\_\_\_

ATTEST:  
YVONNE SPENCE, CRM MMC  
City Clerk

Title: \_\_\_\_\_  
CEO

By: \_\_\_\_\_  
Deputy

Addresses:

CITY:  
City of Fresno  
Attention: City Manager  
2600 Fresno Street  
Fresno, CA 93721  
Phone: (559) 621-7770

HOUSING AUTHORITY:  
Attention: [Name], [Title]  
[Street Address]  
[City, State Zip]  
Phone: [area code and #]  
FAX: [area code and #]

Attachments:

1. Exhibit A - Scope of Services
2. Exhibit B - Insurance Requirements
3. Exhibit C - Conflict of Interest Disclosure Form

## **EXHIBIT A**

### **SCOPE OF SERVICES**

The Housing Authority of the City of Fresno, CA (HACF), in its role as applicant to the State of California's Department of Housing and Community Development's Homekey program, intends to acquire the subject sites as they are awarded Homekey funds. HACF will perform all due diligence in the property acquisition process, including obtaining title reports, appraisals, physical needs assessments and performing environmental testing. HACF staff is working with contractors and trade services vendors to assess the scope of repairs necessary at each site and prepare the units for initial occupancy within 30-90 days. HACF will provide or partner with service providers to operate the properties for an interim period of up to 5 years. Resident services provided may include case management and coordination of services with linkage to primary health, mental health and substance abuse services as necessary; assistance in readiness for permanent housing

## **EXHIBIT B**

### **INSURANCE REQUIREMENTS**

#### **MINIMUM SCOPE OF INSURANCE**

Coverage shall be at least as broad as:

1. The most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01, providing liability coverage arising out of your business operations. The Commercial General Liability policy shall be written on an occurrence form and shall provide coverage for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the Agreement) with limits of liability not less than those set forth under "Minimum Limits of Insurance."
2. The most current version of ISO \*Commercial Auto Coverage Form CA 00 01, providing liability coverage arising out of the ownership, maintenance or use of automobiles in the course of your business operations. The Automobile Policy shall be written on an occurrence form and shall provide coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Code 1- Any Auto). If personal automobile coverage is used, the City, its officers, officials, employees, agents, and volunteers are to be listed as additional insureds.
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

#### **MINIMUM LIMITS OF INSURANCE**

Housing Authority, or any party the Housing Authority subcontracts with, shall maintain limits of liability of not less than those set forth below. However, insurance limits available to City, its officers, officials, employees, agents, and volunteers as additional insureds, shall be the greater of the minimum limits specified herein or the full limit of any insurance proceeds available to the named insured:

1. **COMMERCIAL GENERAL LIABILITY:**
  - (i) \$1,000,000 per occurrence for bodily injury and property damage;
  - (ii) \$1,000,000 per occurrence for personal and advertising injury;
  - (iii) \$2,000,000 aggregate for products and completed operations; and,
  - (iv) \$2,000,000 general aggregate applying separately to the work performed under the Agreement.
2. **COMMERCIAL AUTOMOBILE LIABILITY:**

\$1,000,000 per accident for bodily injury and property damage.

OR\*

**PERSONAL AUTOMOBILE LIABILITY** insurance with limits of liability not less than:

- (i) \$100,000 per person;
- (ii) \$300,000 per accident for bodily injury; and,
- (iii) \$50,000 per accident for property damage.

3. **WORKERS' COMPENSATION INSURANCE** as required by the State of California with statutory limits.

4. **EMPLOYER'S LIABILITY:**

- (i) \$1,000,000 each accident for bodily injury;
- (ii) \$1,000,000 disease each employee; and,
- (iii) \$1,000,000 disease policy limit.

### **UMBRELLA OR EXCESS INSURANCE**

In the event Housing Authority purchases an Umbrella or Excess insurance policy(ies) to meet the "Minimum Limits of Insurance," this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies). In addition, such Umbrella or Excess insurance policy(ies) shall also apply on a primary and non-contributory basis for the benefit of the City, its officers, officials, employees, agents, and volunteers.

### **DEDUCTIBLES AND SELF-INSURED RETENTIONS**

Housing Authority shall be responsible for payment of any deductibles contained in any insurance policy(ies) required herein and Housing Authority shall also be responsible for payment of any self-insured retentions. Any deductibles or self-insured retentions must be declared on the Certificate of Insurance, and approved by, the City's Risk Manager or designee. At the option of the City's Risk Manager or designee, either:

- (i) The insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its officers, officials, employees, agents, and volunteers; or
- (ii) Housing Authority shall provide a financial guarantee, satisfactory to City's Risk Manager or designee, guaranteeing payment of losses and related investigations, claim administration and defense expenses. At no time shall City be responsible for the payment of any deductibles or self-insured retentions.

### **OTHER INSURANCE PROVISIONS/ENDORSEMENTS**

The General Liability and Automobile Liability insurance policies are to contain, or be endorsed to contain, the following provisions:

1. City, its officers, officials, employees, agents, and volunteers are to be covered as additional insureds. Housing Authority shall establish additional insured status for the City and for all ongoing and completed operations by use of ISO Form CG 20 10 11 85 or both CG 20 10 10 01 and CG 20 37 10 01 or by an executed manuscript insurance company endorsement providing additional insured status as broad as that contained in ISO Form CG 20 10 11 85.

2. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, officials, employees, agents, and volunteers. Any available insurance proceeds in excess of the specified minimum limits and coverage shall be available to the Additional Insured.
3. For any claims related to this Agreement, Housing Authority's insurance coverage shall be primary insurance with respect to the City, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents, and volunteers shall be excess of Housing Authority's insurance and shall not contribute with it. Housing Authority shall establish primary and non-contributory status by using ISO Form CG 20 01 04 13 or by an executed manuscript insurance company endorsement that provides primary and non-contributory status as broad as that contained in ISO Form CG 20 01 04 13.

The Workers' Compensation insurance policy is to contain, or be endorsed to contain, the following provision: Housing Authority and its insurer shall waive any right of subrogation against City, its officers, officials, employees, agents, and volunteers.

All policies of insurance required herein shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after thirty calendar days' written notice by certified mail, return receipt requested, has been given to City. Housing Authority is also responsible for providing written notice to the City under the same terms and conditions. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, Housing Authority shall furnish City with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the work to be performed for City, Housing Authority shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than fifteen calendar days' prior to the expiration date of the expiring policy.

#### **VERIFICATION OF COVERAGE**

Housing Authority shall furnish City with all certificate(s) and **applicable endorsements** effecting coverage required hereunder. All certificates and **applicable endorsements** are to be received and approved by the City's Risk Manager or designee prior to City's execution of the Agreement and before work commences. All non-ISO endorsements amending policy coverage shall be executed by a licensed and authorized agent or broker. Upon request of City, Housing Authority shall immediately furnish City with a complete copy of any insurance policy required under this Agreement, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration, or termination of this Agreement.

**EXHIBIT C**  
**DISCLOSURE OF CONFLICT OF INTEREST**

		YES*	NO
1	Are you currently in litigation with the City of Fresno or any of its agents?	<input type="checkbox"/>	<input type="checkbox"/>
2	Do you represent any firm, organization, or person who is in litigation with the City of Fresno?	<input type="checkbox"/>	<input type="checkbox"/>
3	Do you currently represent or perform work for any clients who do business with the City of Fresno?	<input type="checkbox"/>	<input type="checkbox"/>
4	Are you or any of your principals, managers, or professionals, owners or investors in a business which does business with the City of Fresno, or in a business which is in litigation with the City of Fresno?	<input type="checkbox"/>	<input type="checkbox"/>
5	Are you or any of your principals, managers, or professionals, related by blood or marriage to any City of Fresno employee who has any significant role in the subject matter of this service?	<input type="checkbox"/>	<input type="checkbox"/>
6	Do you or any of your subcontractors have, or expect to have, any interest, direct or indirect, in any other contract in connection with this Project?	<input type="checkbox"/>	<input type="checkbox"/>
* If the answer to any question is yes, please explain in full below.			

Explanation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

☐ Additional page(s) attached.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_


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

2020 W. El Camino Avenue, Suite 670, 95833  
P.O. Box 952054  
Sacramento, CA 94252-2054  
(916) 263-2771  
[www.hcd.ca.gov](http://www.hcd.ca.gov)



July 16, 2020

**MEMORANDUM FOR:** All Potential Applicants

**FROM:** Jennifer Seeger, Acting Deputy Director  
Division of Financial Assistance 

**SUBJECT:** **NOTICE OF FUNDING AVAILABILITY  
HOMEKEY PROGRAM**

The California Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$600 million of Homekey Program (Homekey) grant funding through this Notice of Funding Availability (NOFA). Building on the success of [Project Roomkey](#), Homekey is a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness and impacted by COVID-19.

Of the \$600 million in Homekey funding, \$550 million is derived from the state's direct allocation of the federal Coronavirus Relief Fund (CRF) and \$50 million is state General Fund. The \$50 million in state General Fund money is intended to supplement the acquisition of, and provide initial operating subsidies for, Homekey sites to promote Project feasibility. Accordingly, the Department will use these moneys to fund 24-month operating subsidies. **Projects receiving an award from the state's direct allocation of the federal CRF must expend the funds by December 30, 2020.** The portion of a Project's award associated with state General Fund must be expended by June 30, 2022. Depending on the funding award, the successful applicant must close escrow by the expenditure deadline.

Due to the Homekey expenditure deadline, and the potential for program oversubscription, eligible applicants are encouraged to submit their completed application as soon as possible. The Department will begin accepting applications on an over-the-counter basis on or about July 22, 2020. Review will be prioritized based on tiered criteria and date of submission. Applicants must submit a complete online application available at <https://www.hcd.ca.gov/grants-funding/active-funding/homekey.shtml>.

On July 24, 2020, the Department will hold a webinar to review the Homekey NOFA and application process. To register, please go to the Department's [Homekey webpage](#). To receive information on the workshop and other updates, please subscribe to the Department's Homelessness Prevention Programs listserv at [http://www.hcd.ca.gov/HCD\\_SSI/subscribe-form.html](http://www.hcd.ca.gov/HCD_SSI/subscribe-form.html).

If you have any questions, please submit them to [Homekey@hcd.ca.gov](mailto:Homekey@hcd.ca.gov).



# **Homekey Program**

## **2020 Notice of Funding Availability**



**State of California**

**Governor Gavin Newsom**

**Lourdes M. Castro Ramirez, Secretary  
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director  
Department of Housing and Community Development**

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

Website: <https://www.hcd.ca.gov/grants-funding/active-funding/homekey.shtml>

Homekey Program Email: [Homekey@hcd.ca.gov](mailto:Homekey@hcd.ca.gov)

July 16, 2020

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## HOMEKEY PROGRAM

### NOTICE OF FUNDING AVAILABILITY

#### Article I – Program Overview

##### Section 100. Notice of Funding Availability (NOFA)

The California Department of Housing and Community Development (Department) is announcing the availability of approximately \$600 million in Homekey funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19. The COVID-19 pandemic has exacerbated existing community needs and inequalities. In many communities, homelessness was already experienced disproportionately by race and other protected classes and persons experiencing homelessness are at increased risk of infection and death due to COVID-19. The Centers for Disease Control and Prevention is also reporting that evidence points to disproportionate impacts by race and ethnicity for COVID-19 hospitalization and death. As of June 12, age-adjusted hospitalization rates are highest among non-Hispanic American Indian or Alaska Native (5 times white persons) and non-Hispanic Black persons (5 times white persons), followed by Hispanic or Latino persons (4 times white persons).

Homekey is an opportunity for local public agencies to purchase motels and a broad range of other housing types in order to increase their community's capacity to respond to homelessness and the current COVID-19 pandemic. While Homekey builds off the success of Project Roomkey, applications are not limited to Project Roomkey sites.

Of the \$600 million in Homekey grant funds, \$550 million is derived from the state's direct allocation of the federal Coronavirus Aid Relief Funds (CRF) and \$50 million is derived from the state's General Fund to supplement the acquisition of and to provide initial operating subsidies for, Homekey sites.

Each Homekey allocation has the following expenditure deadlines:

- **The \$550 million in CRF must be expended by December 30, 2020.** The Department recognizes this expenditure deadline is challenging; however, the deadline is a requirement of federal CRF funding. The Department will provide ongoing support to assist Grantees in meeting the expenditure deadline and has already developed an accelerated application and award process.

**NOTE:** For Projects that involve an acquisition and are receiving CRF awards, Grantees must expend the funds by the expenditure deadline and the Project escrow must be closed by December 30, 2020.

- **The \$50 million in state General Funds must be expended by June 30, 2022.**

##### Section 101. Purpose and Program Objectives

The purpose of the Homekey program is to provide grant funding to Eligible Applicants and facilitate a partnership with the state to quickly acquire or rehabilitate or master lease a

variety of housing types. Once developed, these projects will provide interim or permanent housing options for persons experiencing homelessness and who are also at risk of COVID-19. For this NOFA, people experiencing homelessness or who are at risk of experiencing homelessness are considered inherently “impacted by COVID-19,” as they are most likely to have a lower life expectancy, be at a higher risk of infectious and chronic illness, and suffer from substance abuse and poor health. The Target Population may also have the same underlying medical conditions that result in increased risk for severe illness from COVID-19. Additionally, Homekey recognizes the disproportionate racial impacts of homelessness and COVID-19 and encourages Eligible Applicants to examine disproportionate impact in their own communities and to develop strategies to address these impacts.

#### Section 102. Authorizing Legislation and Applicable Law

Assembly Bill No. 83 (2019-2020 Reg. Sess.) created the statutory basis for Homekey by adding section 50675.1.1 to the Health and Safety Code and exempted certain Homekey Projects from the California Environmental Quality Act (CEQA) by adding section 50675.1.2 to the Health and Safety Code.

Health and Safety Code section 50675.1.1, subdivision (d) states, “The Department of Housing and Community Development may adopt guidelines for the expenditure of the funds appropriated to the Department [for Homekey]. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.”

The Multifamily Housing Program (MHP) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code), and as subsequently amended, is hereby incorporated by reference. In accordance with Health and Safety Code section 50675.1.1, subdivision (c), in the event of a conflict between this NOFA and the Multifamily Housing Program, the provisions of this NOFA are controlling.

The MHP Final Guidelines (MHP Guidelines), effective June 19, 2019, and as subsequently amended, are hereby incorporated by reference. In the event of a conflict between any of the MHP Guidelines and this NOFA, the provisions of this NOFA are controlling.

This NOFA establishes the terms, conditions, forms, procedures, and other mechanisms that the Department deems necessary to exercise its powers and to perform its duties pursuant to MHP in relation to Homekey.

The Department reserves the limited right to amend this NOFA after the close of the application period. Such right does not extend to material provisions of the application submission, review, and award process (e.g., scoring and tiering criteria). Post-NOFA amendments will take immediate effect and will govern the Standard Agreement process. After Standard Agreements have been executed, the Department will only amend this NOFA as necessary to provide clarification or to avoid a conflict of law.

The matters set forth herein are regulatory mandates and are adopted as regulations that have the dignity of statutes (*Ramirez v. Yosemite Water Company, Inc.* (1999) 20 Cal.4th 785, 799 [85 Cal.Rptr.2d 844]).



### Section 103. Program Timeline

Homekey funds will be initially available to Eligible Applicants on an over-the-counter basis. Applications will be accepted from the release of this NOFA until September 29, 2020. The Department is also reserving a priority application period to allow for geographic equity in the disbursement of funds. The following table summarizes the Homekey program anticipated timeline.

Table 1: Anticipated timeline for Homekey applications

NOFA release	July 16, 2020
Stakeholder Call	July 16, 2020
Stakeholder Webinar	July 24, 2020
Pre-application consultations and the priority application period	July 16 – August 13, 2020
Final application due date	September 29, 2020
Award announcements	Rolling (Starting August 2020)
Final awards issued	October 2020
Standard agreements mailed	Upon submittal of required information and documentation
The Department redeploys unutilized funds	November 2020
CRF expenditure deadline	December 30, 2020
Grantee Expenditure and Program Report	Feb 1, 2021
State General Funds expenditure deadline	June 30, 2022
State General Funds expenditure report due dates	<ul style="list-style-type: none"><li>▪ January 31, 2021</li><li>▪ July 31, 2021</li><li>▪ January 31, 2022,</li><li>▪ July 31, 2022</li></ul>

The Department reserves the right to make adjustments to the projected timeline at any time.

## **Article II. Application Submission, Review, and Award Process**

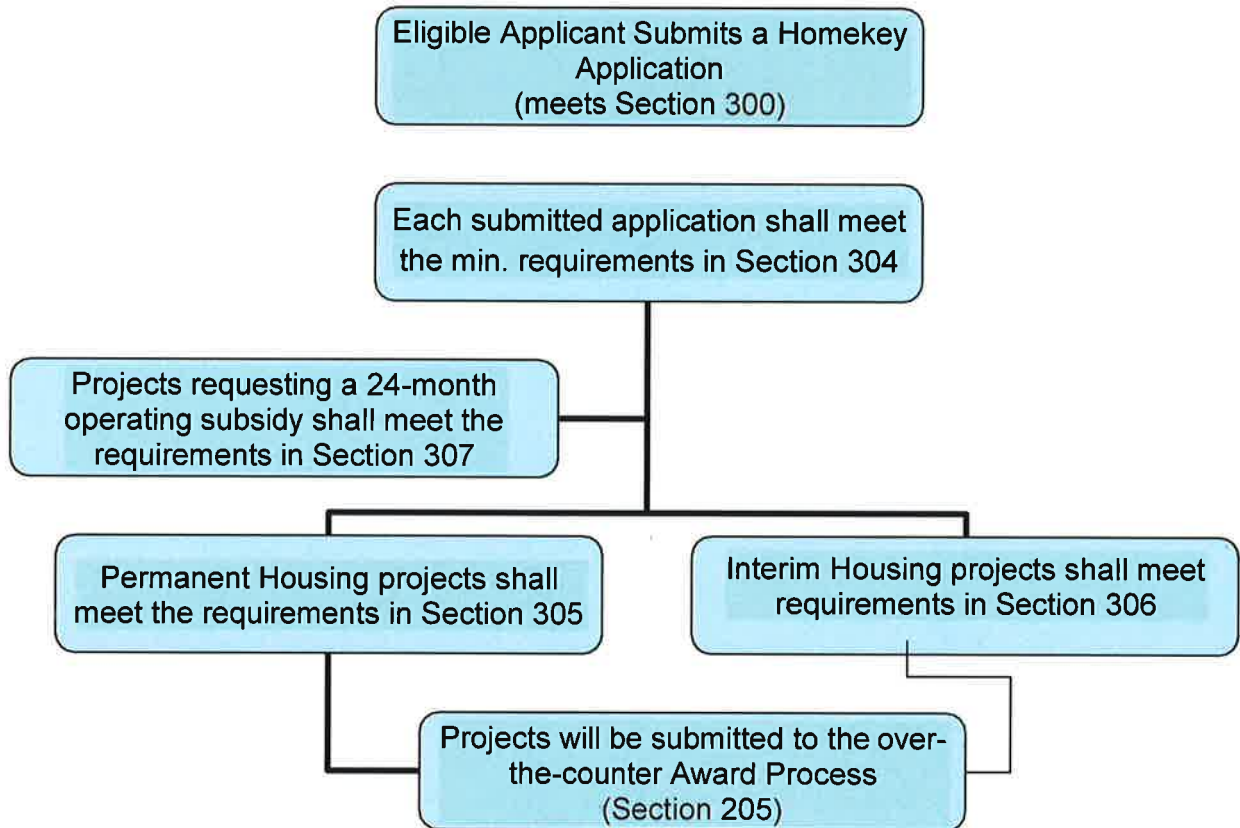
### Section 200. Application Process Overview

The Homekey application is available electronically on the [Homekey webpage](#). **The Department anticipates releasing the Homekey application on or about July 22, 2020.**

- i. Applications for this NOFA will be received and reviewed on a rolling, over-the-counter basis until the CRF and the state General Fund moneys are committed.
- ii. Applications will be prioritized as described in Section 202.
- iii. The Department will evaluate applications for compliance with the minimum program requirements set forth in Section 304 and depending on the proposed Project Applicants should review requirements in Sections 304, 305, and 306. See the Homekey Application Process Flowchart at the end of this Section.

- iv. After each Applicant has been certified to meet the minimum program requirements, to be considered for a funding award, each Project must receive a minimum overall score of 110 points, as outlined in Section 204.
- v. The Department reserves the right to do the following:
  - a. Score an application as submitted even if information is missing from the application; and/or
  - b. Request clarification of unclear or ambiguous statements made in an application or request additional clarifying documentation or information.

Chart 1: Homekey Application Process Flowchart



#### Section 201. Pre-Application Consultation and Technical Assistance

The Department requires all Applicants to engage in a pre-application consultation with the Department and/or the Department of General Services (DGS) prior to submitting an application. The consultation will allow the prospective Applicant to discuss the proposed Project, along with other applicable programmatic considerations, including those related to site acquisition, CEQA, land use and land entitlements, and long-term financing approaches. Application consultations will be available upon the release of this NOFA and may be requested by emailing [Homekey@hcd.ca.gov](mailto:Homekey@hcd.ca.gov).

## Section 202. Geographic Distribution and Project Prioritization

COVID-19 impacts people who are experiencing or who are at risk of homelessness throughout California. As such, the Department would like to ensure jurisdictions throughout the state have an equitable opportunity to apply for Homekey funds to protect the health and safety of their most vulnerable residents.

To this end, the Department has divided the state into eight regions, as outlined in Table 2, below. The regions are largely aligned with the various Councils of Government (COGs). As detailed in Table 2, 3, and 4 below, each region has funding reserved on a time-limited basis during the priority application period. Each region's share of the Homekey allocation is calculated based on its proportionate share of the persons experiencing homelessness of both the sheltered and unsheltered 2019 Homeless Point-in-Time counts and extremely low-income (ELI) renter households that are paying more than 50 percent of their income for rent.

Table 2: Homekey Counties by Region

Counties by Geographic Distribution				
Los Angeles County	San Joaquin Valley	Central Coast	Balance of State (Cont.)	
Bay Area Alameda Contra Costa Marin Napa San Francisco San Mateo Santa Clara Solano Sonoma	Fresno	Monterey	Mendocino	
	Kern	San Benito	Modoc	
	Kings	San Luis Obispo	Mono	
	Madera	Santa Barbara	Nevada	
	Merced	Santa Cruz	Plumas	
	San Joaquin	Balance of State Alpine Butte Calaveras Colusa Del Norte Glenn Humboldt Inyo Lake Lassen Mariposa	Shasta	
	Stanislaus		Sierra	
	Tulare		Siskiyou	
	San Diego County		Tehama	
	Sacramento Area		Trinity	
Southern California Imperial Orange Riverside San Bernardino Ventura	Amador		Tuolumne	
	El Dorado			
	Placer			
	Sacramento			
	Sutter			
	Yolo			
	Yuba			

Table 3: Estimated Homekey Allocations by Region

Geographic Regions	PIT Count	Severely Rent-burdened ELI	CRF Allocation	GF Allocation
Los Angeles County	58,936	415,970	\$161,572,217	\$14,688,383
SF Bay Area	35,028	213,910	\$91,134,470	\$8,284,952
Southern California (w/o LA)	15,360	200,095	\$55,577,540	\$5,052,504
San Joaquin Valley	10,271	105,370	\$32,987,450	\$2,998,859
Central Coast	8,439	38,395	\$20,025,927	\$1,820,539
Sacramento Area	8,381	73,780	\$25,125,077	\$2,284,098
San Diego County	8,102	94,480	\$27,690,283	\$2,517,298
Balance of State	7,254	32,140	\$17,087,036	\$1,553,367

Two percent (2%) of the \$550 million in Homekey funds is for Department administrative costs. Twenty percent (20%) of the remaining \$550 million in Homekey funds is being held back by the Department to ensure there is adequate flexibility to issue awards expediently.

Table 4: Estimated Homekey Allocations

Funding Categories	CRF	General Fund
Total Homekey Allocation	\$550,000,000	\$50,000,000
Administrative at 2%	\$11,000,000	\$1,000,000
Discretionary Set Aside at 20%	\$107,800,000	\$9,800,000
Total Geographic Regional Allocation	\$431,200,000	\$39,200,000

Eligible Applicants who apply within the 30-day priority application period will be grouped into one of the eight geographic regions. The Department will further sort the applications into one of two tiers.

#### Tier One:

1. Tier One applications will be those Projects that: (1) can be occupied within 90 days from the date of acquisition; and (2) are permanent housing or will result in permanent housing as indicated on the application; or
2. Tier One projects include Projects that can be occupied within 90 days and used for Interim Housing, provided the project is expected to be developed into permanent housing at a later date **OR** Interim Housing with a coordinated exit strategy adopted by the Continuum of Care to support transitions into other permanent housing. Interim Housing projects shall submit a letter of support from the local Continuum of Care that demonstrates the coordinated exit strategy of the Target Population.

#### Tier Two:

Tier Two projects are all other Projects and uses, including housing that will be used for interim only and with no expectation of development into permanent housing.

For Projects received within the priority application period, the Department will award Tier One projects meeting the program requirements on a rolling basis, up to the regional cap, on a first-come, first-served basis. Tier Two projects meeting the program requirements will be waitlisted and awarded funding if funds are available, after the priority application period, according to the date stamp. Applications that were received after the priority application period, and that met the specified program requirements, will be awarded according to date stamp, as funds are available.

The Department can reimburse eligible Homekey expenditures that occurred prior to the release of this NOFA. Applicants are encouraged to discuss their options at the required pre-application consultation described in Section 201.

The following table summarizes the Homekey application prioritization process and timeline.



Table 5: Anticipated Homekey Application Prioritization Timeline

	<b>Priority Application Review Period July 16 - August 13</b>	<b>Review Period 2 August 14 - September 29</b>	<b>September 30 – December 30, 2020</b>
<b>Applications</b>	Sorted by: a. Regions b. Within Regions, by Tier One or Two c. Within Tiers, by a date stamp	Sorted by date stamp only (not by region or tier)  Note: These applications will be put on a waitlist, and not sorted by Region or Tier.	No applications submitted during this period will be accepted.
<b>Awards</b>	Pre-application consultations and application review period.  The Department will begin awarding Tier One projects meeting threshold within each region on a rolling basis, up to cap for the region.	For applications received through August 13, the Department will continue awarding Tier One projects meeting the Homekey program requirements on a rolling basis, up to the cap for the region. If these Tier One projects are undersubscribed, the Department will award qualified Tier Two projects. If the Tier Two projects are oversubscribed, the Department will award according to date stamp. If Tier Two projects are undersubscribed, The Department will proceed with awards in the following order: a. Any waitlisted applications from other regions received up to August 13, by tier and date stamp. b. Any waitlisted applications received on August 14 or later, by date stamp.  For any tiebreaker needed (e.g., applications received on the same date), the Department will use ability to spend quickly, followed by PIT count, then leverage.	

### Section 203. Maximum Grant Amounts

For acquisition projects, Homekey will generally fund up to \$100,000 per door, as supported by an appraisal. "Door" refers to the number of units at the time of the acquisition, which may differ from the number of units after a future conversion. For those projects that undergo a future conversion, the number of units may need to be reduced to accommodate kitchenettes and other amenities.

The Department recognizes that some acquisitions may have a higher per-door appraised value in certain high-cost areas. Some properties may also have a higher per-door value because they need less upfront work and already have the necessary amenities to support permanent housing solutions—for example, units with kitchenettes.

To support these efforts, the Department will accept requests from Tier One projects up to \$200,000 per door. However, for this \$200,000 per door maximum, the following applies:

- i. The Department will contribute the first \$100,000 per door of the Homekey proposed Project. This contribution does not require a local match.

- ii. The Eligible Applicant will be required to contribute an identical match of \$50,000 or a 1:1 local match to receive an additional \$50,000 contribution from the Homekey program.
- iii. The Eligible Applicants will be required to contribute \$100,000 or a 2:1 local match to receive an additional \$50,000 contribution from the Homekey program.

Table 6: State contributions to projects

Homekey	Eligible Applicant Contribution	Total Per Door
FIRST \$ 100,000	No Match Required	\$100,000
NEXT \$ 50,000 (TIER ONE PROJECTS)	1:1, Up to \$50,000	\$200,000
NEXT \$ 50,000 (TIER ONE PROJECTS)	2:1, Up to \$100,000	\$350,000

Eligible Applicants can request the highest state contribution of Homekey funds if they meet the following criteria:

- i. The proposed Project meets the Tier One category specified in Section 202.
- ii. The proposed Project is close to permanent occupancy, or there is a clear demonstration of occupying the units with tenants from the Target Population within 90 days of acquisition, e.g., higher purchase price with minimal rehabilitation needed.
- iii. The Department may consider additional criteria unique to the proposed Project that reduce the overall cost of a project when future rehabilitation needs are considered, support catalytic investments in disadvantaged communities without causing displacement, and affirmatively further fair housing.

## Section 204. Application Scoring Criteria

Applications meeting the minimum program requirements outlined in Article III will require a **minimum score of 110 points to be eligible for funding**. Scores will be based on the following:

Table 7: Homekey Application Scoring Criteria

Homekey Application Scoring Categories and Max Point Scores	Evaluation Criteria
1. Ability to expend funds by December 30, 2020. (Up to 50 points)	<ul style="list-style-type: none"><li>a. Identification of the site suitable for development and evidence of site control, or a plan and timeline for obtaining site control along with other supporting evidence (e.g., letter of intent, an exclusive negotiating agreement, ground lease, etc.). <b>(Up to 20 points)</b></li><li>b. A proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the ongoing affordability of the Project. <b>(Up to 20 points)</b></li><li>c. An overview of the planned and timeline for any required entitlements, permits, environmental clearances. <b>(Up to 10 points)</b></li></ul>
2. Demonstration of the development team's experience and capacity to acquire and operate the Project. (Up to 40 points)	<ul style="list-style-type: none"><li>a. Demonstration of the development's team experience to acquire and/or rehabilitate and operate the project. <b>(Up to 10 points)</b></li><li>b. A map of how the development team is connected and a description of how the team will work together, e.g., MOU, etc. <b>(Up to 10 points)</b></li><li>c. Development, ownership, or operation of a project similar in scope and size to the proposed Project. <b>(Up to 10 points)</b></li><li>d. The extent to which the Project can demonstrate the range of on-site and off-site supportive services that will be provided to the target population, e.g., mental health services, substance use disorder services, primary health, employment, and other tenancy support services. <b>(Up to 10 points)</b></li></ul>
3. A demonstration of how the Project will address racial equity, other systemic inequities, state and federal accessibility requirements, and serve members of the Target Population. (Up to 25 points)	<ul style="list-style-type: none"><li>a. Eligible Applicant shall provide non-discrimination statement per Section 311, which references the Fair Employment and Housing Act. The Fair Employment and Housing Act is supported by accompanying regulations, 2 CCR Section 12005 et seq, covering tenant screening and affirmative marketing requirements. Eligible Applicant will also include a description of how the Project will address racial equity and inequities for the target population, including any local disproportionate impact of COVID-19 and homelessness by race and other protected classes. The description should include supporting evidence of the strategies' effectiveness if available. <b>(Up to 15 points)</b></li><li>b. The extent to which the Project exceeds the state and federal accessibility requirements set forth Section 311, specifically providing a minimum of 10 percent of units with features accessible to persons with mobility disabilities, as defined in 24 C.F.R. Section 8.22 and the parallel ADAAG 2010 and CBC provisions, and a minimum of 4 percent of units with features accessible to persons with hearing or vision disabilities, as defined in 24 C.F.R. Section 8.22 and the parallel ADAAG 2010 and CBC Chapter 11B provisions. <b>(Up to 5 points)</b></li></ul>

Homekey Application Scoring Categories and Max Point Scores	Evaluation Criteria
	<p>c. The Applicant or development team has three or more years of experience serving persons of the target population. <b>(Up to 5 points)</b></p>
<p>4. The extent to which the Eligible Applicant can demonstrate the Project's community impact and site selection. <b>(This category is worth 45 points)</b></p>	<p>a. The extent to which the Eligible Applicant can demonstrate the Project's impact on the community as demonstrated by a reduction of at least 5 percent of the local 2019 Point-in-Time Count. <b>(Up to 10 points)</b></p> <p>b. The proposed Project is a Tier One project and requires no rehabilitation, or the rehabilitation and the occupancy can be completed within 30 days after acquisition. <b>(Up to 10 points)</b></p> <p>c. The Project is expected to acquire and maintain 100 or more units for the target population. <b>(Up to 5 points)</b></p> <p>d. For any Project below \$350,000 per door, if the Eligible Applicant contributes more than a minimum match outlined in Table 5, above, the application will receive one (1) extra point for every additional 5% per door contributed to the Project. For example, for an acquisition that costs \$100,000 per door, the Applicant will receive 1 extra point for every \$5,000 per door in match contributed. <b>(Up to 10 points)</b></p> <p>e. Site Selection <b>(Up to 10 points)</b>  The project site is located within 1/3 mile of a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop. Commuter rail station, ferry terminal, bus station, or public bus stop OR the project includes an alternative transportation service for residents (e.g., van or dial-a-ride service), if costs of obtaining and maintaining the van and its service are included in the budget and the operating schedule is either on demand by tenants or a regular schedule is provided <b>(4 points)</b></p> <p>The project site is in proximity to essential services:</p> <ul style="list-style-type: none"> <li>i. Grocery store – within 1/2 mile of a full-scale grocery store/supermarket of at least 25,000 gross interior square feet where staples, fresh meat, and fresh produce are sold (1 mile for projects in rural areas); <b>(2 points)</b></li> <li>ii. Health facility – within 1/2 mile (1 mile for projects in rural areas) of a qualifying medical clinic with a physician, physician's assistant, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (not merely a private doctor's office).  A qualifying medical clinic must accept Medi-Cal payments, or Medicare payments, or Health Care for the Homeless, or have an equally comprehensive subsidy program for low-income patients; <b>(1 point)</b></li> <li>iii. Library – within 1/2 mile of a book-lending public library (1 mile for projects in rural areas); <b>(1 point)</b></li> <li>iv. Pharmacy: within 1/2 mile of a pharmacy (1 mile for projects in rural areas). <b>(2 points)</b></li> </ul>

In the event of program oversubscription, where Applicants have the same score and the same date stamp, the following tiebreaker system will be applied to determine the Project funding:

- i. The Department will take into consideration the highest score for each project received in the expenditure category (e.g. immediate ability to expend funds by December 30, 2020).
- ii. If a funding determination cannot be made from (i) above, the Department will provide the grant funding to the project with the highest 2019 Homeless Point-in-Time count.
- iii. If the funding determination cannot be made from (i) or (ii) above, the Department will provide funding to project that leverages the most non-Homekey funds (government, private, or philanthropic).
- iv. The Department may consider additional criteria, including but not limited to the cost-effectiveness; community impact; affirmative furtherance of fair housing; innovative housing type; tenant stability; and proximity to transit, services and amenities.

#### Section 205. Application Submission

The Department will be accepting over-the-counter applications beginning on or about **July 22, 2020**. Instructions for submittal of an application can be found on the website. The Department will set aside a priority application period to immediately begin reviewing and awarding qualified Projects from **July 16, 2020 to August 13, 2020**. All other applications received after the priority application period must be received by the Department no later than 5:00 p.m. PDT on **September 29, 2020**.

Applicants must submit the Homekey application and required attachments provided by the Department. The Department will not accept modified application forms. It is the Applicant's responsibility to ensure that the submitted application is accurate. Department staff may request additional clarifying information.

The application is a public record, which is available for public review pursuant to the California Public Records Act (CPRA) (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code). After final Homekey awards have been issued, the Department may disclose any materials provided by the Applicant to any person making a request under the CPRA. 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.

#### Section 206. Application Award Process

The Department will send both an award letter and a Standard Agreement to the successful Applicant. When the Standard Agreement is signed and returned by the Applicant, the Applicant will simultaneously submit a request for funds. Funds will be disbursed after the Department has received a request for funds and a fully executed Standard Agreement.

The Department is committed to disbursing Homekey funds in a timely manner. To avoid any expenditure delays, funds may be issued directly to the Applicant that is listed on the application, to the designated payee identified by successful co-Applicants, or to an escrow company that has been approved by the Department. For the latter option, the Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by the Department.

#### Section 207. Appeals

Federal CRF money is the primary source of funding for the Homekey program, and it is subject to a short expenditure deadline. Section 601(f)(2) of the Social Security Act, as added by section 5001(a) of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides that the U.S. Department of the Treasury will recoup CRF money that have not been used to cover expenses incurred by December 30, 2020. In view of this abbreviated timeframe for award and expenditure, as well as the specific needs and objectives of the Homekey program, the Department, in accordance with its authority under Health and Safety Code section 50675.7, subdivision (d), will not accept appeals of its award determinations. The Department encourages aggrieved Applicants to resubmit their applications within the specified timeframe.

### **Article III Program Requirements**

#### Section 300. Eligible Applicants

- i. Cities, counties, or any other Local Public Entity as that term is defined by Health and Safety Code section 50079; or
- ii. Cities, counties, or any other Local Public Entity as that term is defined by Health and Safety Code section 50079, in partnership with nonprofit or for-profit corporations.

Cities, counties, or other Local Public Entities, including housing authorities or federally recognized tribal governments within California, may apply independently as a Development Sponsor. Alternatively, a Local Public Entity may apply jointly with a for-profit or nonprofit corporation.

#### Section 301. Eligible Uses

Awarded funds must be used to provide housing for individuals and families experiencing homelessness or at risk of experiencing homelessness and who are impacted by the COVID-19 pandemic. With respect to the list of eligible uses below, an Eligible Applicant may choose to target Project Roomkey properties, or other, non-Project Roomkey properties. The list of eligible uses for the CRF \$550 million allocation and the \$50 million state General Fund allocation is as follows:

- i. Acquisition or rehabilitation of motels, hotels, or hostels.
- ii. Master leasing of properties.



- iii. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- iv. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- v. The purchase of affordability covenants and restrictions for units.
- vi. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- vii. Capitalized operating subsidies for units purchased, converted, or altered with funds provided pursuant to Health and Safety Code section 50675.1.1.\*

*\*Projects seeking capitalized operating subsidies for units purchased, converted, or altered will be awarded with funds from the \$50 million state General Fund allocation. The \$550 million in Homekey derived from the CRF is not permitted to be used for this purpose.*

#### Section 302. Eligible Projects

- i. Nonresidential structures with a certificate of occupancy as a motel, hotel, or hostel.
- ii. Adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses.
- iii. Multifamily rental housing projects with five or more housing units.
- iv. Shared housing or scattered site housing is permitted as long as the housing has common ownership, financing, and property management, and each household signs a lease. For example, A single-family home is one unit, a duplex is two units, a triplex is three units, et cetera.

The above list of eligible projects is not exhaustive. The Department welcomes and will consider a variety of other forms of housing as eligible projects. Interested Applicants should discuss other projects types with the Department during the pre-application consultation.

#### Section 303. Match

Eligible Applicants are required to demonstrate a five-year commitment to provide operating funds for the proposed project. The first two years of operating funds may include an award from the \$50 million in state General Fund. Matching contributions may be obtained from any source, including any federal source as well as state, local, and private sources. Eligible Applicants will have an opportunity to discuss the match requirements and potential match sources during the pre-application consultation described in Section 201.

Additionally, the following requirements apply to match contributions:

- i. The Eligible Applicant must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match Homekey funds; and
- ii. If the state General Funds are used to satisfy the matching requirements of another program, then funding from that program may not be used to fulfill the matching requirements of the Homekey program.

#### Section 304. General Program Requirements

To be eligible to receive funding, projects must meet the following requirements as they relate to the Eligible Applicant and the project types:

- i. Applications must be submitted independently by a single County, City, Public Housing Authority, or federally recognized tribal government as the Development Sponsor. Alternatively, applications must be submitted by a single County, City, Public Housing Authority, federally recognized tribal government and jointly with another entity as the Development Sponsor.
- ii. Projects must serve persons qualifying as members of the Target Population.
- iii. Developer experience
  - a. If the Eligible Applicant is acquiring, rehabilitating, and operating an eligible project type as outlined in Section 305 below, the Eligible Applicant shall demonstrate the following minimum experience requirements:
    - 1) Development, ownership, or operation of a project similar in scope and size to the proposed Project, or at least two affordable rental housing projects in the last ten years, with at least one of those projects containing at least one unit housing a tenant who qualifies as a member of the Target Population.
    - 2) The property manager shall have three or more years of experience serving persons of the Target Population. If a property manager is not yet selected for the proposed Project, the selected property manager shall have three or more years of experience serving persons of the Target Population, **OR** the Grantee shall certify that this requirement will be reflected in any future solicitation or Memorandum of Understanding.
  - b. If the Eligible Applicant is acquiring, rehabilitating, and operating an Interim Housing project, the Eligible Applicant shall demonstrate the following minimum experience requirements:
    - 1) Development or ownership of an Interim Housing project in the last ten years for members who qualify as the Target Population.
    - 2) The Eligible Applicant has successfully operated an emergency shelter or Transitional Housing or other Interim Housing for at least three years or more for members of the Target Population.



- 3) Demonstrated experience in linking Interim Housing program participants to permanent housing to ensure long-term housing stability.
  - 4) Experience administering a Housing First program including principles of harm reduction and low barriers to entry.
- c. The Eligible Applicant applying for the Homekey funding is the entity that the Department relies upon for experience and capacity, and will control the Project during acquisition, development, and occupancy. In a project with multiple layers of ownership, the Development Sponsor cannot have more than two corporate entities between itself and the borrowing entity.
- iv. Evidence of strong organizational and financial capacity to develop the project, including but not limited to:
  - a. The urgency to acquire a site to provide affordable housing to the Target Population;
  - b. A development plan to meet the expenditure period;
  - c. If the project will leverage other funding sources.
- v. Assisted units and other units of the Project must meet all applicable state and local requirements pertaining to rental housing, manufactured housing, including but not limited to requirements for minimum square footage, and requirements related to maintaining the project in a safe and sanitary condition.
- vi. The Department encourages Eligible Applicants to consider the CEQA exemption set forth at Health and Safety Code section 50675.1.2, the provision for land use consistency and conformity at Health and Safety Code section 50675.1.1, subdivision (g), as well as the additional streamlining pathways described in the appended CEQA guidance.
- vii. The Department will require Eligible Applicants to submit the following documents:
  - a. Overview of project vision;
  - b. Description of project team, including partnerships with any other entities;
  - c. Demonstration of the development's team experience to acquire and/or rehabilitate and operate the project;
  - d. Identification of the site suitable for development and evidence of site control or a plan and timeline for obtaining site control along with other supporting evidence (e.g., letter of intent, exclusive negotiating agreement, ground lease, etc.);
  - e. A proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the ongoing affordability of the project;

- f. A summary of the committed and intended sources, and uses, of the project awarded with Homekey funds;
- g. A proposed timeline for the entire project, including major milestones, any required entitlements, permits, environmental clearances, board or governing body approvals, etc., and completion of the project;
- h. A proposed financing plan for any eventual development of the project;
- i. Preliminary commitment for title insurance. If no title report is available, the Applicant shall identify any known encumbrances on the property;
- j. Environmental site assessment (i.e., Phase 1 Environmental Assessment), or evidence that the assessment is in process and timeline to complete;
- k. Appraisal or evidence that the appraisal is in process and timeline to complete;
- l. Physical Needs Assessment or evidence that the physical needs assessment is in process and timeline to complete. This assessment must include consideration of accessibility requirements (Section 311);
- m. Non-Discrimination Statement and descriptions of tenant selection and/or coordinated entry system practices that meet non-discrimination requirements (Section 311);
- n. Documented ability to obtain the insurance coverages outlined in Article VI of this NOFA; and
- o. Authorizing Resolution (AR) approved by the Applicant's governing body.

The Department reserves the right to request clarification of unclear or ambiguous statements made in an application and other supporting documents.

#### Section 305. Permanent Housing Requirements

Permanent housing projects will be evaluated on the following requirements:

- i. The Sponsor shall have control of the property, and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property shall be subject to the Department's approval. Site control may be evidenced by one of the following:
  - a. Fee title;
  - b. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all program requirements;
  - c. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;

- d. A sales contract, or other enforceable agreement for the acquisition of the property;
  - e. A letter of intent, executed by a sufficiently authorized signatory of the Eligible Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Eligible Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Eligible Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow; or
  - f. Other forms of site control that give the Department assurance (equivalent to items a. through e. above) that the Applicant will be able to complete the project in a timely manner and in accordance with all the program's objectives and requirements.
- ii. The Eligible Applicant's plan to extend a local covenant restricting the use and Target Population for 55 years.
  - iii. A plan to cover operations and service costs with specific funding sources (government/philanthropic/private) for the proposed Project for five years and must demonstrate a path to ultimate use of the site for ten years.
  - iv. To the extent possible, the project shall provide a description of the services that will be available at the housing site including but not limited to case management, behavioral health services, physical health services, assistance obtaining benefits and essential documentation, and education and employment services. Please describe the on-site staffing plan proposed to deliver these services. Also describe the approach to securing off-site services including primary care and other needed physical health and behavioral health services as well as other tenancy supports.
  - v. One-for-one replacement of assisted housing
    - a. If the acquired housing or site is to be redeveloped/repositioned as part of the locality's overall goal to address the needs of the Target Population and the community, the Applicant shall provide as part of the application a commitment to ensure one-for-one replacement of units.
    - b. If the target site is going to be demolished before it is occupied as part of the Project being proposed by the Applicant, no one-for-one replacement commitment needs to be provided. The unit mix will be evaluated based on the project proposal.
    - c. The application shall include a site map indicating the original target housing location and all proposed housing location(s). If all proposed housing will be located within the neighborhood, no additional documentation is necessary. If replacement housing is proposed outside the target neighborhood, the application must also include a justification explaining why it is necessary to locate this

replacement housing outside the target neighborhood (i.e., offsite) and how doing so supports and enables the Target Population to maintain housing.

- vi. If the development of any Project results in the displacement of tenants, regardless of whether the tenant meets the definition of the Target Population, the Applicant must describe the assistance and benefits to be provided in compliance with local, state, and federal law.

#### Section 306. Interim Housing Requirements

Interim Housing projects with no plan for conversion to permanent housing will be evaluated on the following requirements:

- i. The Sponsor shall have control of the property, and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property shall be subject to the Department's approval. Site control may be evidenced by one of the following:
  - a. Fee title;
  - b. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all program requirements;
  - c. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;
  - d. A sales contract, or other enforceable agreement for the acquisition of the property;
  - e. A letter of intent, executed by a sufficiently authorized signatory of the Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow; or
  - f. Other forms of site control that give the Department assurance (equivalent to a-e above) that the Applicant will be able to complete the project in a timely manner and in accordance with all the program's objectives and requirements.
- ii. A plan to cover operations and service costs with specific funding sources (government/philanthropic/private) for the proposed Project for five years and must demonstrate a path to the ultimate use of the site for ten years.
- iii. To the extent possible, the project shall provide a description of the services that will be available at the housing site including but not limited to case management, behavioral health services, physical health services, assistance obtaining benefits

and essential documentation, and education and employment services. Please describe the on-site staffing plan proposed to deliver these services. Also describe the approach to securing off-site services including primary care and other needed physical health and behavioral health services as well as other tenancy supports.

#### Section 307. Other Requirements

- i. The purchase of existing residential units, or affordability covenants and restrictions require the units to be restricted to individuals and families who are experiencing homelessness or who are at risk of homelessness defined in Section 578.3 of Title 24 of the Code of Federal Regulation, for no fewer than 20 years. Additionally, the Sponsor shall provide a plan to cover operations and service costs with specific funding sources (government/philanthropic) for the proposed Project for five years and must demonstrate a path to the ultimate use of the site for ten years.
- ii. Master leasing projects will be evaluated on the following requirements:
  - a. The Sponsor shall have adequate site control of the property, and such control shall not be contingent on the approval of any other party. Site control may be evidenced by one of the following:
    - 1) Fee title;
    - 2) A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all program requirements;
    - 3) An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;
    - 4) A sales contract, or other enforceable agreement for the acquisition of the property;
    - 5) A letter of intent, executed by a sufficiently authorized signatory of the Eligible Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Eligible Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Eligible Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow.
    - 6) Other forms of site control that give the Department assurance (equivalent to 1-5 above) that the Applicant will be able to complete the project in a timely manner and in accordance with all the program's objectives and requirements.
  - b. The Sponsor shall provide a plan to cover operations and service costs with specific funding sources (government/philanthropic) for the proposed Project for five years.

- c. To the extent possible, the Eligible Applicant shall demonstrate the range of on-site and off-site supportive services to participants, e.g., mental health services; substance use disorder services; and primary health, employment, and other tenancy support services.

#### Section 308. 24-Month Operating Subsidy

- i. The total amount for each project requesting the 24-month operating subsidy shall not exceed \$1,000 per month per unit to address project operating deficits attributable to the Assisted Units.
- ii. The 24-month operating subsidy must be expended by June 30, 2022.

#### Section 309. Article XXXIV

Per Health and Safety Code section 37001, subdivision (h), Article XXXIV, section 1 of the California Constitution ("Article XXXIV") is not applicable to development involving the acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, of lodging facilities or dwelling units using moneys received from the CRF established by the federal CARES Act (Public Law 116-136).

#### Section 310. Housing First

Upon occupancy, the Eligible Applicant shall certify to employ the core components of Housing First (set forth in the Welfare and Institutions Code Section 8255) in the property management and tenant selection practices.

#### Section 311. Accessibility and Non-Discrimination

All developments shall adhere to the accessibility requirements set forth in California Building Code Chapter 11A and 11B and the Americans with Disabilities Act, Title II. In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS) standards, 24 C.F.R. Part 8, or HUD's modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 F.R. 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Section 8.26.

All Sponsors shall adopt a written non-discrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this NOFA.

All recipients shall comply with the requirements contained in the Americans with Disabilities Act, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Act, Government Code Section 11135, Section 504 of the Rehabilitation Act, and regulations promulgated pursuant to those statutes, including 24 C.F.R. Part 100, 24 C.F.R. Part 8, and 28 C.F.R. Part 35, in all of the Sponsor's activities.

#### Section 312 State Prevailing Wage

Applicant's contemplated use of Homekey funds may be subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Applicants are urged to seek professional legal advice about the law's requirements. Prior to disbursing the Homekey funds, the Department will require a certification of compliance with California's prevailing wage law. The certification must verify that prevailing wages have been or will be paid (if such payment is required by law), and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by the general contractor(s) and the Sponsor.

### **Article IV Program Operations**

#### Section 401. Program Oversight

As requested by the Department, Grantees will be required to provide progress reports of the development plan and any updates to the timeline of the completion of the project. The development plan should include the project's completion milestones and any updates or substantial changes.

#### Section 402. Reporting

Grantees shall submit the following data:

- i. The amount of funds expended for the project.
- ii. The location of any properties for which the funds are used.
- iii. The number of useable housing units produced, or planned to be produced, using the funds.
- iv. The number of individuals housed, or likely to be housed, using the funds.
- v. The number of units, and the location of those units, for which operating subsidies have been, or are planned to be, capitalized using the funds.
- vi. Any lessons learned from the use of the funds.
- vii. The proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the long-term affordability of the project.
- viii. The progress and status in securing any required entitlements, permits, environmental clearances.
- ix. The proposed timeline for the completion of the project.

If a project received an award for a 24-month operating subsidy, Grantees shall submit the use of the expenditures bi-annually 30 days after the reporting periods of January 1 to June 30 and July 1 to December 31. The first report will be due to the Department on January 31, 2021, and the final bi-annual report is due on July 31, 2022.

The Grantee that receives funds under the Homekey Program is responsible for ensuring that the expenditure of those funds is consistent with the requirements of the Program and for eligible activities described in Section 302. The Department shall monitor the expenditures to ensure that those expenditures comply with this NOFA.

The Department may request the repayment of funds or pursue any other remedies available to it by law for failure to comply with program requirements. After the contract has expired, any funds not expended for eligible uses shall revert and must be remitted to the Department. The deadline for expenditures under the contract is June 31, 2022.

The requested data shall be submitted in electronic format on a form provided by the Department.

#### Section 403. Disbursement of Grant Funds

The Department will disburse funds to cover Homekey-critical expenditures that were incurred during the period of March 1, 2020 through December 30, 2020. Homekey program funds shall be disbursed to the Sponsor after the Department has received a request for funds from the Sponsor and a Standard Agreement between the Sponsor and the Department is fully executed. The Standard Agreement will set forth the general conditions of disbursement, any conditions precedent to disbursements (e.g., documentation requirements for pre-Standard Agreement expenditures), and the Department's remedies upon an event of default. The Standard Agreement will also identify the payee. Where Co-Sponsors wish to receive the grant award outside of escrow, they must identify, and memorialize in the Standard Agreement, which Sponsor will serve as the designated payee for all award amounts.

#### Section 404. Legal documents

Upon the award of Homekey funds to a Project, the Department shall enter into one or more agreements with the Sponsor(s), including a Standard Agreement, which shall commit funds from the Homekey program, subject to specified conditions. The agreement or agreements shall include, but not be limited to, the following provisions:

- i. A description of the approved project and the permitted uses of funds;
- ii. The amount and terms of the program grant;
- iii. The use, occupancy, and rent restrictions, if any, to be imposed on the project through a use restriction (e.g., covenant, regulatory agreement) recorded against the property of the project;
- iv. Performance milestones, and other progress metrics, governing the completion of the project, along with the remedies available to the Department in the event of a failure to meet such milestones or metrics;



- v. Provisions governing the manner, timing, and conditions of the disbursement of the program grant;
- vi. Special conditions imposed as part of the Department's approval of the project;
- vii. Terms and conditions required by federal and state law;
- viii. Requirements for reporting to the Department;
- ix. Remedies available to the Department in the event of a violation, breach, or default of the agreement; and
- x. Provisions regarding Sponsor liability. Specifically, the Sponsor will remain liable to the Department for the performance of all program requirements regardless of any Department-approved transfer or assignment of interest. Likewise, each co-Sponsor will remain jointly and severally liable to the Department for the performance of all program requirements regardless of any Department-approved transfer or assignment of interest, and notwithstanding the co-Sponsors' identification of a designated payee.

The agreement will also include such other provisions as are necessary to ensure adherence to the objectives and requirements of the program.

#### Section 405. Sales, Transfers, and Encumbrances

An Applicant(s) shall not sell, assign, transfer, or convey the awarded project, or any interest therein or portion thereof, without the express prior written approval of the Department.

#### Section 406. Defaults and Grant Cancellations

Funding commitments may be canceled by the Department under any of the following conditions:

- i. The objectives and requirements of the Homekey program cannot be met and the implementation of the project cannot proceed in a timely fashion in accordance with the timeframes established in the regulatory agreement/contract.
- ii. In the event of a breach or violation by the Grantee, the Department may give written notice to the Development Sponsor to cure the breach or violation. If the breach or violation is not cured to the satisfaction of the Department within a reasonable time period, the Department, at its option, may declare a default under

the relevant document and may seek legal remedies for the default including the following:

- a. 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 complete the project in accordance with Homekey program requirements; and
- b. The Department may seek such other remedies as may be available under the relevant agreement or any law.

## **Article V. Definitions**

Below are the definitions for purposes of the Homekey program:

- i. "Applicant" or "Eligible Applicant" means a city, county, or other "local public entity," as that term is defined at the Health and Safety Code section 50079, applying to be a Development Sponsor either on its own or with another entity (such as a for-profit or nonprofit corporation, or another local public entity).
- ii. "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or the Department.
- iii. "Assisted Unit" means a residential housing unit that is subject to rent, occupancy or other restrictions associated with a Homekey site.
- iv. "At Risk of Homelessness" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.
- v. "City" means a city or city and county that is legally incorporated to provide local government services to its population. A city can be organized either under the general laws of this state or under a charter adopted by the local voters.
- vi. "Chronic Homelessness" means a person who is chronically homeless, as defined in 578.3 of Title 24 of the Code of Federal Regulations.
- vii. "Continuum of Care" means the same as defined by the United States Department of Housing and Urban Development at Section 578.3 of Title 24 of the Code of Federal Regulations.
- viii. "Department" means the Department of Housing and Community Development.
- ix. "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.
- x. "Environment Assessment – Phase 1" is a report that demonstrates whether the property is free from severe adverse environmental conditions.
- xi. "Grantee" means an Eligible Applicant that has been awarded funds under the program.
- xii. "Homeless" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

- xiii. "Housing First" has the same meaning as in Welfare and Institutions Code Section 8255, including all of the core components listed therein.
- xiv. "HUD" means the U.S. Department of Housing and Urban Development.
- xv. "Interim Housing" Transitional Housing" or "Congregate Shelter" means any facility whose primary purpose is to provide a temporary shelter for the Homeless in general or for specific populations of the Homeless, and which does not require occupants to sign leases or occupancy agreements.
- xvi. "Local Public Entity" means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. "Local public entity" also includes two or more local public entities acting jointly.
- xvii. "NOFA" means a Notice of Funding Availability.
- xviii. "Permanent Supportive Housing" has the same meaning as "supportive housing," as defined in Section 50675.14 of the Health and Safety Code, except that "Permanent Supportive Housing" shall include associated facilities if used to provide services to housing residents.
- xix. "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.
- xx. "Project" means a multifamily structure or set of structures providing housing with common financing, ownership, and management.
- xxi. "Program Award" means the portion of program funds available for a Grantee to expend toward eligible program uses.
- xxii. "Point-in-Time Count" means a count of sheltered and unsheltered Homeless persons on a single night conducted by Continuums of Care as prescribed by HUD.
- xxiii. "Rural Area" means an area defined in Health and Safety Code section 50199.21.
- xxiv. "Target Population" means members of the target population identified in Health and Safety Code section 50675.1.1(a) are individuals and families who are experiencing homelessness or who are at risk of homelessness defined in Section 578.3 of Title 24 of the Code of Federal Regulation and who are impacted by the COVID-19 pandemic.
- xxv. "Unit" means a residential unit that is used as a primary residence by its occupants, including individual units within the Project.

**Article VI Insurance Requirements**  
**Section 600. Insurance Requirements**

i. Commercial general liability

Local public entities shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the local public entity's limit of liability.

**The policy must name the State of California and the Department of Housing and Community Development, as well as the respective appointees, officers, agents, and employees of each, as additional insureds, but only with respect to work performed under the contract.**

**If available in the open market at a reasonable cost, the policy shall also include an endorsement for physical abuse and child/sexual molestation coverage.** Coverage shall include actual or threatened physical abuse, mental injury, sexual molestation, negligent hiring, employment, supervision, investigation, reporting to proper authorities, and retention of any person for whom the local public entity is responsible. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the local public entity's limit of liability. Coverage shall include the cost of defense and the cost of defense shall be provided outside the coverage limit.

**If available in the open market at a reasonable cost, the policy shall also include an endorsement for assault and battery.**

ii. Automobile liability

Local public entity shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired, and non-owned motor vehicles. **The policy must name the State of California and the Department of Housing and Community Development, as well as the respective appointees, officers, agents, and employees of each, as additional insureds, but only with respect to work performed under the contract.**

If local public entity will not have any commercially owned vehicles used during the life of the Standard Agreement, by signing the Standard Agreement, the local public entity certifies that the local public entity and any employees, subcontractors or servants possess valid automobile coverage in accordance with California Vehicle Code sections 16450 to 16457, inclusive. The Department reserves the right to request proof at any time.

iii. Workers' Compensation and Employer's Liability

Local public entity shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of the contract. In addition, employer's liability limits of \$1,000,000 are required. By signing the Standard Agreement, local public entity acknowledges compliance with these regulations. **A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California and the Department of Housing and Community Development must be attached to the certificate.**

iv. Builder's risk/installation floater

If there is installation or construction of property/materials on or within the facility at any time during the life of the Standard Agreement, the local public entity shall maintain in force, at its own expense, Builders Risk/Installation Floater covering the local government entity's labor, materials, and equipment to be used for completion of the Work performed under this contract against all risks of direct physical loss, excluding earthquake and flood, for an amount not less than the full amount of the property and/or materials being installed and/or constructed on or within the facility. The Eligible Applicant agrees as a provision of the contract to waive all rights of recovery against the state.

v. Property insurance

The local public entity shall maintain fire, lightning and extended coverage insurance on the facility which shall be in a form of a commercial property policy, in an amount equal to one hundred percent (100%) of the then current replacement cost of the facility, excluding the replacement cost of the unimproved real property constituting the site. The extended coverage endorsement shall, as nearly as practicable, include but not be limited to loss or damage by an explosion, windstorm, riot, aircraft, vehicle damage, smoke, vandalism, and malicious mischief and such other hazards as are normally covered by such endorsement.

vi. Self-insured

If the local public entity is self-insured in whole or in part as to any of the above-described types and levels of coverage, the local government entity shall provide the Department with a written acknowledgment of this fact at the time of the execution of this Permit. If, at any time after the execution of the Standard Agreement, local public entity abandons its self-insured status, the local public entity shall immediately notify the Department of this fact and shall comply with all of the terms and conditions of this Section pertaining to insurance requirements.



# HomeKey Program

Converting motels to shelters to permanent affordable housing, as part of transforming a neighborhood.

*October 29, 2020*

**FRESNO** VIBRANT  
COMMUNITIES  
**QUALITY HOUSING**  
HOUSING  
**AUTHORITY** ENGAGED  
RESIDENTS







# Presentation Overview

- The Addams/Parkway Neighborhood
- California's HomeKey Program
- Fresno Housing's Application
- City of Fresno's Partnership
- The Properties
  - Parkside Inn
  - Days Inn
  - Welcome Inn
  - Motel 99





# The Addams/Parkway Neighborhood





# State of California's HomeKey Program

- California Dept. of Housing and Community Development made available \$800 million for homeless COVID-19 response
- HomeKey Program allows municipalities to acquire motels, use them as shelter, then renovate them into permanent affordable housing.





# Fresno Housing's Application

- Fresno Housing Authority applied for close to \$24mm for 4 motels
- These funds will cover acquisition, repair and some shelter operations costs
- Total of 321 doors.



## City of Fresno's Partnership with FHA

- State requires FHA to partner with the City of Fresno to cover operations/support services for the 4 properties for up to 5 years.
- MOU: City of Fresno commits up to \$6,842,138 for up to 5 years, with annual Council approval.
- No general fund dollars or regular ESG or CDBG dollars committed.



# The Properties

- Parkside Inn
- Days Inn
- Welcome Inn
- Motel 99



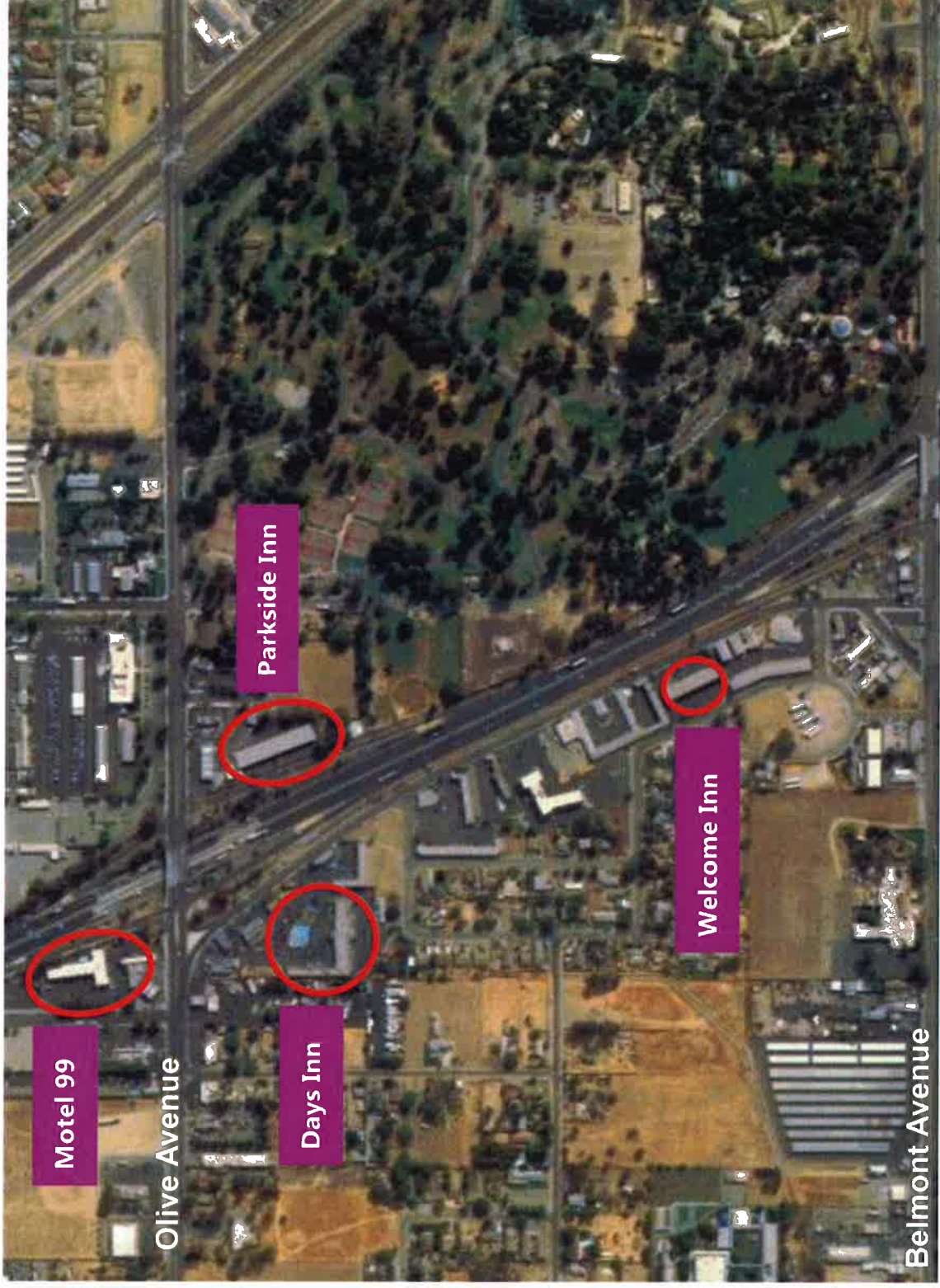
# Parkway Drive Aerial



FRESNO HOUSING



# Parkway Drive Motels Map





## Parkside Inn

- Located at 1415 W. Olive Avenue, Fresno
- APNs: 449-270-56
- Motel currently has 48 Rooms
- Owner: Akshar, Inc.
- Purchase Price is \$3 million
- FHA has an effective Purchase and Sale Agreement
- Pending award of State of CA Homekey Program





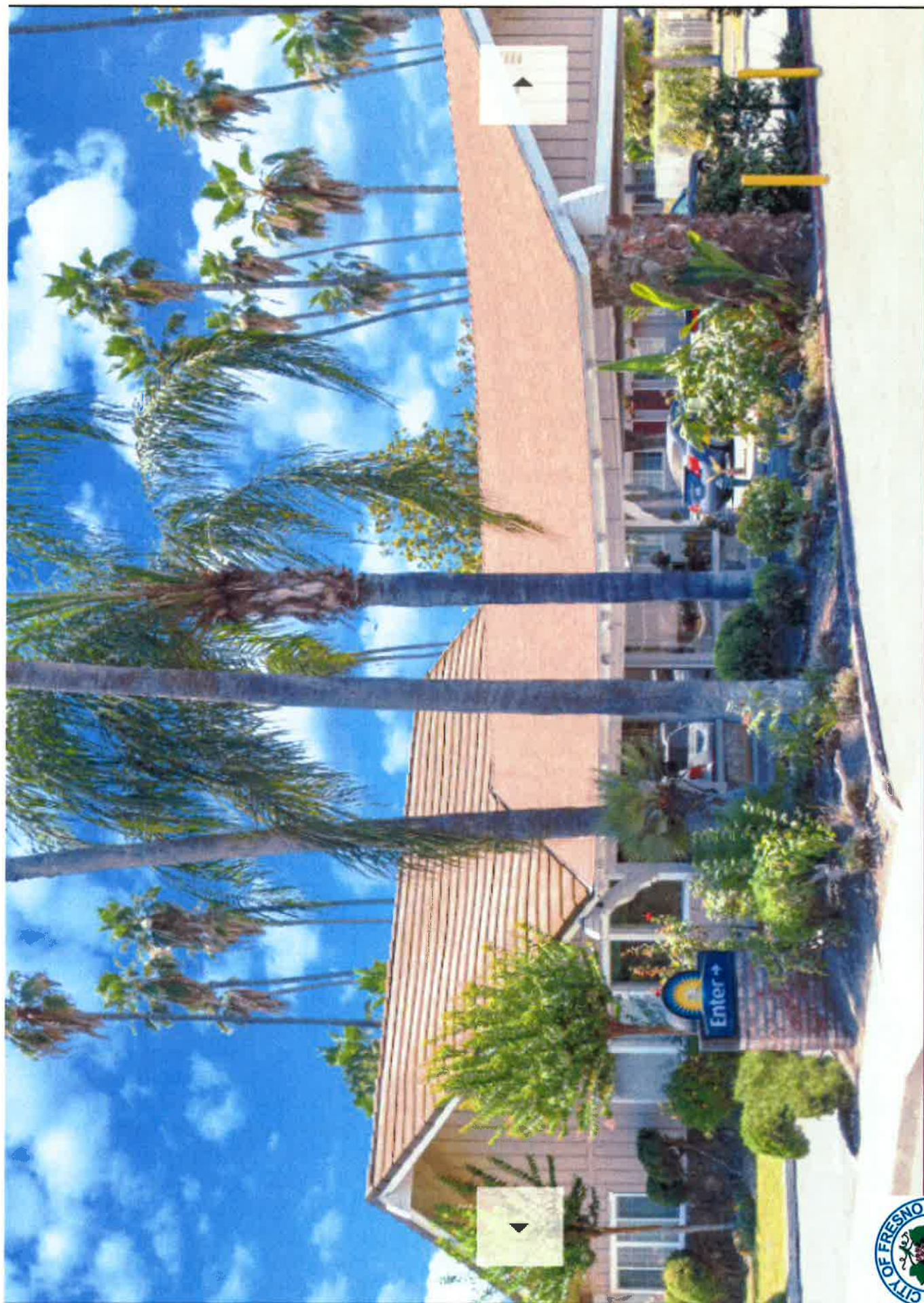
## FRESNO HOUSING

## Day's Inn

- Located at 1101 N Parkway Drive, Fresno
- APNs: 449-270-41
- Motel currently has 98 Rooms
- Owner: Day's Inn of Fresno Partnership
- Purchase Price is \$4.79 million
- FHA has an effective Purchase and Sale Agreement
- Pending award of State of CA Homekey Program







# FRESNO HOUSING



## Welcome Inn

- Located at 777 N Parkway Drive, Fresno
- APNs: 449-335-19, 449-342-01
- Motel currently has 80 Rooms
- Owner: Shrigi, Inc.
- Purchase Price is \$4.4 million
- FHA has an effective Purchase and Sale Agreement
- Pending award of State of CA Homekey Program





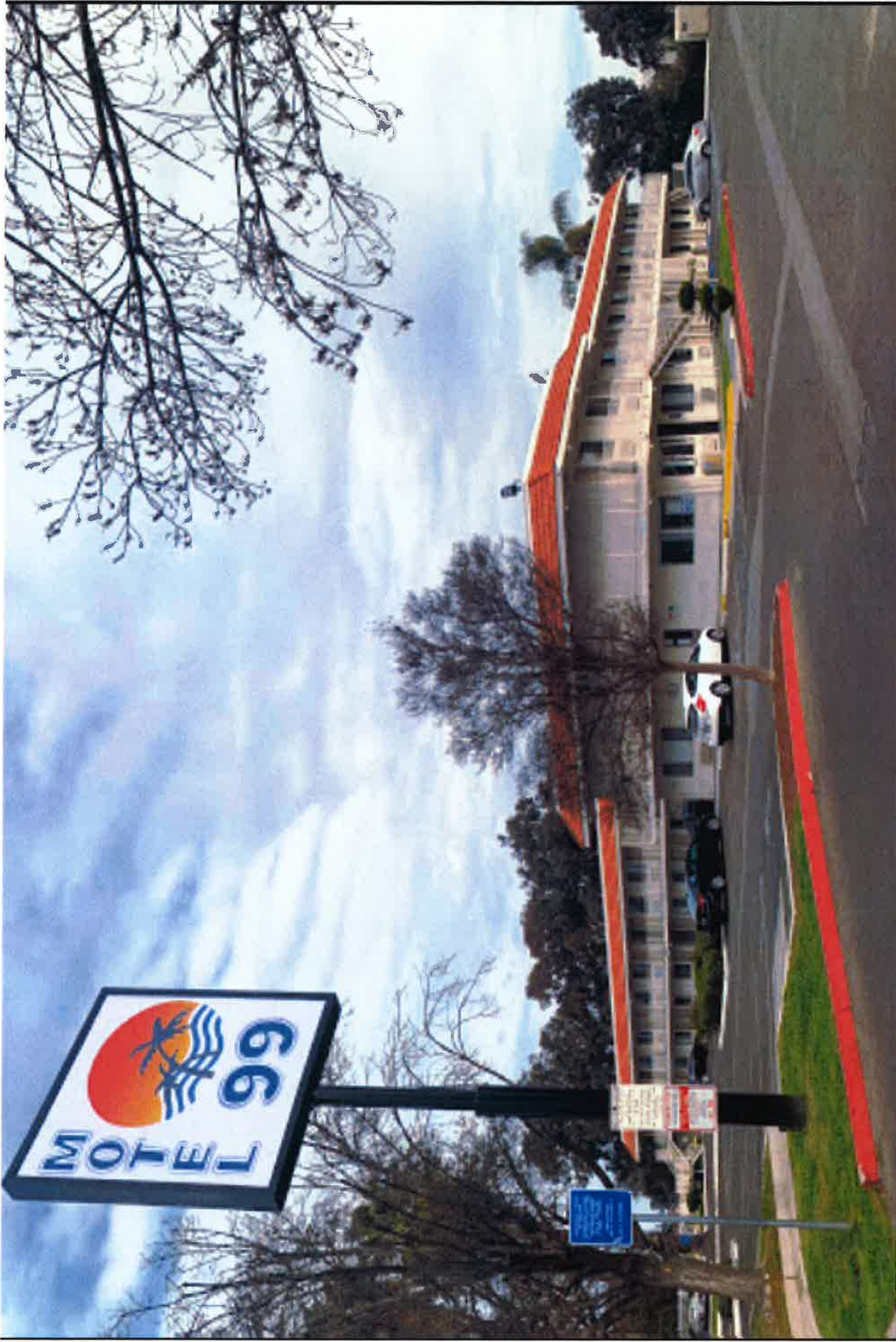
## FRESNO HOUSING

## Motel 99

- Located at 1240 & 1280 N. Crystal Ave, Fresno
- APNs: 449-232-02 & 449-232-01
- Motel currently has 99 Rooms
- Owner: Adinath Hospitality
- Purchase Price is \$4.425 million
- FHA has an effective Purchase and Sale Agreement
- On September 21, 2020 the governor's office released award notifications for the first round of Homekey applications, including Motel 99







# FRESNO HOUSING



# *Next Steps*

*Close Escrow by November*  
*Occupancy by City of Fresno*  
*Homeless - 90 days*  
*Ongoing City/FHA Planning and*  
*Coordination*