

County of Santa Clara
Office of the County Executive
Office of Supportive Housing



87725

DATE: August 15, 2017
TO: Board of Supervisors
FROM: Ky Le, Director, Office of Supportive Housing
SUBJECT: Measure A Affordable Housing Bond Implementation Report #3

RECOMMENDED ACTION

Approve Guidelines (Version 3) for the County's Supportive Housing Development Program enabling the Administration to issue a Notice of Funding Availability for the development of multi-family rental affordable and supportive housing. (Office of Supportive Housing)

FISCAL IMPLICATIONS

There are no fiscal implications associated with the recommended action. However, the attached Supportive Housing Development Program guidelines (Guidelines) establish priorities for the County's housing development resources.¹ Most significant among those resources is the 2016 Measure A Affordable Housing Bond (Housing Bond). As part of the Board's agenda for August 15, 2017, the Finance Agency has prepared a resolution that would enable the County to issue up to \$250,000,000 in General Obligation Bonds in late October 2017.

Of the approximately \$250,000,000 from the first bond issuance the Administration proposes using \$25,000,000 for a First-Time Homebuyer Down Payment Assistance Loan Program. While all of the loans would originate from the County, the Office of Supportive Housing (OSH) plans to select an organization to assist County staff administer the program. The OSH will start the formal competitive process in early October 2017. The balance from the first issuance would be used to develop multi-family rental affordable and supportive housing. This includes using Housing Bond funds to repay the \$11,900,000 in County General Funds that were advanced to assist affordable housing developers acquire land.

¹ Supportive Housing Development Program is the current term for County activities to develop multi-family rental affordable and supportive housing. In previous reports and documents, the Administration used other terms, and the current term may eventually be replaced by another.

REASONS FOR RECOMMENDATION

Purpose & Applicability

This is the Administration's third Housing Bond implementation report and is focused on finalizing the Supportive Housing Development Program's Guidelines, which establishes priorities and criteria for the development of multi-family rental affordable and supportive housing using County funds. Finalizing the Guidelines enables the Administration to issue a Notice of Funding Availability (NOFA) and establish a formal yet flexible process for accepting and assessing proposals from housing developers. The Guidelines support the County's housing priorities (December 16, 2014, Item #18) and enable the County and the cities to meet significant portions of our Regional Housing Needs Allocation (RHNA) goals as they relate to extremely low income (ELI) and very low income (VLI) households.

The Guidelines and the subsequent NOFA enable the County to begin using a significant portion of the Housing Bond. Through the Housing Bond, the County will issue a total of \$950,000,000 in general obligation bonds, of which at least \$700,000,000 will assist households ELI and \$100,000,000 will assist VLI households. The Guidelines and NOFA will also guide the use of the County's other housing development funds, including, but not limited to the County's allocation of No Place Like Home Program funds, the Community Development Block Grant (CDBG), and the Home Investment Partnerships Program (HOME).

The Guidelines advance most, but not all, of the goals associated with the Housing Bond. Based on the availability of and restrictions associated with other funding sources for housing development, it is unlikely that proposals in response to the NOFA will include rental units for households who are earning more than 60% of area median income (AMI). The Guidelines do not preclude the County from considering developments that also include these types of units; however, directly financing these units may not be feasible until the end of calendar year 2017. The OSH needs more time to consider the programmatic, underwriting, and compliance standards for financially supporting such units, especially those serving households earning between 81% and 120% of AMI.

Similarly, while the Guidelines do not preclude the County from considering developments that include for-sale below market rate (BMR) housing units, the Supportive Housing Development Program is not designed to finance the construction of BMR units. As indicated in previous reports, the OSH will be working to revise the Guidelines or develop separate program guidelines to support the production of BMR units.

Notice of Funding Availability and Process

If there are no significant changes to the Guidelines, the Administration will issue the NOFA in early September 2017. The NOFA should be considered a part of the County's ongoing process to identify and support affordable housing developments. Unlike procurement

processes that have narrow windows for submission, review, and selection, the NOFA will be a call for projects with rolling submission deadlines.

Two aspects of the NOFA will allow the County to strategically coordinate the affordable housing development pipeline with the cities, the Santa Clara County Housing Authority (Housing Authority), and other government agencies. First, unlike a Request for Proposals, the NOFA will allow affordable housing developers to submit proposals “over the counter” on a rolling basis. By not having a funding cycle with hard submission deadlines, County and its development partners will have the flexibility to respond to development opportunities as they arise or are created. While the NOFA will not have hard submission deadlines, the OSH will periodically notify potential developers of “preferred submission dates.” The intent is to gather, consider, and negotiate cohorts of development proposals so that the County and the cities can establish a pipeline of 120 – 140 developments over the next ten years.

Second, the Administration will not be required to accept or reject proposals on a first come, first served basis. In the same vein, proposals that meet the Guidelines’ and NOFA’s minimum requirements may not be immediately funded. The Administration would have the ability to negotiate modifications to proposals in order to maximize benefits to Santa Clara County residents. In doing so, the Administration would consider various factors, including other development opportunities and the availability and types of funding sources for development, operations, and services.

Concurrently, the OSH would work to establish an acquisition and predevelopment fund that is structured similar to the State of California’s Housing and Community Development Golden State Acquisition Fund. One impediment to the development of affordable housing is the lack of access to capital by affordable housing developers for the acquisition of property. The County is not in the best position to approve acquisition and predevelopment proposals that have not gone through a formal public process. The Administration believes that presenting acquisition related proposals prematurely bifurcates the public process and would ultimately be detrimental to the project later. The fund will afford developers with a speedy process to acquire sites that are contemplated to align with the County’s NOFA and sets penalties for projects that do not ultimately meet the requirements under the NOFA.

The Board of Supervisors would approve all funding commitments for the construction and permanent loans. The OSH has primary responsibility for reviewing, negotiating and underwriting development proposals. Prior to the Board’s consideration, a committee of executives from various departments would review the developments that the OSH intends to recommend for funding. In previous reports, the OSH described this committee as a “loan committee.” That term mischaracterizes the committee’s role. While loan committees are typically a part of the underwriting process, the Supportive Housing Development Program’s review committee is tasked with:

- Ensuring that the rationale for the proposed funding commitments and the development pipeline are strategically sound and maximize opportunities to leverage other funding sources including County facilities and services;
- Helping the OSH plan, organize, and deliver effective and efficient supportive services that are appropriate for the residents of the proposed developments; and,
- Identifying and marshalling other County services or initiatives that could support or expedite the proposed developments.

In addition, on an ongoing basis, the OSH will meet with cities, the Housing Authority, and VTA, to identify, share, create and coordinate development opportunities.

Project Types

The Guidelines would direct the Administration to fund two types of developments.

Type 1: Projects that commit at least 50% of the units within the project as a combination of Permanent Supportive Housing (PSH) and/or Rapid Rehousing (RRH) units. The RRH units are sometimes referred to as Transition in Place units.

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

The Guidelines are intended to address the severe shortage of rental housing that is affordable and accessible for our community’s poorest individuals and families, especially those with special needs and/or who are homeless. In a report to its Neighborhoods Commission on April 12, 2017, the City of San Jose noted that ELI “housing currently makes up less than 1% of the City’s housing stock. ELI deed restricted apartments typically support low-wage earners, seniors, and at-risk households with annual incomes of \$12,000 to \$26,000 per year.”² According to the Association of Bay Area Governments (ABAG), Santa Clara County’s 15 cities and the County must produce 8,083 new housing units that are affordable to ELI households between 2014 and 2022 just to keep up with projected population growth.

Eligible Uses

The County’s housing development resources may be used for acquisition, predevelopment, construction and development, and/or permanent financing. While not an allowable expense under the Housing Bond, some County housing funds may be used as a capitalized operating reserve.³

² <http://sanjoseca.gov/DocumentCenter/View/67507>

³ In some instances a capitalized operating reserve is also known as a capitalized operating services reserve (COSR).

The County's priority is new construction. It is critical to increase the supply of affordable and supportive housing. However, the Guidelines also enable the County to support rehabilitation projects and the preservation of affordable housing which is at risk of converting to market-rate, especially ones that deepen affordability and/or also add housing inventory.

Most of the County's housing funds will be conveyed as soft loans to affordable housing developers. Generally, these loans have a simple interest rate of no more than 3% and repayments are based on properties' residual receipts. The loans are secured by deeds of trust and other recorded restrictions. The loans' primary purpose is to ensure the long-term availability of affordable and supportive housing. The County may also consider issuing loans with different terms in order to maximize other funding sources and development opportunities.

Development of the Guidelines

Since January 2017, the OSH, individually or in groups, met with cities, the Housing Authority, VTA, developers, housing organizations such as HTSV, the Santa Clara County Cities Association, the Santa Clara County Association of Planning Officers (SCCAPO), the Santa Clara County City Manager's Association, service providers, the Silicon Valley Council of Nonprofits, and housing advocates to share the County's plans and to solicit feedback.

The OSH prepared and circulated two drafts of the Guidelines. Attachment C includes the first version of the Guidelines, comments and questions from stakeholders, and responses from the OSH. The OSH prepared and issued the second version of the Guidelines on July 5, 2017. Attachment B includes the second version of the Guidelines and written comments from various stakeholders.

The Administration requests that the Board consider and approve the third version of the Guidelines, which is included as Attachment A. This version incorporates some of the verbal feedback from cities and some of the written feedback from developers, service providers and advocacy organizations. Service providers were mainly focused on ensuring that the Guidelines were specific or broad enough to serve as many vulnerable populations as possible.

Cities were principally focused on: 1) being included in the development process; 2) ensuring that their residents benefitted from the developments to the greatest extent possible; 3) ensuring that the County's underwriting standards did not conflict with their own; and, 4) ensuring that development teams (i.e., developer, property manager, resident services, and supportive services provider) had sufficient resources and expertise to effectively operate housing developments with significant set asides for permanent supportive housing and rapid rehousing. Developers were focused on: 1) the County's eligible project types; 2) understanding how the supportive services will be committed, how they will be deployed to

each development, and how the service provider will be selected; 3) understanding the different between PSH and RRH units; and 4) the review and approval process.

CHILD IMPACT

The recommended action will have no/neutral impact on children and youth.

SENIOR IMPACT

The recommended action will have no/neutral impact on seniors.

SUSTAINABILITY IMPLICATIONS

The recommended action will have no/neutral sustainability implications.

BACKGROUND

In the Administration's first Housing Bond implementation report (February 7, 2017, Item #21) the OSH outlined an approach to addressing a part of the housing crisis affecting Santa Clara County residents, especially extremely low income (ELI) families and individuals with disabling conditions who are disproportionately impacted by the lack of affordable housing. The second report (May 9, 2017, Item #13) refined the communitywide goals and proposed programs, outlined a spending plan for the proceeds from the first issuance of bonds, provided better estimates of the resources that the County would need to implement the Housing Bond, and included draft guidelines for the Supportive Housing Development Program.

On June 21, 2016, the Board of Supervisors unanimously approved placing a \$950,000,000 affordable housing bond on the November 2016 ballot. The Board considered the work of the Housing Task Force and other data before voting on a resolution to place the housing bond measure on the November 2016 ballot. The housing bond was placed on the November 2016 ballot as Measure A. California law allows the County to issue general obligation bonds with the approval of two-thirds of the votes cast by County voters.

Santa Clara County voters approved Measure A on November 8, 2016. The Housing Bond provides the County with an unprecedented opportunity to partner with cities, residents and the affordable and supportive housing community to significantly address the housing needs of the community's poorest and most vulnerable residents. Housing special needs populations is a County priority; therefore, the County takes an active role in developing, financing and supporting various types of affordable housing for the populations served. The County's goals are to:

- Increase the scope and breadth of supportive housing for special needs populations, including homeless and chronically homeless persons;
- Increase the supply of housing that is affordable to extremely low income (ELI) households; and,

- Improve coordination and collaboration among the County, cities, other governmental agencies, and the affordable housing community.

CONSEQUENCES OF NEGATIVE ACTION

In order for the Administration to issue a notice of funding availability (NOFA) and receive development proposals for multi-family rental affordable and supportive housing, the Board must approve either the Administration's recommended program guidelines or a modified version thereof. If the program guidelines are approved without substantial changes, the Administration can issue the NOFA in early September 2017.

LINKS:

- References: 86175 : 86175
- References: 84790 : 84790

ATTACHMENTS:

- Attachment A - Supportive Housing Loan Program Guidelines V 3 (PDF)
- Attachment B - Supportive Housing Loan Program Guidelines V2 (PDF)
- Attachment C - Supportive Housing Loan Program Guidelines V1 (PDF)

SANTA CLARA COUNTY PROGRAM GUIDELINES - THIRD DRAFT
Supportive Housing Development Program¹

Item	Term Sheet (August 2017)
<p>Program Overview and Objectives</p>	<p>The County of Santa Clara (County) Supportive Housing Development Program finances the development of multi-family rental housing for the community’s most vulnerable populations. The Supportive Housing Development Program’s primary objective is to reduce and prevent homelessness by:</p> <ul style="list-style-type: none"> • Developing permanent supportive housing (PSH) units for persons with disabling conditions; • Developing rapid rehousing (RRH) units for people who need short-term rental assistance and services to obtain and maintain permanent housing; and, • Increasing the supply of housing that is affordable to extremely low income and very low income households. <p>Between July 1, 2017, and June 30, 2028, the County’s goal is to develop or finance at least 4,800 new housing units. Of the 4,800 units, at least</p> <ul style="list-style-type: none"> • 1,600 units would be used as RRH for families or individuals who are homeless; • 1,200 units would be used as PSH for persons with disabling conditions and who are homeless, including chronically homeless men, women and families; • 600 units would be used as PSH for persons with disabling conditions who may or may not be chronically homeless; and • 1,400 units would be used for other ELI households. <p>To meet these goals, the County will use a variety of funding sources. The following guidelines apply to all of the County’s housing development funds, some of which may have additional restrictions or requirements. The County will issue a Notice of Funding Availability (NOFA) that will specify how developers may apply for Supportive Housing Development Program funding. The County may periodically update the NOFA.</p> <p><u>Reservations</u></p> <p>The County reserves the right to withhold or delay awarding funds to any project even if the project meets the threshold eligibility under the Supportive Housing Development Program’s guidelines and the NOFA’s requirements. The County reserves the right to fund projects that do not meet these guidelines if it is in the best interest of the County. For example, the County may have to fund a project in order to meet timeliness requirements of a specific funding source such as the Home Investment Partnerships Program (HOME).</p>

¹ Note the final program name is subject to change.

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<p>Priority Populations</p>	<p>PSH units shall be prioritized for individuals who need ongoing supportive services in order to obtain and maintain stable housing. PSH units shall assist individuals or families with a disabling condition, who are extremely low income, and who are:</p> <ul style="list-style-type: none"> • Chronically Homeless; • Homeless; • Leaving institutions, including, but not limited to, hospitals, residential care facilities, and skill nursing facilities; or, • At imminent risk of homelessness. <p>RRH units shall be prioritized for individuals or families who are extremely low income (earning up to 30% AMI) and who are:</p> <ul style="list-style-type: none"> • Homeless; or • At imminent risk of homelessness. <p>Note that RRH Program participant household's income are expected to be less than or equal to 30% AMI at program entry.</p>
<p>Eligible Project Types</p>	<p>Under the Supportive Housing Development Program, the County will make funding available for new construction or rehabilitation. The following are the County's eligible project types:</p> <ol style="list-style-type: none"> 1. Type 1: Projects that commit at least 50% of the units within the project as a combination of PSH and RRH units. (Note the County will select and/or approve the target population for PSH units). 2. Type 2: Projects that have an affordability structure resulting in an average affordability of 45% of AMI and commit a minimum of 1/3 of the affordable units as a combination of PSH and RRH, 1/3 of the affordable units for ELI households and 1/3 of the affordable units for households earning up to 80% AMI. <p>Note that the County will be prioritizing development projects that increase the inventory of affordable housing units.</p>
<p>Projected/ Anticipated Operating Subsidy Type</p>	<p>The County anticipates that an operating subsidy of some type will be needed for each PSH or RRH unit. The County anticipates that an operating subsidy will be provided either through a capitalized operating reserve or through a rental subsidy. Operating funds in the form of a rental subsidy, will be provided through a project based or tenant based subsidy. The subsidies shall be sized to ensure that the property has sufficient rental revenue to meet operating expenses (including debt). Thus, subsidy amounts shall vary by project.</p> <p><u>PSH:</u> The County anticipates that the PSH units will primarily be provided with a project-based rental subsidy or a capitalized operating reserve. However, in some cases the County may use a tenant based rental subsidy for PSH units.</p>

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<p>Projected/ Anticipated Operating Subsidy Type</p>	<ul style="list-style-type: none"> • <u>Project based rental subsidies</u>: Project based rental subsidies will be provided to units designated as PSH at an amount sufficient to cover the operating costs for those units. The amount of the rental subsidy shall be based on the Project’s ability to pay for operating costs and the amount of hard debt that is supported by the operating subsidy income or “overhang.” • <u>Capitalized Operating Reserve</u>: The subsidy shall be sized to cover anticipated operating deficits attributable to the PSH units. The total amount of the subsidy will be determined upon the individual Project underwriting performed by the County pursuant to the requirements of these guidelines. Typically, the County expects the reserve to be sized for a 15-20 year period. <p><u>RRH</u>: As needed, tenant based rental assistance will be provided to individuals participating in RRH programs. Generally, the rental subsidy provided for RRH units is sufficient to cover the difference between the tenant’s ability to pay and the full restricted rent of the unit.</p> <p>Other ELI/ VLI Units: No rental assistance or operating reserve will be funded through the County’s Supportive Housing Development Program. The County expects that the Project will, at a minimum, provide the minimum service amenities appropriate to the “Housing Type” under the California Tax Credit Allocation Committee (CTCAC) Regulations.</p>
<p>Projected/ Anticipated Supportive Services Subsidy Type Continued</p>	<p>County provided supportive services will be offered for both PSH and RRH units as follows:</p> <p><u>PSH Units</u>: The County will ensure that sufficient and effective supportive services are provided to PSH residents. Typically, the County will enter into a Memorandum of Understanding (MOU) with the property owner. The MOU specifies the roles and responsibilities of the owner and the County, and describes the types of services that are provide to the PSH residents.</p> <p>The supportive services are in addition to “resident services” that the owner provides as required by CTCAC. The supportive services shall be coordinated and managed by the County. However, the supportive services may be provided by a combination of County staff, County contractors, or staff or contractors of the County’s partner agencies. The MOU is not a commitment of funds directly to the project. Instead, the commitment is for the supportive services that are tailored to the development project.</p> <p>On average, supportive services provided through the County will cost \$10,000 per unit per year, an expense which will be external to the project’s operating budget. Over time, as individuals recover, the County anticipates that their utilization of services will diminish or change. However, the supportive services shall be provided or offered to PSH residents for as long as the development maintains a set aside for PSH.</p>

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<p>Projected/ Anticipated Supportive Services Subsidy Type Continued</p>	<p>When financially feasible, a portion of the supportive services costs will be covered as an above the line expense. Supportive Services will be provided by the County for a term of 15 to 30 years.</p> <p><u>RRH Units:</u> Similar to PSH units, the County will provide the supportive services that are necessary to help RRH participants obtain and maintain stable housing. The key differences are that in RRH units:</p> <ul style="list-style-type: none"> • The supportive services will range between \$5,000 and \$7,500 per unit per year because the households’ are not disabled and generally need less medical and behavioral health services; • The cost of the supportive services is in addition to a tenant-based or other rental subsidy that is provided to each unit for a period of three to 24 months; and, • The supportive services are provided for three to 24 months. <p><u>Other ELI/VLI Units:</u> No additional supportive services will be provided by the County. The County expects that the Project will, at a minimum, support CTCAC’s minimum service amenities appropriate to the Housing Type.</p>
<p>Threshold Eligibility – Applicants</p>	<p>Eligible applicants include Non-profit organizations, tax-credit limited partnerships or limited liability corporations, mission aligned for-profit affordable housing developers with a successful development track record, public agencies, other local jurisdictions, and joint ventures among any of these entities. (Note: Development partnerships where at least one developer has met any of the above requirements)</p> <p><u>Technical Capacity and Experience.</u> The applicant must demonstrate technical capacity and experience to successfully develop, own and manage affordable and supportive housing, including partnering with providers of supportive services.</p> <p>All applicants must include the following team members and the meet the below criteria.</p> <ul style="list-style-type: none"> • <u>Developer:</u> Developers who have successfully built and operated three to five restricted affordable rental housing developments, one of which includes at least 50% of the units as PSH or RRH and at least 50% of the units, with the exception of the manager’s unit, targeted to households with incomes at or below 80% AMI. Ownership by an affiliated limited partnership for tax credit purposes will qualify as ownership of the project. • <u>Property Manager:</u> The applicant team must include a property management agent with experience managing at least one project with at least 50 supportive housing units whose residents receive supportive services from a community-based organization. The property manager may be the applicant’s own personnel, or a third-party contractor.

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<p>Threshold Eligibility – Applicants</p>	<ul style="list-style-type: none"> • <u>Resident Services</u>: The Applicant must include a provider of services to residents of multi-family developments with at least 24-months experience. The Resident Services provider may be the applicant’s own personnel, or a third-party contractor. The Resident Services provider must have experience with supportive housing residents and experience coordinating with providers of supportive services. • <u>Supportive Services</u>: All supportive services will be provided by County staff and/or community-based organizations and other government agencies that have an agreement with the County. While the County would ultimately determine how the supportive services are provided, developers may participate in the selection process in two ways. <p>The first process is used if the applicant has not identified a particular provider of supportive services. In this case, the applicant would participate in the County’s selection process <u>after</u> the applicant is successful in securing the County’s development financing.</p> <p>Alternatively, the applicant may identify one of the County’s contracted providers of supportive services as part of the application process. The provider need not be a partner in the development, but should be a significant contributor to the design of the development. The applicant must demonstrate why selection of the particular provider is advantageous for the development, the residents, and the County. The County reserves the right to accept or reject the applicant’s proposed service provider.</p>
<p>Eligible Projects</p>	<p>Eligible Projects:</p> <ul style="list-style-type: none"> • New construction of multi-family rental housing • New construction of mixed use developments (containing both residential and non-residential space). Generally, the funding sources associated with the Supportive Housing Development Program will only be used to assist the affordable housing portion of a project. Costs associated with developing the commercial portions must be separated from residential costs. • New construction of residential care facilities or other service-rich environments that provide permanent housing. • Acquisition and Rehabilitation of rental housing (for existing developments, the proposal must meet one of two identified eligible project types at attrition/turnover) <p>Minimum Development Size: None</p>

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<p>Eligible Use of Funds</p>	<p>Eligible Uses:</p> <ul style="list-style-type: none"> • Predevelopment & Acquisition (see rates and funding terms for eligible expenses) • Development <ul style="list-style-type: none"> ○ New Construction ○ Acquisition and Rehabilitation <p>Permanent financing</p>
<p>Threshold Eligibility – Proposals</p>	<p><u>Must Demonstrate Site Control.</u> Applicant must submit evidence that it possesses full site control, meaning that the Applicant has obtained an enforceable right to use a parcel of land prior to the submission of the proposal. This right may consist of fee title, ground lease, an exclusive negotiating agreement, DDA, purchase & sale agreement or an enforceable option.</p> <p><u>Project Readiness.</u> Applicant must demonstrate the capacity to secure all necessary funding for the development within three years of the selection date for Supportive Housing Development Program Funds.</p> <p><u>Land Use and Zoning.</u> Applicant must either 1) submit evidence that the proposed project is permitted under the current General Plan Land Use designation or Zoning Ordinance at the time of the proposal submission and that all appeal periods have concluded; or 2) Submit information as to why the project is appropriate to obtain zoning approval. The County reserves the right to consult with Local City staff to determine site-specific entitlement requirements.</p> <p><u>Financial Feasibility of the Project</u> (i.e. realistic development and operating budget projections) In order to be considered, the applicant must submit evidence of project financial feasibility for at least a 15-year period. If the project is a new construction or rehabilitation, the project also must demonstrate that it is feasible per guidelines for the 9% and 4% LIHTC program. Applicant must follow the underwriting guidelines in the NOFA so that the review panel is able to determine feasibility and compare projects against one another.</p> <p><u>Tenant Selection Criteria.</u> The applicant must submit a property management plan that has or will adopt tenant selection criteria guidelines that: pose minimal barriers to entry, have a minimal number of steps; use a ‘screening in’ approach versus a ‘screening out’ approach; have clear mitigation steps that recognize the needs of homeless persons, chronically homeless persons and individuals with disabling conditions; and acknowledge the fact that individuals who are enrolled in supportive housing programs are actively addressing their housing barriers.</p> <p><u>High-quality design and amenities.</u> The project must incorporate high-quality design and amenities appropriate for the target population being proposed. All project must include common space for residents. For PSH units, developments should include</p>

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<p>Threshold Eligibility – Proposals Continued</p>	<p>features that address the housing and services needs of supportive housing residents, such as secure entrances, meeting spaces with doors to enable case managers and service providers to meet confidentially with clients, and space for education, workshops, and recreation. The applicant must also demonstrate the extent to which the proposed development meets or advances County policies related to health, transportation and sustainability.</p> <p><u>Leverage.</u> Must propose the maximum use of available non-local funds to achieve the highest reasonable financial leverage of capital resources. Non-local funds include, but are not limited to Affordable Housing Program (AHP), Affordable Housing and Sustainable Community (AHSC), and the Veterans Housing and Homelessness Prevention (VHHP) program.</p> <p><u>Community Engagement Plan.</u> Applicants are required to commit to the design and execution of a Community Engagement Plan in conjunction with the County and the local jurisdiction’s staff that:</p> <ol style="list-style-type: none"> 1. Engages and informs elected and other public officials; 2. Builds active community involvement; 3. Addresses community concerns and engages with individuals who oppose the development; 4. Incorporates a communications strategy to inform and engage community members beyond proximate residents and businesses; and, 5. Incorporates the needs and feedback of potential affordable and supportive housing residents. <p>Applicants will be required to provide examples of community engagement efforts utilized in similar projects as the proposed project.</p> <p><u>Local Jurisdictions.</u> Without presupposing actions from elected governing boards, applications must demonstrate engagement with the local municipality. The applicant must specify the extent to which it has engaged city staff and elected officials. If appropriate, the applicant may also submit a letter from the city acknowledging the applicant’s engagement and/or a letter indicating the city’s support. Letters from a city should be signed by a non-elected representative (such as the city/town manager or director of housing) of the municipality where the project is located and must contain the details of the project, including the number of units, the affordability level(s), and the population(s) that will reside at the property.</p>
<p>Loan Amount</p>	<p>The County’s goal is to ensure that developments maximize non-local funding sources and minimize development costs while not constraining development activity based on the availability of capital from existing funding sources. Moreover, the PROGRAM must be responsive to the different costs and needs of developments that will take place throughout the county, from Gilroy to Palo Alto.</p>

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Loan Amount Continued	<p>Thus, while the Supportive Housing Development Program does not identify maximums for loan amounts, total developments cost per unit, or local subsidy per development, the County would expect that:</p> <ul style="list-style-type: none"> • The total development cost is lower than or not unreasonably higher than similar developments that have been recently completed or that are underway. The County must ensure that the proposed costs are reasonable; • For developments using the 9% LIHTC program, the local subsidy makes up no more than 40% of the total development cost. <p>Other sources of appropriate financing must be identified, but not necessarily committed, at the time of application. Projects will be reviewed to ensure that only the minimum level of County subsidy needed will be provided. All other sources of funding must be committed before closing of the County Loan.</p> <p>HOME assisted units are subject to maximum per unit subsidy limits.</p>
Underwriting	<p><u>Financial Feasibility.</u> Proposed projects must demonstrate financial feasibility for both development and operations, assuming the underwriting standards appended to the NOFA.</p> <p><u>Supportive Services.</u> The cost of case management and service coordinators included in the Supportive Services Plan may be paid from operating revenue to the extent financially feasible. OSH staff will determine the reasonableness of these costs, considering the staffing levels outlined in the Supportive Services Plan.</p> <p><u>Operating Subsidy.</u> Projects that proposed to rely on a project-funded capitalized operating reserve or cross-subsidy to support the expenses of PSH units, shall assume the following in demonstrating long-term operational feasibility. Rents for households of a PSH unit shall be set at 30% of Supplemental Security Income (SSI). Rents may be set higher in the unusual circumstance where the household may earn higher incomes.</p>
Fees	<ul style="list-style-type: none"> • Bond Conduit issuer fees are separate (i.e. City of San Jose) • Compliance monitoring fee: The fee is currently set at 0.3% of the outstanding loan balance. This fee amount is being examined by County staff. As an example, the City of San Jose charges a monitoring fee of \$27 per unit, per year.
Rates & Funding Terms	<p><u>Financing Terms.</u></p> <ul style="list-style-type: none"> • 3% simple interest, residual receipts, 55 year term/affordability covenant. The County will consider a lower interest rate on a case-by-case basis. • If amortizing debt on project, minimum 1.15 debt coverage ratio • 3 year conditional commitment

¹ Note the final program name is subject to change.

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Supportive Housing Development Program¹

Rates & Funding Terms

Release of Funds. The County will make capital funds available for disbursement on a draw-down or reimbursement basis, upon closing of the loan and/or commencement of construction. Disbursement of funds for payment of hard costs will be on a draw-down basis. The disbursement of funds for acquisition and predevelopment funding will be provided as the need for the funds arises.

Predevelopment and Acquisition Funding. In addition to the cost of the land (if the application includes acquisition), the County may release up to \$1,500,000 prior to the start of construction for predevelopment expenses. The County will determine whether to release funds based on an evaluation of the developer's track record and project risk. Funds will be released conditioned on the execution of acquisition loan documents and the recording of a deed of trust against the land or leasehold interest. Only the following costs are considered eligible acquisition and predevelopment expenditures:

- Initial feasibility study
- Appraisal fees
- Cost of preliminary financial application
- Architectural and engineering fees
- Fees for toxics and asbestos assessment (i.e. Phase I)
- Legal fees
- Permit fees necessary to apply for financing
- Option agreements
- Legal/title costs including title clearance costs
- Cost of entitlements/zoning approvals
- Total purchase price
- Holding costs
- Legal/Title and recording associated with the acquisition
- Appraisal fees not included in predevelopment
- Acquisition loan fees and/or interest
- Refinancing of existing debt associated with the property to be acquired.

Special conditions to closing. In addition to the standard conditions, representations, and warranties, the County in its sole discretion, may require projects to meet the following special conditions prior to loan closing:

- Applicants may be required to present their project to the County's Executive Committee.
- Applicants may be required to address all architectural, design, and supportive services deficiencies identified during the application review process prior to release of loan funds.

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<p>Rates & Funding Terms</p>	<p><u>Compliance with all Conditions Prior to Closing on Construction Finance.</u> All requirements and conditions set forth in the NOFA and the loan documents must be satisfied, as determined by the County, in its sole discretion, prior to disbursements of any loan funds. The applicant represents and warrants that all materials and information provided in connection with this NOFA are true and correct at all times, from date of submission to the County and throughout the award process, loan closing and term of the loan. By way of example, but not by limitation, some of the conditions, representations, or warranties that must be at all times true include:</p> <ul style="list-style-type: none"> • Applicant must be in good standing and have the authority and organizational power to enter into the documents, agreements, and certifications related to the NOFA and any resulting loan. • Applicant and its partners, principals, or affiliates must not be or include any persons or companies who are non-compliant with the requirements of any agreement with the County or be listed on HUD’s debarment lists. • Applicant and its partners, principals or affiliates cannot be in default or in violation of any of its obligations under the NOFA, or any loan documents, contracts, agreements, court orders or laws, and submitting for the NOFA and providing the information and entering into the agreements contemplated by the NOFA will not cause a default or violation. • There shall be no change in the ownership, which is not promptly disclosed to and approved by the County. • Applicant and its partners, principals, or affiliates shall not be subject to any binding, agreement, suit, order, or law which would be violated if applicant proceeds with the transactions contemplated by the NOFA, or the loan documents. • There shall be no discovery of any preexisting event or circumstances and there shall be no material adverse change in the condition or suitability of the project site, the feasibility of the project, completion date, or the cost of the project, which is not promptly disclosed to and approved by the County. Applicant and its partners, principals or affiliates shall not be subject to any litigation, suit, arbitration or administrative proceeding which may adversely affect the ability of applicant to perform any of its obligations under and contemplated by the NOFA. • There shall be no deviation from the Supportive Services Plan approved by the County that is not promptly disclosed to and approved by the County. <p><u>Retention.</u> For Construction/Permanent loans, the County will hold 5% of the loan amount, up to a maximum of \$1,000,000, until the construction of the project is complete. Any withheld loan amount will only be released upon the full satisfaction of all Permanent Financing Conditions, as identified in the County’s loan agreement.</p>
<p>Subordinate Financing</p>	<p>Applicants are encouraged to seek loans and grants from local government and third parties to leverage funds and achieve project feasibility.</p>

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Tenant Selection

All referrals for supportive housing units (PSH & RRH units alike) shall come directly from the Santa Clara County Continuum of Care's (CoC) Coordinated Entry System (CES), which is managed by the County's Office of Supportive Housing.

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

Currently, all homeless individuals and families are assessed using Vulnerability Index & Service Prioritization Decision Assistance Tool (VI-SPDAT). The tool helps determine whether homeless persons need PSH, RRH, or some other housing intervention. Households within the PSH or RRH bands are referred to programs based on their vulnerability score and based on the availability and specific requirements of PSH and RRH programs.

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

During the initial lease up for PSH and for RRH units, the County will identify and refer eligible households to supportive service providers. The providers will assist the households apply for, move-in, and maintain their housing in the proposed development. The process will repeat as units PSH or RRH units become vacant. The referral process will be specified in the MOU between the owner and the County.

Screening-in criteria and low barrier admission policies. PSH's admission policies are designed to "screen-in" rather than screen-out applicants with the greatest barriers to housing such as having no or very low income, poor rental history and past evictions, or criminal histories. Tenant selection criteria will prioritize people who have been homeless the longest or who have the highest service needs as evidenced by vulnerability assessments or the high utilization of crisis services.

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<p>Other Special Terms and Conditions</p>	<p><u>Ground Lease</u>: For new developments, applicants must include the opportunity for the County (and/or another public entity) to eventually own the land as ground lessor under a long-term ground lease structure or some other land dedication/subdivision mechanism that will ensure long-term affordable housing as the primary use of the land.</p> <p><u>Wages</u>. The County requires the payment of State prevailing wages be paid when County funds are used for construction. Wage rates for workers performing work related to the development of the awarded projects shall be paid not less than the general prevailing rate of per diem wages, as defined in Section 1773 of the California Labor Code and Subchapter 3 of Chapter 8, Division 1, Title 8 of the California Code of Regulations (Section 16000 et seq.), and as established by the Director of the California Department of Industrial Relations (“DIR”). In addition, if federal funds are used for physical improvements, the higher of State prevailing wage and Davis-Bacon wage rates shall be determined and paid for each job classification.</p>
<p>Compliance Monitoring</p>	<p><u>Desk Review</u>. Periodic monitoring projects to confirm ongoing program compliance.</p> <p><u>Status Reports</u>. Written status reports will be required at regular intervals, describing progress towards securing project financing, changes in construction schedule, lease up, etc.</p> <p><u>Residual receipt documentation</u>. Following completion, on an annual basis, owner shall submit audited financial reports for the project.</p> <p><u>Field Monitoring</u>. Periodic site visits of projects that receive funding through the County’s Loan Program.</p> <p><u>Construction Monitoring</u>. The County reserves the right to undertake periodic monitoring, including site visits of the project during construction.</p>
<p>Definitions</p>	<p><u>At Imminent Risk of Homelessness</u>: Individual or family who will imminently lose their primary nighttime residence, provided that:</p> <ul style="list-style-type: none"> i. Residence will be lost within 14 days of the date of application for homeless assistance ii. No subsequent residence has been identified; and iii. The individual or family lacks the resources or support networks needed to obtain other permanent housing <p><u>Homeless</u> (HUD Definition at 24 CFR 578.3): Includes but is not limited to:</p> <ul style="list-style-type: none"> 1. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

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Definitions Continued

- a. An individual or family with a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; including a car, park, abandoned building, bus or train station, airport, or camping ground, or
 - b. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, State, or local government programs for low-income individuals), or
 - c. An individual who is existing an institution where he or she resided for 90 days or less, and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.
2. An individual or family who will imminently lose their primary nighttime residence (see at “Imminent Risk of Homelessness” Definition above)
 3. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless, but who:
 - a. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act ((42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a),
 - b. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60-days immediately preceding the date of application for homeless assistance,
 - c. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance, and
 - d. Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment.
 4. Any individual or family who:
 - a. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member,

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Definitions Continued

including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence,

- b. Has no other residence, and
- c. Lacks the resources or support networks, such as family, friends, and faith-based or other social networks to obtain other permanent housing.

Chronically Homeless: (HUD Definition at 24 CFR 578.3)

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

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

Permanent Supportive Housing (PSH) is a type of housing program that provides permanent affordable housing and supportive services to individuals (and their families) who have disabling conditions. There is no limit to length of stay and housing units are occupied by persons with lease agreements and have access to on-site or off-site services that are flexible, voluntary, and individualized in order to assist an individual or family retain their housing, improve their health status, and maximize their

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Definitions Continued

ability to live, and, when possible, work in the community. PSH programs are typically prioritized for chronically homeless persons and families or other populations with significant health needs.

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

Supportive Housing. A combination of affordable housing and support services designed to help individuals and families overcome or recover from homelessness, acute or chronic illnesses, financial emergencies, and/or other crises that undermine housing stability.

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

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

Disabling Condition. A disabling condition means:

1. A physical, mental or emotional impairment including a diagnosable substance use disorder, serious mental illness, post-traumatic stress disorder, cognitive impairment resulting from brain injury, or chronic physical illness or disability which is
 - a. Expected to be of long-continued and indefinite duration,

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Definitions Continued

- b. Substantially impedes and individual's ability to live independently, and
- c. Of such a nature that such ability could be improved by more suitable housing conditions;
- 2. A developmental disability as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act.
- 3. The disease of acquired immunodeficiency syndrome or any conditions arising from the etiological agency for acquired immunodeficiency syndrome (HIV/AIDS)
- 4.

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

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SANTA CLARA COUNTY PROGRAM GUIDELINES - SECOND DRAFT
Supportive Housing Development Program¹

Item	Draft Term Sheet (April 2017)	Updated Term Sheet (July 2017)
<p>Program Overview and Objectives</p>	<p>The program emphasis is on reducing homelessness by creating safe and affordable housing units and increasing accessibility to a variety of supportive services. The objectives of the program are to:</p> <ul style="list-style-type: none"> • Create PSH units for people with a disabling condition. • Create RRH units for people who need short term housing assistance so they can transition in place. • Increase the supply of housing that is affordable to ELI and VLI households. 	<p>The County of Santa Clara (County) PROGRAM finances the development of multi-family rental housing for the community’s most vulnerable populations. The PROGRAM’s primary objective is to reduce and prevent homelessness by:</p> <ul style="list-style-type: none"> • Developing permanent supportive housing (PSH) units for persons with disabling conditions; • Developing rapid rehousing (RRH) units for people who need short-term rental assistance and services to obtain and maintain permanent housing; and, • Increasing the supply of housing that is affordable to extremely low income and very low income households. <p>Between July 1, 2017, and June 30, 2028, the County’s goal is to develop or finance at least 4,800 new housing units. Of the 4,800 units, at least</p> <ul style="list-style-type: none"> • 1,600 units would be used as RRH for families or individuals who are homeless; • 1,200 units would be used as PSH for persons with disabling conditions and who are homeless, including chronically homeless men, women and families; • 600 units would be used as PSH for persons with disabling conditions; and • 1,400 units would be used for other ELI households. <p>To meet these goals, the County will use a variety of funding sources. The following guidelines apply to all of the County’s housing development funds, some of which may have additional restrictions or requirements. The County will issue a Notice of Funding Availability (NOFA) that will specify how developers may apply for PROGRAM funding. The County may periodically update the NOFA.</p> <p><u>Reservations</u></p> <p>The County reserves the right to withhold or delay awarding funds to any project even if the project meets the threshold eligibility under the PROGRAM’s guidelines and the NOFA’s requirements. The County reserves the right to fund projects that do not meet these guidelines if it is in the best interest of the County. For example, the County may have to fund a project in order to meet timeliness requirements of a specific funding source such as the Home Investment Partnerships Program (HOME).</p>

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<p>Priority Populations</p>	<ul style="list-style-type: none"> • Permanent Supportive Housing units for individuals or families with a disabling condition who are extremely low income (receiving SSI; earning up to 30% AMI) and who are: <ul style="list-style-type: none"> ○ Chronically Homeless; ○ Homeless; or ○ Individuals leaving long term care facilities. • Rapid Re-Housing Units for individuals or families who are extremely low income (earning up to 30% AMI) and who are: <ul style="list-style-type: none"> ○ Homeless; or ○ At imminent risk of homelessness. 	<p>PSH units shall be prioritized for individuals who need ongoing supportive services in order to obtain and maintain stable housing. PSH units shall assist individuals or families with a disabling condition, who are extremely low income, and who are:</p> <ul style="list-style-type: none"> • Chronically Homeless; • Homeless; • Leaving institutions, including, but not limited to, hospitals, residential care facilities, and skill nursing facilities; or, • At imminent risk of homelessness. <p>RRH units shall be prioritized for individuals or families who are extremely low income (earning up to 30% AMI) and who are:</p> <ul style="list-style-type: none"> • Homeless; or • At imminent risk of homelessness.
<p>Development Priorities</p>	<ol style="list-style-type: none"> 1. New Developments that commit the greater of 25 units or 50% of the units within the project as PSH units. (Note the County will select the target population) 2. New Developments that commit the greater of 25 units or 50% of the units within the project as PSH/RRH units. 3. New Developments that commit the greater of 25 units or 60% of the units within the project as RRH units. 4. New Developments that commit the greater of 25 units or 80% of the units within the project as ELI units. 5. Acquisition and Rehabilitation projects that will achieve the following: 	<p>Under PROGRAM, the County will make funding available for new construction or rehabilitation. The following are the County’s priority project types:</p> <ol style="list-style-type: none"> 1. Type 1: Projects consisting of 24 units or less that commit a minimum of 1/3 of the affordable units as PSH or RRH and have an affordability structure resulting in an average affordability of 45% of AMI. 2. Type 2: Projects that commit the greater of 25 units or 50% of the units within the project as PSH. (Note the County will select and/or approve the target population for PSH units). 3. Type 3: Projects that commit the greater of 25 units or 60% of the units within the project as a combination of PSH and RRH units. 4. Type 4: Projects that commit 50% of the units as RRH and have an affordability structure resulting in an average affordability of 40% of AMI.

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<p>Development Priorities Continued</p>	<p>a. Increase the affordability of existing housing units; b. Create new affordable housing units that increase access for the County’s priority populations.</p>	
<p>Projected/ Anticipated Operating Subsidy Type</p>	<ul style="list-style-type: none"> • PSH Units: Project based rental subsidies (i.e. capitalized operating subsidy) • RRH Units: Tenant based rental assistance • Other ELI/ VLI Units: No operating subsidy. 	<p>The County anticipates that an operating subsidy of some type will be needed for each PSH or RRH unit. The County anticipates that an operating subsidy will be provided either through a capitalized operating reserve <u>or</u> through a rental subsidy. Operating funds in the form of a rental subsidy, will be provided through a project based or tenant based subsidy. The subsidies shall be sized to ensure that the property has sufficient rental revenue to meet operating expenses (including debt). Thus, subsidy amounts shall vary by project.</p> <p><u>PSH:</u> The County anticipates that the PSH units will primarily be provided with a project-based rental subsidy or a capitalized operating reserve. However, in some cases the County may use a tenant based rental subsidy for PSH units.</p> <ul style="list-style-type: none"> • <u>Project based vouchers:</u> Project based rental subsidies will be provided to units designated as PSH at an amount sufficient to cover the operating costs for those units. The amount of the rental subsidy shall be based on the Project’s ability to pay for operating costs and the amount of hard debt that is supported by the operating subsidy income or “overhang.” • <u>Capitalized Operating Reserve:</u> The subsidy shall be sized to cover anticipated operating deficits attributable to the PSH units. The total amount of the subsidy will be determined upon the individual Project underwriting performed by the County pursuant to the requirements of these guidelines. Typically, the County expects the reserve to be sized for a 15-20 year period. <p><u>RRH:</u> As needed, tenant based rental assistance will be provided to individuals participating in RRH programs. Generally, the rental subsidy provided for RRH units is sufficient to cover the difference between the tenant’s ability to pay and the full restricted rent of the unit.</p> <p>Other ELI/ VLI Units: No rental assistance or operating reserve will be funded through the County’s loan program.</p>

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<p>Projected/ Anticipated Supportive Services Subsidy Type Continued</p>	<ul style="list-style-type: none"> • PSH Units: County Provided Supportive Services at a rate of \$10,000/unit/year • RRH Units: County provided supportive services at a rate of \$5,000/unit/year • Other Eli/VLI Units: No supportive services will be provided. 	<p>County provided supportive services will be offered for both PSH and RRH units as follows:</p> <p><u>PSH Units:</u> The County will ensure that sufficient and effective supportive services are provided to PSH residents. Typically, the County will enter into a Memorandum of Understanding (MOU) with the property owner. The MOU specifies the roles and responsibilities of the owner and the County, and describes the types of services that are provide to the PSH residents.</p> <p>The supportive services are in addition to “resident services” that the owner provides. The supportive services shall be coordinated and managed by the County. However, the supportive services may be provided by a combination of County staff, County contractors, or staff or contractors of the County’s partner agencies. The MOU is not a commitment of funds directly to the project.</p> <p>On average, supportive services provided through the County will cost \$10,000 per unit per year, an expense which will be external to the project’s operating budget. Over time, as individuals recover, the County anticipates that their utilization of services will diminish or change. However, the supportive services shall be provided or offered to PSH residents for as long as the development maintains a set aside for PSH.</p> <p>When financially feasible, a portion of the supportive services will be covered as an above the line expense. Supportive Services will be provided by the County for a term of 15 to 30 years or the occurrence of the earliest of the following events:</p> <ul style="list-style-type: none"> • Either developer or County terminates for convenience by providing a minimum of six months’ notice in writing; • Failure to secure ongoing necessary funding for the project and either party terminates by providing a minimum of six months’ notice in writing; or • The sale of the project. <p><u>RRH Units:</u> Similar to PSH units, the County will provide the supportive services that are necessary to help RRH participants obtain and maintain stable housing. The key differences are that in RRH units:</p>
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<p>Projected/ Anticipated Supportive Services Subsidy Type Continued</p>		<ul style="list-style-type: none"> • The supportive services will range between \$5,000 and \$7,500 per unit per year because the households’ are not disabled and generally need less medical and behavioral health services; • The cost of the supportive services is in addition to a tenant-based or other rental subsidy that is provided to each unit for a period of three to 24 months; and, • The supportive services are provided for three to 24 months. <p>Other ELI/VLI Units: No additional supportive services will be provided by the County.</p>
<p>Threshold Eligibility – Applicants</p>	<ul style="list-style-type: none"> • Non-profit organizations, tax-credit limited partnerships or limited liability corporations, mission aligned for profit affordable housing developers with a successful development track record. • Developers who have successfully built and operated a multifamily development with at least 20% of the units as PSH. • Developers who have successfully built and operated a restricted affordable rental housing development. • Developers who have successfully built and operated a licensed residential care facility. <p>(Note: Development partnerships where at least one developer has met any of the above requirements)</p>	<p>Eligible applicants include Non-profit organizations, tax-credit limited partnerships or limited liability corporations, mission aligned for-profit affordable housing developers with a successful development track record, public agencies, other local jurisdictions, and joint ventures among any of these entities. (Note: Development partnerships where at least one developer has met any of the above requirements)</p> <p><u>Technical Capacity and Experience.</u> The applicant must demonstrate technical capacity and experience to successfully develop, own and manage affordable and supportive housing, including partnering with providers of supportive services.</p> <p>All applicants must include the following team members and the meet the below criteria.</p> <ul style="list-style-type: none"> • <u>Developer:</u> Developers who have successfully built and operated a multi-family development with at least 20% of the units as PSH and at least 50% of the units, with the exception of the manager’s unit, targeted to households with incomes at or below 80% AMI. Ownership by an affiliated limited partnership for tax credit purposes will qualify as ownership of the project. OR Developers who have successfully built and operated fifteen restricted affordable rental housing developments. OR Developers who have successfully built and operated a licensed residential care facility. • <u>Property Manager:</u> The applicant team must include a property management agent with experience managing at least one project with at least 20 supportive housing units whose

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<p>Threshold Eligibility – Applicants</p>		<p>residents receive supportive services from a community-based organization. The property manager may be the applicant’s own personnel, or a third-party contractor.</p> <ul style="list-style-type: none"> • <u>Resident Services</u>: The Applicant must include a provider of services to residents of multi-family developments. The Resident Services provider may be the applicant’s own personnel, or a third-party contractor. The Resident Services provider must have experience with supportive housing residents and experience coordinating with providers of supportive services. • <u>Supportive Services</u>: All supportive services will be provided by County staff and/or community-based organizations and other government agencies that have an agreement with the County. While the County would ultimately determine how the supportive services are provided, developers may participate in the selection process in two ways. <p>The first process is used if the applicant has not identified a particular provider of supportive services. In this case, the applicant would participate in the County’s selection process <u>after</u> the applicant is successful in securing the County’s development financing. Alternatively, the applicant may identify one of the County’s contracted providers of supportive services as part of the application process. The provider need not be a partner in the development, but should be a significant contributor to the design of the development. The applicant must demonstrate why selection of the particular provider is advantageous for the development, the residents, and the County. The County reserves the right to accept or reject the applicant’s proposed service provider.</p>
<p>Eligible Projects and Use of Funds</p>	<p>Eligible Projects:</p> <ul style="list-style-type: none"> • New Construction • Acquisition and Substantial Rehabilitation (i.e. replacement and improvements involving (1) the replacement of two or more major building systems or (2) costs which exceed either 15% of the property’s 	<p>Eligible Projects:</p> <ul style="list-style-type: none"> • New construction of multi-family rental housing • New construction of mixed use developments (containing both residential and non-residential space). Generally, the funding sources associated with PROGRAM will only be used to assist the affordable housing portion of a project. Costs associated with developing the commercial portions must be separated from residential costs. • New construction of residential care facilities or other service-rich environments that provide permanent housing.

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	<p>replacement cost after completion of all repairs, replacements, and improvements or \$6,500 per dwelling unit)</p> <ul style="list-style-type: none"> • Minimum Development Size: None <p>Eligible Uses:</p> <ul style="list-style-type: none"> • Predevelopment & Acquisition <ul style="list-style-type: none"> ○ Property acquisition and holding costs; ○ Architectural and engineering expenses; ○ Environmental Assessments; ○ Appraisals; ○ Legal Costs; and/or ○ Project Management • Development <ul style="list-style-type: none"> ○ New Construction <p>Acquisition and Substantial Rehabilitation</p>	<ul style="list-style-type: none"> • Acquisition and Substantial Rehabilitation (i.e. replacement and improvements involving (1) the replacement of two or more major building systems or (2) costs which exceed either 15% of the property’s replacement cost after completion of all repairs, replacements, and improvements or \$6,500 per dwelling unit) <p>Eligible Uses:</p> <ul style="list-style-type: none"> • Predevelopment & Acquisition <ul style="list-style-type: none"> ○ Property acquisition and holding costs; ○ Architectural and engineering expenses; ○ Environmental Assessments; ○ Appraisals; ○ Legal Costs; and/or ○ Project Management • Development <ul style="list-style-type: none"> ○ New Construction ○ Acquisition and Substantial Rehabilitation • Permanent financing <p>Minimum Development Size: None</p>
<p>Threshold Eligibility – Proposals</p>	<ul style="list-style-type: none"> • Must Demonstrate Site Control • Opportunity for County to own the land as ground lessor under a long-term ground lease structure • Financial Feasibility of the Project (i.e. realistic development and operating budget projections) • Must propose the maximum use of available non-local funds to achieve 	<p><u>Must Demonstrate Site Control.</u> Applicant must submit evidence that it possesses full site control, meaning that the Applicant has obtained an enforceable right to use a parcel of land prior to the submission of the proposal. This right may consist of fee title, ground lease, an exclusive negotiating agreement, or an enforceable option.</p> <p><u>Project Readiness.</u> Applicant must demonstrate the capacity to secure all necessary funding for the development within three years of the selection date for PROGRAM Funds.</p> <p><u>Land Use and Zoning.</u> Applicant must either 1) submit evidence that the proposed project is permitted under the current General Plan Land Use designation or Zoning Ordinance at the time of the proposal submission and that all appeal periods have concluded; or 2) Submit information</p>

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Threshold Eligibility – Proposals Continued	<p>the highest reasonable financial leverage of capital resources</p> <ul style="list-style-type: none"> • Community Engagement Plan • Acknowledgement of local jurisdiction support (i.e. letter from staff) 	<p>as to why the project is appropriate to obtain zoning approval. The County reserves the right to consult with Local City staff to determine site-specific entitlement requirements.</p> <p><u>Financial Feasibility of the Project</u> (i.e. realistic development and operating budget projections) In order to be considered, the applicant must submit evidence of project financial feasibility for at least a 15-year period. If the project is a new construction or rehabilitation, the project also must demonstrate that it is feasible per guidelines for the 9% and 4% LIHTC program. Applicant must follow the underwriting guidelines in the NOFA so that the review panel is able to determine feasibility and compare projects against one another.</p> <p><u>Tenant Selection Criteria.</u> The applicant must submit a property management plan that has or will adopt tenant selection criteria guidelines that: pose minimal barriers to entry, have a minimal number of steps; use a ‘screening in’ approach versus a ‘screening out’ approach; have clear mitigation steps that recognize the needs of homeless persons, chronically homeless persons and individuals with disabling conditions; and acknowledge the fact that individuals who are enrolled in supportive housing programs are actively addressing their housing barriers.</p> <p><u>High-quality design and amenities.</u> The project must incorporate high-quality design and amenities appropriate for the target population being proposed. All project must include common space for residents. Developments should include features that address the housing and services needs of supportive housing residents, such as secure entrances, a protected 24/7 front desk, meeting spaces with doors to enable case managers and service providers to meet confidentially with clients, and space for education, workshops, and recreation. The applicant must also demonstrate the extent to which the proposed development meets or advances County policies related to health, transportation and sustainability.</p> <p><u>Leverage.</u> Must propose the maximum use of available non-local funds to achieve the highest reasonable financial leverage of capital resources. Non-local funds include, but are not limited to Affordable Housing Program (AHP), Affordable Housing and Sustainable Community (AHSC), and the Veterans Housing and Homelessness Prevention (VHHP) program.</p>
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		<p><u>Community Engagement Plan.</u> Applicants are required to commit to the design and execution of a Community Engagement Plan in conjunction with the County and the local jurisdiction’s staff that:</p> <ol style="list-style-type: none"> 1. Engages and informs elected and other public officials; 2. Builds active community support; 3. Addresses community concerns and engages with individuals who oppose the development; 4. Incorporates a communications strategy to inform and engage community members beyond proximate residents and businesses; and, 5. Incorporates the needs and feedback of potential affordable and supportive housing residents. <p>Applicants will be required to provide examples of community engagement efforts utilized in similar projects as the proposed project.</p> <p><u>Local Jurisdictions.</u> Without presupposing actions from elected governing boards, applications must demonstrate engagement with the local municipality. The applicant must specify the extent to which it has engaged city staff and elected officials. If appropriate, the applicant may also submit a letter from the city acknowledging the applicant’s engagement and/or a letter indicating the city’s support. Letters from a city should be signed by a non-elected representative (such as the city/town manager or director of housing) of the municipality where the project is located and must contain the details of the project, including the number of units, the affordability level(s), and the population(s) that will reside at the property.</p>
<p>Loan Amount</p>	<ul style="list-style-type: none"> • Minimum Loan Amount: \$0 • Maximum Loan Amount: \$0 	<p>The County’s goal is to ensure that developments maximize non-local funding sources and minimize development costs while not constraining development activity based on the availability of capital from existing funding sources. Moreover, the PROGRAM must be responsive to the different costs and needs of developments that will take place throughout the county, from Gilroy to Palo Alto.</p> <p>Thus, while the PROGRAM does not identify maximums for loan amounts, total developments cost per unit, or local subsidy per development, the County would expect that:</p>

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<p>Loan Amount Continued</p>		<ul style="list-style-type: none"> • The total development cost is lower than or not unreasonably higher than similar developments that have been recently completed or that are underway. The County must ensure that the proposed costs are reasonable; • For developments using the 9% LIHTC program, the local subsidy makes up no more than 40% of the total development cost. <p>Other sources of appropriate financing must be identified, but not necessarily committed, at the time of application. Projects will be reviewed to ensure that only the minimum level of County subsidy needed will be provided. All other sources of funding must be committed before closing of the County Loan.</p> <p>HOME assisted units are subject to maximum per unit subsidy limits.</p>
<p>Underwriting</p>		<p><u>Financial Feasibility.</u> Proposed projects must demonstrate financial feasibility for both development and operations, assuming the underwriting standards appended to the NOFA.</p> <p><u>Supportive Services.</u> The cost of case management and service coordinators included in the Supportive Services Plan may be paid from operating revenue to the extent financially feasible. OSH staff will determine the reasonableness of these costs, considering the staffing levels outlined in the Supportive Services Plan.</p> <p><u>Operating Subsidy.</u> Projects that proposed to rely on a project-funded capitalized operating reserve or cross-subsidy to support the expenses of PSH units, shall assume the following in demonstrating long-term operational feasibility. Rents for households of a PSH unit shall be set at 30% of Supplemental Security Income (SSI). Rents may be set higher in the unusual circumstance where the household may earn higher incomes.</p>
<p>Fees</p>	<ul style="list-style-type: none"> • Loan Application Fee: 1% of loan award (one-time) • Bond Conduit issuer fees are separate (i.e. City of San Jose) 	<ul style="list-style-type: none"> • Bond Conduit issuer fees are separate (i.e. City of San Jose) • Administrative Fee: 0.3% of outstanding loan balance (paid annually above the line)

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Fees Continued	<ul style="list-style-type: none"> Administrative Fee: 0.3% of outstanding loan balance (paid annually) 	
Rates & Funding Terms	<ul style="list-style-type: none"> 3% simple interest, residual receipts, 55 year term/affordability covenant If amortizing debt on project, minimum 1.15 debt coverage ratio 3 year conditional commitment 	<p><u>Financing Terms.</u></p> <ul style="list-style-type: none"> 3% simple interest, residual receipts, 55 year term/affordability covenant. The County will consider a lower interest rate on a case-by-case basis. If amortizing debt on project, minimum 1.15 debt coverage ratio 3 year conditional commitment <p><u>Release of Funds.</u> The County will make capital funds available for disbursement on a draw-down or reimbursement basis, upon closing of the loan and/or commencement of construction. Disbursement of funds for payment of hard costs will be on a draw-down basis. Disbursement of funds for payment of soft costs will be on a reimbursement basis.</p> <p><u>Predevelopment and Acquisition Funding.</u> In addition to the cost of the land (if the application includes acquisition), the County may release up to \$1,500,000 prior to the start of construction for predevelopment expenses. The County will determine whether to release funds based on an evaluation of the developer’s track record and project risk. Funds will be released conditioned on the execution of loan documents and the recording of a deed of trust against the land or leasehold interest. Only the following costs are considered eligible acquisition and predevelopment expenditures:</p> <ul style="list-style-type: none"> Acquisition costs of land and/or building improvements Title, recording, and escrow Architectural and design Fees paid to cities and other government agencies <p><u>Special conditions to closing.</u> In addition to the standard conditions, representations, and warranties, the County in its sole discretion, may require projects to meet the following special conditions prior to loan closing:</p> <ul style="list-style-type: none"> Applicants may be required to present their project to the County’s Loan Committee.

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Rates & Funding Terms	<ul style="list-style-type: none"> • Applicants may be required to address all architectural, design, and supportive services deficiencies identified during the application scoring process prior to release of loan funds. <p><u>Compliance with all Conditions Prior to Closing.</u> All requirements and conditions set forth in the NOFA and the loan documents must be satisfied, as determined by the County, in its sole discretion, prior to disbursements of any loan funds. The applicant represents and warrants that all materials and information provided in connection with this NOFA are true and correct at all times, from date of submission to the County and throughout the award process, loan closing and term of the loan. By way of example, but not by limitation, some of the conditions, representations, or warranties that must be at all times true include:</p> <ul style="list-style-type: none"> • Applicant must be in good standing and have the authority and organizational power to enter into the documents, agreements, and certifications related to the NOFA and any resulting loan. • Applicant and its partners, principals, or affiliates must not be or include any persons or companies who are non-compliant with the requirements of any agreement with the County or be listed on HUD’s debarment lists. • Applicant and its partners, principals or affiliates cannot be in default or in violation of any of its obligations under the NOFA, or any loan documents, contracts, agreements, court orders or laws, and submitting for the NOFA and providing the information and entering into the agreements contemplated by the NOFA will not cause a default or violation. • Applicant’s financial condition shall not have declined. • There shall be no change in the ownership, management or control (direct or indirect) of applicant, which is not promptly disclosed to and approved by the County. • Applicant and its partners, principals, or affiliates shall not be subject to any binding, agreement, suit, order, or law which would be violated if applicant proceeds with the transactions contemplated by the NOFA, or the loan documents. • There shall be no discovery of any preexisting event or circumstances and there shall be no material adverse change in the condition or suitability of the project site, the feasibility of the project, completion date, or the cost of the project, which is not promptly disclosed to and approved by the County.
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<p>Rates & Funding Terms</p>		<ul style="list-style-type: none"> • Applicant and its partners, principals or affiliates shall not be subject to any litigation, suit, arbitration or administrative proceeding which may adversely affect the ability of applicant to perform any of its obligations under and contemplated by the NOFA. • There shall be no deviation from the Supportive Services Plan approved by the County that is not promptly disclosed to and approved by the County. <p><u>Retention.</u> The County will hold 10% of the loan amount, up to a maximum of \$1,000,000, until conversion to permanent financing is complete. Any withheld loan amount will only be released upon the full satisfaction of all Permanent Financing Conditions, as identified in the County’s loan agreement.</p>
<p>Subordinate Financing</p>	<ul style="list-style-type: none"> • Applicants are encouraged to seek loans and grants from local government and third parties to leverage funds and achieve project feasibility 	<p>Applicants are encouraged to seek loans and grants from local government and third parties to leverage funds and achieve project feasibility</p>
<p>Tenant Selection</p>	<ul style="list-style-type: none"> • Use of the County’s Office of Supportive Housing Coordinated Entry System • Screening-in criteria 	<p>All referrals for supportive housing units shall come directly from the Santa Clara County Continuum of Care’s (CoC) Coordinated Entry System (CES), which is managed by the County’s Office of Supportive Housing.</p> <p>In compliance with the U.S. Department of Housing and Urban Development’s (HUD) requirements for communities that receive CoC program funds, the OSH manages the countywide CES. Through the CES, homeless individuals and families are assessed for and referred to appropriate housing and interim housing programs. The OSH is responsible for designing and implementing common assessment tools, managing the dynamic registries of homeless persons in need of assistance, managing the Homeless Management Information System (HMIS), making or coordinating all referrals to programs, and managing or monitoring the performance of all supportive housing and interim housing programs. The CES is linked to street, medical and specialized outreach programs so that the community is able to continuously identify and assess individuals in need and to effectively connect them to the appropriation housing programs.</p>

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<p>Tenant Selection</p>		<p>Currently, all homeless individuals and families are assessed using Vulnerability Index & Service Prioritization Decision Assistance Tool (VI-SPDAT). The tool helps determine whether homeless persons need PSH, RRH, or some other housing intervention. Households within the PSH or RRH bands are referred to programs based on their vulnerability score and based on the availability and specific requirements of PSH and RRH programs.</p> <p>The CES is currently being expanded and adapted to adequately assess the needs and coordinate supportive housing programs for individuals who are living in, but can leave institutions.</p> <p>During the initial lease up for PSH and for RRH units, the County will identify and refer eligible households to supportive service providers. The providers will assist the households apply for, move-in, and maintain their housing in the proposed development. The process will repeat as units PSH or RRH units become vacant. The referral process will be specified in the MOU between the owner and the County.</p> <p>Screening-in criteria</p>
<p>Other Special Terms and Conditions</p>		<p><u>Ground Lease:</u> For new developments, applicants must include the opportunity for the County (and/or another public entity) to eventually own the land as ground lessor under a long-term ground lease structure or some other land dedication/subdivision mechanism that will ensure long-term affordable housing as the primary use of the land.</p> <p><u>Wages.</u> The County requires the payment of State prevailing wages be paid. Wage rates for workers performing work related to the development of the awarded projects shall be paid not less than the general prevailing rate of per diem wages, as defined in Section 1773 of the California Labor Code and Subchapter 3 of Chapter 8, Division 1, Title 8 of the California Code of Regulations (Section 16000 et seq.), and as established by the Director of the California Department of Industrial Relations (“DIR”). In addition, if federal funds are used for physical improvements, the higher of State prevailing wage and Davis-Bacon wage rates shall be determined and paid for each job classification.</p>
<p>Compliance Monitoring</p>		<p><u>Desk Review.</u> Periodic monitoring projects to confirm ongoing program compliance.</p>

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		<p><u>Residual receipt documentation.</u> Following completion, on an annual basis, owner shall submit audited financial reports for the project.</p> <p><u>Field Monitoring.</u> Periodic site visits of projects that receive funding through the County’s Loan Program.</p> <p><u>Construction Monitoring.</u> The County reserves the right to undertake periodic monitoring, including site visits of the project during construction.</p>
Definitions	<p><u>At Imminent Risk of Homelessness:</u> Individual or family who will imminently lose their primary nighttime residence, provided that:</p> <ol style="list-style-type: none"> i. Residence will be lost within 14 days of the date of application for homeless assistance ii. No subsequent residence has been identified; and iii. The individual or family lacks the resources or support networks needed to obtain other permanent housing <p><u>Homeless</u> (HUD Definition at 24 CFR 578.3): Includes but is not limited to:</p> <ol style="list-style-type: none"> 1. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: <ol style="list-style-type: none"> a. An individual or family with a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human 	<p><u>At Imminent Risk of Homelessness:</u> Individual or family who will imminently lose their primary nighttime residence, provided that:</p> <ol style="list-style-type: none"> i. Residence will be lost within 14 days of the date of application for homeless assistance ii. No subsequent residence has been identified; and iii. The individual or family lacks the resources or support networks needed to obtain other permanent housing <p><u>Homeless</u> (HUD Definition at 24 CFR 578.3): Includes but is not limited to:</p> <ol style="list-style-type: none"> 1. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: <ol style="list-style-type: none"> a. An individual or family with a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; including a car, park, abandoned building, bus or train station, airport, or camping ground, or b. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, State, or local government programs for low-income individuals), or c. An individual who is existing an institution where he or she resided for 90 days or less, and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

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Definitions Continued	<p>beings; including a car, park, abandoned building, bus or train station, airport, or camping ground, or</p> <p>b. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, State, or local government programs for low-income individuals), or</p> <p>c. An individual who is existing an institution where he or she resided for 90 days or less, and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.</p> <p>2. An individual or family who will imminently lose their primary nighttime residence (see at “Imminent Risk of Homelessness” Definition above)</p> <p>3. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless, but who:</p>	<p>2. An individual or family who will imminently lose their primary nighttime residence (see at “Imminent Risk of Homelessness” Definition above)</p> <p>3. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless, but who:</p> <p style="margin-left: 20px;">a. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act ((42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a),</p> <p style="margin-left: 20px;">b. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60-days immediately preceding the date of application for homeless assistance,</p> <p style="margin-left: 20px;">c. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance, and</p> <p style="margin-left: 20px;">d. Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment.</p> <p>4. Any individual or family who:</p> <p style="margin-left: 20px;">a. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual’s or family’s primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence,</p>
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Definitions Continued	<p>a. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act ((42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a),</p> <p>b. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60-days immediately preceding the date of application for homeless assistance,</p> <p>c. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance, and</p> <p>d. Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health</p>	<p>b. Has no other residence, and</p> <p>c. Lacks the resources or support networks, such as family, friends, and faith-based or other social networks to obtain other permanent housing.</p> <p><u>Chronically Homeless:</u> (HUD Definition at 24 CFR 578.3)</p> <ol style="list-style-type: none"> 1. Includes an individual or family who: <ol style="list-style-type: none"> a. Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter, b. has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year, or an at least four separate occasions in the last three years, and c. Can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability. 2. An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) above, before entering that facility, or 3. A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) including a family whose composition has fluctuated while the head of household has been homeless. <p><u>At Risk of Chronic Homeless:</u> (note this is specific to No Place Like Home funds) Includes, but is not limited to persons who are at high-risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others as defined in No Place Like Home program guidelines.</p> <p><u>Permanent Supportive Housing (PSH)</u> is a type of housing program that provides permanent affordable housing and supportive services to individuals (and their families) who have disabling</p>
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Supportive Housing Development Program¹

<p>Definitions Continued</p>	<p>conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment.</p> <p>4. Any individual or family who:</p> <p>a. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual’s or family’s primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence,</p> <p>b. Has no other residence, and</p> <p>c. Lacks the resources or support networks, such as family, friends, and faith-based or other social</p>	<p>conditions. There is no limit to length of stay and housing units are occupied by persons with lease agreements and have access to on-site or off-site services that are flexible, voluntary, and individualized in order to assist an individual or family retain their housing, improve their health status, and maximize their ability to live, and, when possible, work in the community. PSH programs are typically prioritized for chronically homeless persons and families or other populations with significant health needs.</p> <p><u>Rapid Rehousing (RRH)</u> is a type of housing program connects families and individuals to permanent housing through time-limited financial assistance and targeted supportive services. RRH program participants are provided shallow or declining rent subsidies, other temporary financial assistance, and time-limited case management and other support services. In RRH programs, individuals and families eventually take over the full rent of their leased housing units. After “transitioning in place,” the individuals and families may reside in the unit so long as they abide by the lease. If and when RRH unit becomes vacant, the unit is filled by a new RRH participant. To ensure that individuals and families can transition in place, units that are set aside for RRH programs shall have their rents restricted to a level affordable to households earning no more than 30% of AMI, adjusted for household size.</p> <p><u>Supportive Housing.</u> A combination of affordable housing and support services designed to help individuals and families overcome or recover from homelessness, acute or chronic illnesses, financial emergencies, and/or other crises that undermine housing stability.</p> <p><u>Housing First.</u> A homeless assistance approach that prioritizes providing permanent housing to people experiencing homelessness, thus ending their homelessness and serving as a platform from which they can pursue personal goals and improve their quality of life.</p> <p><u>Continuum of Care.</u> As defined by 24 Code of Federal Regulations (CFR) 578.3, Continuum of Care refers to the group organized to provide coordinated services to homeless individuals. This group is composed of representatives of organizations such as non-profit homeless providers, faith-based organizations, businesses, governments, public housing agencies, victim service providers, medical providers, advocates, law enforcement, social service providers, school districts, universities, mental health services providers, affordable housing developers, and organizations</p>
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¹ Note the final program name is subject to change.

July 5, 2017

SANTA CLARA COUNTY PROGRAM GUIDELINES - SECOND DRAFT
Supportive Housing Development Program¹

Definitions Continued	<p>networks to obtain other permanent housing.</p> <p><u>Chronically Homeless:</u> (HUD Definition at 24 CFR 578.3)</p> <ol style="list-style-type: none"> 1. Includes an individual or family who: <ol style="list-style-type: none"> a. Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter, and b. has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year, or an at least four separate occasions in the last three years, and c. Can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability. 2. An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 	<p>that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons, to the extent they reside within the geographic area and are available to participate.</p>
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¹ Note the final program name is subject to change.

July 5, 2017

SANTA CLARA COUNTY PROGRAM GUIDELINES - SECOND DRAFT
Supportive Housing Development Program¹

Definitions Continued	<p>days and met all of the criteria in paragraph (1) above, before entering that facility, or</p> <p>3. A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) including a family whose composition has fluctuated while the head of household has been homeless.</p> <p><u>At Risk of Chronic Homeless:</u> (note this is specific to the NPLH funds) Includes, but is not limited to:</p> <p>A. Persons who are at high-risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others as defined in NPLH program guidelines.</p> <p><u>Permanent Supportive Housing.</u> Housing with no limit on length of stay that is occupied by persons with lease agreements who qualify under the Target Population,</p>
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¹ Note the final program name is subject to change.

July 5, 2017

SANTA CLARA COUNTY PROGRAM GUIDELINES - SECOND DRAFT
Supportive Housing Development Program¹

Definitions Continued	and is linked to on-site or off-site services that are flexible, voluntary, and individualized in order to assist an individual or family retain their housing, improve their health status, and maximize their ability to live, and, when possible, work in the community.	
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July 5, 2017

SANTA CLARA COUNTY DRAFT PROGRAM GUIDELINES¹

Multifamily Supportive Housing Loan Program

For Discussion Purposes Only

Program Overview and Objectives	<p>The program emphasis is on reducing homelessness by creating safe and affordable housing units and increasing accessibility to a variety of supportive services. The objectives of the program are to:</p> <ul style="list-style-type: none"> • Create PSH units for people with a disabling condition. • Create RRH units for people who need short term housing assistance so they can transition in place. • Increase the supply of housing that is affordable to ELI and VLI households.
Program Priorities	<ol style="list-style-type: none"> 1. New Developments that commit the greater of 25 units or 50% of the units within the project as PSH units. (Note the County will select the target population) 2. New Developments that commit the greater of 25 units or 50% of the units within the project as PSH/RRH units. 3. New Developments that commit the greater of 25 units or 60% of the units within the project as RRH units. 4. New Developments that commit the greater of 25 units or 80% of the units within the project as ELI units. 5. Acquisition and Rehabilitation projects that will achieve the following: <ul style="list-style-type: none"> ○ Increase the affordability of existing housing units; ○ Create new affordable housing units that increase access for the County’s priority populations. <p>(Note: Program priorities may shift as production goals are met)</p>
Priority Populations	<ul style="list-style-type: none"> • Permanent Supportive Housing units for individuals or families with a disabling condition who are extremely low income (receiving SSI; earning up to 30% AMI) and who are: <ul style="list-style-type: none"> ○ Chronically Homeless; ○ Homeless; or ○ Individuals leaving long term care facilities. • Rapid Re-Housing Units for individuals or families who are extremely low income (earning up to 30% AMI) and who are: <ul style="list-style-type: none"> ○ Homeless; or ○ At imminent risk of homelessness.
Projected/ Anticipated Operating Subsidy Type	<ul style="list-style-type: none"> • PSH Units: Project based rental subsidies (i.e. capitalized operating subsidy) • RRH Units: Tenant based rental assistance • Other ELI/ VLI Units: No operating subsidy.
Projected/Anticipated Supportive Services Subsidy Type	<ul style="list-style-type: none"> • PSH Units: County Provided Supportive Services at a rate of \$10,000/unit/year • RRH Units: County provided supportive services at a rate of \$5,000/unit/year • Other Eli/VLI Units: No supportive services will be provided.

¹Originally referred to as “Term Sheet”

SANTA CLARA COUNTY DRAFT PROGRAM GUIDELINES¹

Multifamily Supportive Housing Loan Program

For Discussion Purposes Only

Threshold Eligibility – Applicants	<ul style="list-style-type: none"> • Non-profit organizations, tax-credit limited partnerships or limited liability corporations, mission aligned for profit affordable housing developers with a successful development track record. • Developers who have successfully built and operated a multifamily development with at least 20% of the units as PSH. • Developers who have successfully built and operated a restricted affordable rental housing development. • Developers who have successfully built and operated a licensed residential care facility. <p>(Note: Development partnerships where at least one developer has met any of the above requirements)</p>
Threshold Eligibility – Projects	<ul style="list-style-type: none"> • New Construction • Acquisition and Substantial Rehabilitation (i.e. replacement and improvements involving (1) the replacement of two or more major building systems or (2) costs which exceed either 15% of the property's replacement cost after completion of all repairs, replacements, and improvements or \$6,500 per dwelling unit) • Minimum Development Size: None
Threshold Eligibility – Proposals	<ul style="list-style-type: none"> • Must Demonstrate Site Control • Opportunity for County to own the land as ground lessor under a long-term ground lease structure • Financial Feasibility of the Project (i.e. realistic development and operating budget projections) • Must propose the maximum use of available non-local funds to achieve the highest reasonable financial leverage of capital resources • Community Engagement Plan • Acknowledgement of local jurisdiction support (i.e. letter from staff)
Eligible Use of Funds	<ul style="list-style-type: none"> • Predevelopment & Acquisition <ul style="list-style-type: none"> ○ Property acquisition and holding costs; ○ Architectural and engineering expenses; ○ Environmental Assessments; ○ Appraisals; ○ Legal Costs; and/or ○ Project Management • Development <ul style="list-style-type: none"> ○ New Construction ○ Acquisition and Substantial Rehabilitation
Loan Amount	<ul style="list-style-type: none"> • Minimum Loan Amount: \$0 • Maximum Loan Amount: \$0
Fees	<ul style="list-style-type: none"> • Loan Application Fee: 1% of loan award (one-time) • Bond Conduit issuer fees are separate (i.e. City of San Jose) • Administrative Fee: 0.3% of outstanding loan balance (paid annually)
Rates & Terms	<ul style="list-style-type: none"> • 3% simple interest, residual receipts, 55 year term/affordability covenant • If amortizing debt on project, minimum 1.15 debt coverage ratio

SANTA CLARA COUNTY DRAFT PROGRAM GUIDELINES¹

Multifamily Supportive Housing Loan Program

For Discussion Purposes Only

	<ul style="list-style-type: none"> • 3 year conditional commitment
Subordinate Financing	<ul style="list-style-type: none"> • Applicants are encouraged to seek loans and grants from local government and third parties to leverage funds and achieve project feasibility
Tenant Selection	<ul style="list-style-type: none"> • Use of the County’s Office of Supportive Housing Coordinated Entry System • Screening-in criteria
Definitions	<ul style="list-style-type: none"> • <u>At Imminent Risk of Homelessness</u>: Individual or family who will imminently lose their primary nighttime residence, provided that: <ol style="list-style-type: none"> i. Residence will be lost within 14 days of the date of application for homeless assistance ii. No subsequent residence has been identified; and iii. The individual or family lacks the resources or support networks needed to obtain other permanent housing • <u>Homeless</u> (HUD Definition at 24 CFR 578.3): Includes but is not limited to: <ol style="list-style-type: none"> 1. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: <ol style="list-style-type: none"> a. An individual or family with a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; including a car, park, abandoned building, bus or train station, airport, or camping ground, or b. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, State, or local government programs for low-income individuals), or c. An individual who is existing an institution where he or she resided for 90 days or less, and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution. 2. An individual or family who will imminently lose their primary nighttime residence (see at “Imminent Risk of Homelessness” Definition above) 3. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless, but who: <ol style="list-style-type: none"> a. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act ((42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of

SANTA CLARA COUNTY DRAFT PROGRAM GUIDELINES¹

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	<p>1994 (U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a),</p> <ul style="list-style-type: none">b. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60-days immediately preceding the date of application for homeless assistance,c. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance, andd. Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment. <p>4. Any individual or family who:</p> <ul style="list-style-type: none">a. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence,b. Has no other residence, andc. Lacks the resources or support networks, such as family, friends, and faith-based or other social networks to obtain other permanent housing. <ul style="list-style-type: none">• <u>Chronically Homeless:</u> (HUD Definition at 24 CFR 578.3)<ul style="list-style-type: none">1. Includes an individual or family who:<ul style="list-style-type: none">a. Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter, andb. has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an
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SANTA CLARA COUNTY DRAFT PROGRAM GUIDELINES¹

Multifamily Supportive Housing Loan Program

For Discussion Purposes Only

	<p>emergency shelter continuously for at least one year, or an at least four separate occasions in the last three years, and</p> <ol style="list-style-type: none">c. Can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability. <ol style="list-style-type: none">2. An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) above, before entering that facility, or3. A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) including a family whose composition has fluctuated while the head of household has been homeless. <ul style="list-style-type: none">• <u>At Risk of Chronic Homeless</u>: (note this is specific to the NPLH funds) Includes, but is not limited to:<ol style="list-style-type: none">A. Persons who are at high-risk of long-term on intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others as defined in NPLH program guidelines.• <u>Permanent Supportive Housing</u>. Housing with no limit on length of stay that is occupied by persons with lease agreements who qualify under the Target Population, and is linked to on-site or off-site services that are flexible, voluntary, and individualized in order to assist an individual or family retain their housing, improve their health status, and maximize their ability to live, and, when possible, work in the community.
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