

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

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March 29, 2023

**MEMORANDUM FOR:** All Potential Applicants

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

**SUBJECT:** **Homekey Program  
Notice of Funding Availability, Round 3**

The California Department of Housing and Community Development (HCD/Department) is pleased to announce the availability of approximately \$736 million of Homekey Program (Homekey) grant funding through this Round 3 Notice of Funding Availability (NOFA). Building on the success of both [Project Roomkey](#) and the first two rounds of Homekey, this significant investment continues a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or At Risk of Homelessness, and who are, thereby, disproportionately impacted by and at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.

Of the \$736 million in Homekey funding, \$435 million is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF) established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2) and \$301 million is State General Fund. The \$301 million in State General Fund money is intended to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites to promote Project feasibility. **This NOFA will be supplemented by a separate Homekey NOFA for approximately \$75 million for tribes, targeted for release later in 2023.** Projects receiving an award from the state's direct allocation of the federal ARPA must expend the funds within eight months of the date of award, pursuant to NOFA Section 204. The portion of a Project's award associated with State General Fund must be expended by June 30, 2026, pursuant to NOFA Section 204.

Due to the potential for program oversubscription, Eligible Applicants are encouraged to submit their completed application as soon as possible. The Department will be accepting the applications on a continuous, over-the-counter (OTC) basis from the release of the Homekey application on April 24, 2023 through July 28, 2023, or until the available funds are exhausted, whichever occurs first. Applicants must submit a complete application available on the Homekey [website](#).

To receive information on the upcoming Homekey NOFA webinar and other updates, please subscribe to the Department's Homelessness Prevention Programs listserv at <https://www.hcd.ca.gov/contact-us/email-signup>.

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

**Homekey Program**  
**Notice of Funding Availability, Round 3**



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March 29, 2023

## Table of Contents

Article I – Program Overview .....	6
Section 100. Notice of Funding Availability (NOFA).....	6
Section 101. Authorizing Legislation and Applicable Law .....	6
Section 102. Program Timeline .....	7
Article II – Program Requirements .....	8
Section 200. Eligible Applicants.....	8
Section 201. Eligible Uses .....	9
Section 202. Eligible Projects .....	10
Section 203. Geographic Distribution and Allocations .....	10
Section 204. Program Deadlines.....	14
Section 205. Maximum Grant Amounts and Capital Funding Match .....	14
Section 206. Operating Awards and Match.....	16
Section 207. Funding Limits .....	17
Section 208. Affordability Covenant .....	18
Article III – Threshold and Scoring Criteria.....	19
Section 300. Threshold Requirements .....	19
Section 301. Interim Housing Requirements .....	29
Section 302. Single-Family Scattered Site Housing Requirements .....	31
Section 303. Other Requirements.....	31
Section 304. Application Scoring Criteria .....	32
Article IV. Application Submission, Review, and Award Process .....	39
Section 400. Application Process and Submission .....	39
Section 401. Pre-Application Consultation and Technical Assistance.....	41
Section 402. Award Process.....	41
Section 403. Appeals.....	41
Article V – Other Program Requirements .....	42
Section 500. Article XXXIV .....	42
Section 501. Housing First.....	43
Section 502. Tenant and Participant Selection.....	43
Section 503. Participation in Statewide HDIS/HMIS .....	43
Section 504. Relocation.....	43
Section 505. Accessibility and Non-Discrimination .....	44

Section 506. Prevailing Wages.....	44
Section 507. Environmental Clearances .....	45
Section 508. Land Use.....	46
Section 509. State Requirements.....	46
Section 510. Grantee Liability .....	46
Article VI – Program Operations.....	46
Section 600. Program Oversight .....	46
Section 601. Reporting .....	47
Section 602. Disbursement of Grant Funds.....	48
Section 603. Legal Documents.....	48
Section 604. Sales, Transfers, and Encumbrances .....	49
Section 605. Defaults and Grant Cancellations .....	49
Article VII – Definitions .....	50
Article VIII – Insurance Requirements .....	57
Section 800. Insurance Requirements.....	57
APPENDIX A: Capital Contributions to Projects* .....	60

## **Article I – Program Overview**

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

The California Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$736 million in Homekey funding to sustain and rapidly expand the inventory of housing for people experiencing homelessness or At Risk of Homelessness and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. Before the COVID-19 pandemic, homelessness data showed Black, Indigenous, and People of Color (BIPOC) were overrepresented in the homelessness system. The pandemic made racial disparities more apparent, and communities are dealing with the additional disproportionate impact of illness and death among people experiencing homelessness. Homekey recognizes these impacts and encourages Eligible Applicants to examine disproportionate impacts in their own communities and to develop strategies to address these impacts.

Homekey is an opportunity for state, regional, and Local Public Entities to develop a broad range of housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, manufactured housing, and to convert commercial properties and other existing buildings to Permanent or Interim Housing for the Target Population.

Of the \$736 million in Homekey grant funds, \$435 million is derived from the state's direct allocation of the federal Coronavirus State Fiscal Recovery Fund (CSFRF), which was established by the American Rescue Plan Act of 2021 (ARPA) (Pub.L. No. 117-2). In addition, \$301 million is derived from the state's General Fund to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites.

### **Section 101. Authorizing Legislation and Applicable Law**

Assembly Bill No.140 (2021-2022 Reg. Sess.) provided the statutory basis for Round 3 of the Homekey Program by adding section 50675.1.3 to the Health and Safety Code (HSC), and it exempted certain Round 3 Homekey Projects from the California Environmental Quality Act (CEQA) by adding section 50675.1.4 to the HSC. The statutory scheme includes new construction of dwelling units as an eligible use and establishes an allocation of funds for Projects serving Homeless Youth and Youth at Risk of Homelessness.

HSC section 50675.1.3, subdivision (e) states, “The Department of Housing and Community Development may adopt guidelines for the expenditure of the funds appropriated to the Department, and for the administration of this program. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.”

This NOFA serves as the Department’s guidelines for the expenditure of Homekey funds and the administration of the Homekey Program. As such, this NOFA establishes the terms, conditions, forms, procedures, and other mechanisms that the Department deems necessary to exercise its powers and to perform its duties pursuant to the Homekey Program. The matters set forth herein are regulatory mandates and are

adopted as regulations that have the dignity of statutes. (*Ramirez v. Yosemite Water Company, Inc.* (1999) 20 Cal. 4th 785, 799 [85 Cal.Rptr.2d 844].)

The Multifamily Housing Program (MHP) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the HSC), and as subsequently amended, is hereby incorporated by reference. In accordance with HSC section 50675.1.3, subdivision (d), in the event of a conflict between this NOFA and the MHP, the provisions of this NOFA are controlling.

The MHP Final Guidelines (MHP Guidelines), effective March 30, 2022, and as subsequently amended, are hereby incorporated by reference. In the event of a conflict between any of this NOFA and the MHP Guidelines, the provisions of this NOFA are controlling.

The Uniform Multifamily Regulations (UMR) (Cal. Code Regs., tit. 25, § 8300 et seq.), effective November 15, 2017, and as subsequently amended, are hereby incorporated by reference, except to the extent that any UMR provision would be inconsistent with the provisions of this NOFA.

The Department will only amend this NOFA as necessary and in accordance with the Department's guideline authority pursuant to HSC section 50675.1.3, subdivision (e).

All other criteria and matters set forth within the NOFA shall also govern Tribal Entity applications submitted under this NOFA, unless and except to the extent expressly provided to the contrary by terms set forth within this NOFA and subject to any potential modification or waiver under or pursuant to Assembly Bill No. 1010 (Stats.2019, c. 660), which is set forth in HSC section 50406, subdivision (p).

#### Section 102. Program Timeline

Homekey funds will be available to Eligible Applicants on a continuous, OTC basis, rather than on a competitive basis. The following table summarizes the anticipated Homekey Program timeline.

**Table 1: Anticipated Timeline for Homekey Applications**

NOFA release	March 29, 2023
Application release	April 24, 2023
Stakeholder webinar	mid-April, 2023
Final application due date	July 28, 2023, or until funds are exhausted, whichever occurs first
Award announcements	Continuous, with individual awards generally announced within 60 to 90 days of the Department's receipt of a complete and accurate application and all required supplemental documentation
Standard Agreements issued	Continuous, after award announcement and the Department's receipt of required information and documentation needed to execute the Standard Agreement
Disbursement of funds	Continuous after Standard Agreement execution, satisfaction of all conditions precedent to disbursement, and completion of a request for funds form.
Grantee Expenditure and Program Report due, annually for five years subsequent to contract execution	Annually by January 31

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

## **Article II – Program Requirements**

### **Section 200. Eligible Applicants**

- i. Cities, counties, cities and counties, and all other state, regional, and Local Public Entities, including councils of government, metropolitan planning organizations, and regional transportation planning agencies designated in Section 29532.1 of the Government Code; or
- ii. Tribal Entities.

Tribal Entities are encouraged to apply for Homekey via a forthcoming Homekey Tribal Entity NOFA of approximately \$75 million, to be released under separate cover later in 2023, that will be developed exclusively for and in consultation with tribes.

Each of the foregoing entities may apply independently, or each entity may apply jointly



with a nonprofit or for-profit corporation, a limited liability company (LLC), and/or a limited partnership (LP) as a Co-Applicant.

A special purpose entity may only have an ownership interest in a Homekey Project if it applied for that Project's Homekey funding as a Co-Applicant. Section 8313.2 of the UMRs is applicable to special purpose entities that participate in the Homekey program.

The requirements set forth in this NOFA are subject to AB 1010 (Stats.2019, c. 660), which is set forth in HSC section 50406, subdivision (p). Accordingly, and pursuant to HSC section 50406, subdivision (p), **(a)** where the provisions of tribal law, tribal governance, tribal charter, or difference in Tribal Entity or legal structure would cause a violation or not satisfy the requirements of this NOFA, said requirements may be modified as necessary to ensure program compatibility; and **(b)** where provisions of tribal law, tribal governance, tribal charter, or difference in Tribal Entity legal structure or agency create minor inconsistencies (as determined by the Director of the Department or a duly authorized designee thereof) with the requirements set forth in this NOFA, the Department may waive said requirements, as deemed necessary, to avoid an unnecessary administrative burden. Matters set forth or otherwise provided for in this NOFA that may be modified or waived include, without limitation, threshold scoring requirements and any other matters set forth in HSC section 50406, subdivision (p)(2). tribal Applicants are accordingly encouraged to discuss any such potential modifications or waivers and their options in that regard at the pre-application consultation.

### Section 201. Eligible Uses

Awarded funds must be used to provide housing for the Target Population of individuals and families experiencing Homelessness or who are At Risk of Homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. For Grantees utilizing HOME-ARP funds as match, the Target Population also includes individuals and families who are "Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking" and "Other Populations" as defined in HUD Community Planning and Development (CPD) Notice 21-10. With respect to the list of eligible uses below, an Eligible Applicant may choose to target Project Roomkey properties, or other, non-Project Roomkey properties. The list of eligible uses is as follows:

- i. Acquisition or Rehabilitation, or acquisition and Rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to Permanent Housing or Interim Housing, subject to any limitations set forth in this NOFA, including those provided in Section 301.
- ii. Master leasing of properties for non-congregate housing.
- iii. Conversion of units from nonresidential to residential.
- iv. New construction of dwelling units.

- v. The purchase of affordability covenants and restrictions for units.
- vi. Relocation costs for individuals who are being displaced as a result of the Homekey Project.
- vii. Capitalized operating subsidies for units purchased, converted, constructed, or altered with funds provided pursuant to HSC section 50675.1.3.

### Section 202. Eligible Projects

The Department welcomes and will consider a variety of innovative housing solutions as eligible Projects. The following list of eligible Projects is not exhaustive.

- i. Conversion of nonresidential structures to residential dwelling units.
- ii. Conversion of commercially zoned structures, such as office or retail spaces, to residential dwelling units.
- iii. Adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses.
- iv. Multifamily rental housing Projects.
- v. Excess state-owned properties.
- vi. Scattered site housing on multiple contiguous or non-contiguous sites is permitted as long as the resulting housing has common ownership, financing, and property management.
- vii. Shared housing in a structure shared by two or more households, where each household is in a separate private bedroom that can be locked.
- viii. Existing Homekey Assisted Units, previously awarded under Rounds 1 and 2 of Homekey funding, are ineligible for funding under this NOFA.
- ix. The Homekey program is intended to support the development of housing units and will not fund congregate shelter. Other funding sources should be considered for congregate shelter types of Interim Housing.

### Section 203. Geographic Distribution and Allocations

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

To this end, the Department has divided the state into eight regions, as outlined in Table 2, below. The regions are largely aligned with the various Councils of Government

(COGs). As detailed in Table 3 below, each region has funding reserved. Each region's share of the Homekey allocation is calculated based on its proportionate share of persons experiencing homelessness as indicated by the sheltered and unsheltered 2021 Homeless Point-in-Time Counts (PIT), plus its proportionate share of Extremely Low Income (ELI) renter households that are paying more than 50 percent of their income for rent.

The Department will deploy unused funds from any undersubscribed region(s) to fund applications in the manner described in the Discretionary Reserve. The Department will also redeploy undersubscribed and unused funds, as specified at Section 400 of this NOFA.

**Table 2: Homekey Geographic Distribution**

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

**Table 3: Estimated Homekey Geographic Allocations**

Region	Severely Rent-	2022 PIT Count	Round 3 Allocation
Los Angeles	415,350	69,144	\$211,813,531
Bay Area	199,165	38,118	\$111,112,027
Southern CA	203,610	15,672	\$68,783,638
San Joaquin	105,430	12,085	\$43,252,159
Central Coast	37,165	8,113	\$22,657,376
Sacramento	70,340	12,379	\$37,158,338
San Diego	95,570	8,427	\$34,345,268
Balance of State	32,265	7,583	\$20,708,081
<b>Totals</b>	<b>1,158,895</b>	<b>171,521</b>	<b>\$549,830,418</b>

Allocations

The \$736 million in Homekey funds are allocated as follows:

**Table 4: Homekey Funding Allocations**

Total Homekey Round 3 NOFA	\$735,988,501
Total Geographic Allocation	\$549,830,418
Homeless Youth Allocation - 10% of NOFA	\$75,759,808
Discretionary Reserve - 10% of NOFA	\$73,598,850
Rural Target Allocation - 5% of NOFA	\$36,799,425

**Homeless Youth Allocation**

Pursuant to HSC section 50675.1.3, subdivision (c), the Department shall allocate not less than eight percent (8%) of the total Homekey funding appropriated for Projects serving Homeless Youth, or Youth at Risk of Homelessness, as defined in 24 Code of Federal Regulations (CFR) part 578.3. This NOFA allocates ten percent (10%) of the funding available in Round 3 to Homeless Youth Projects as set forth in Table 4.

Unless otherwise indicated, all scoring criteria and other NOFA provisions shall govern the allocation awards provided under this NOFA. Homekey Projects are not required to serve only Homeless Youth, or Youth at Risk of Homelessness. Homekey Projects proposing to serve Homeless Youth, or Youth at Risk of Homelessness, may also serve other qualifying members of the Target Population. At the close of the application period, any unused funds from this allocation shall be reallocated to the Discretionary Reserve and shall be subject to the prioritization methods therein.

Projects that meet the threshold requirements of Article III, as well as the following criteria, will be prioritized for Homeless Youth allocation funds:

- Have at least 25 percent (25%) of Assisted Units reserved for Homeless Youth or

Youth at Risk of Homelessness; (See Section 304, 3a for points awarded)

- Have jointly applied and/or partnered with a nonprofit corporation(s), including community-based organization(s), with at least three years of experience serving current or former Foster Youth, Homeless Youth, or Youth at Risk of Homelessness; and (see Section 304, 2a-c for points awarded)
- Provide Supportive Services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care. Services may include, but are not limited to, case management, income supports, educational and employment counseling, life skills, legal assistance, health and wellness, and family connection services.

The Department will also award up to two (2) additional points in the application scoring to Projects that meet the following criteria:

- Site is within a one-mile radius of youth-centered amenities, such as community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and community centers for youth (e.g., LGBTQ+ centers, drop-in youth centers). (See Section 304, 3e (viii) for potential points)

### **Rural Target Allocation**

The Department will allocate five percent (5%) of the available Homekey Round 3 funding for Projects in Rural Area jurisdictions as set forth in HSC Section 50199.21. At the close of the application period, any unused funds from this allocation shall be reallocated to the Discretionary Reserve and shall be subject to the prioritization methods therein.

### **Discretionary Reserve**

The Department will allocate ten percent (10%) of available funds for a Discretionary Reserve to address the following:

- Covering overages from other allocations, where there are funds available, but the funds are insufficient to fully fund the next eligible Project in the region or allocation. The Department may award up to \$30 million in aggregate for this purpose at any point during the open application period.
- Funding single family home-scattered site Projects with a limit of four Projects in this Project type, up to \$10 million each. The Department may make these awards at any point during the open application period. The \$40 million will remain available for this purpose for any application submitted by June 30, 2023.

- Funding high scoring Projects from oversubscribed regions. These awards will not be made until after the application period closes, to the extent funds are available.

#### Section 204. Program Deadlines

Homekey capital funds must be expended within eight months of the date of award. "Date of award" means the date on the award letter issued from the Department to the awardee. In order to account for the time between the award letter and fund disbursement, and the fact that Grantee payments to contractors are made in arrears, the Department may extend the eight (8) month expenditure deadline by up to seven (7) months, upon the request of the awardee. The request shall be submitted in electronic format on a form provided by the Department.

Awardees will be subject to the following deadlines:

1. Acquisition, Rehabilitation, and/or construction must be completed 12 months from the date of award letter;
2. Capital expenditure must be completed within eight (8) months, or up to 15 months from the date of award if requesting an expenditure deadline extension; and
3. Full occupancy must be achieved by 15 months from date of award letter.

The Department may, in its sole and absolute discretion, approve an extension of the acquisition, Rehabilitation, construction, and/or occupancy deadlines if the Grantee demonstrates, to the Department's satisfaction, that the relevant delay is caused by reasonably unforeseeable events, conditions, or circumstances. Construction labor shortages and supply chain issues do not constitute reasonably unforeseeable events, conditions, or circumstances for purposes of an extension request.

Pursuant to 31 CFR part 35.5, the Department may reimburse eligible costs incurred beginning on March 3, 2021. Applicants are encouraged to discuss their options at the pre-application consultation.

**All operating funds must be fully disbursed by the Department by June 30, 2025, and fully expended by the Grantee by no later than June 30, 2026.**

#### Section 205. Maximum Grant Amounts and Capital Funding Match

Homekey will fund a maximum grant amount per door, pursuant to the conditions of this section, which includes both the acquisition cost and any needed Rehabilitation or new construction. **The award will be the lower of the following: (1) the maximum grant amount; or (2) the sum of the acquisition amount and any additional construction or Rehabilitation expenses, as supported by an appraisal and such other reasonable documentation required by the Department.** "Door" refers to units at the time of the acquisition, which may differ from the number of units that are available after a conversion

of the property. For those Projects that undergo a conversion, the number of units may need to be reduced in order to accommodate kitchenettes, additional bedrooms, space for Supportive Services and other amenities. For new construction and conversion of office, commercial, or other non- residential structures into residential dwelling units, Homekey will fund a maximum grant amount per completed Assisted Unit serving the Target Population, or an amount as supported by an appraisal, whichever is lower. “Assisted Unit” refers to units that are available after the construction or conversion of the property.

The Department will contribute a baseline amount per door, as outlined below, in whichever category is higher for the Assisted Unit. This baseline contribution does not require a local match.

#### Unit Size -- Baseline Capital Amounts:

- i. Studio or one-bedroom units will receive a baseline amount of \$150,000 per door;
- ii. Two-bedroom units will receive a baseline amount of \$175,000 per door; and
- iii. Three-bedroom or larger units will receive a baseline amount of \$200,000 per door.

Note that Homekey will fund “doors” based upon the number of units and unit size at the time of acquisition. In situations where units are combined to make larger units, awards will default to the number of doors and size of units at acquisition. In situations where multi- bedroom (two or more bedrooms) units at acquisition are divided into smaller unit sizes, awards will default to the number of doors and size of units with the lower baseline amount per door.

**OR**

#### Sub-Populations Served -- Baseline Capital Amounts:

- i. Assisted Units reserved for those experiencing Chronic Homelessness will receive a baseline amount of \$200,000 per door.
- ii. Assisted Units reserved for Homeless Youth or Youth at Risk of Homelessness will receive a baseline amount of \$175,000 per door.

#### Additional Contribution Amount – Local Match

Beyond the applicable baseline amount, the Eligible Applicant may leverage a 1:1 local match to provide up to \$100,000 in additional funds per door. For example, where the Applicant shows \$100,000 in matching funds, the Department will fund no more than \$250,000 for a 1-bedroom Assisted Unit, \$275,000 for a 2-bedroom Assisted Unit, \$300,000 for a 3+ bedroom Assisted Unit, \$300,000 for an Assisted Unit serving those experiencing Chronic Homelessness, and \$275,000 per door for an Assisted Unit serving Homeless Youth/Youth at Risk of Homelessness.

Appendix A shows how maximum funding awards from Homekey vary with different per-door costs, unit types, and Applicant contribution levels.

For relocation costs, the Department will pay for one-half of the relocation cost per door in addition to the capital award. For example, if a Project includes \$15,000 in relocation costs, then the Department will pay for \$7,500 of that relocation cost.

For the purchase of affordability covenants and restrictions, and for master-leasing, the Department may size the award per door based on a recent market study within the past year which conforms to guidelines adopted by the Tax Credit Allocation Committee (TCAC), and/or a rent roll, and/or other supporting documentation. For these uses, the maximum Homekey contribution per door shall not exceed the maximum amounts referenced in this section for acquisition, Rehabilitation, and new construction.

#### Section 206. Operating Awards and Match

- i. Where an operating award is requested, the total amount of operating award per Assisted Unit is limited as follows:
  - a. Assisted Units reserved for those experiencing Chronic Homelessness, for Homeless Youth, or for Youth at Risk of Homelessness shall not exceed \$1,400 per month; and
  - b. All other Assisted Units shall not exceed \$1,000 per month.
- ii. The total duration of the operating award (as described in i. above) is tied to the amount of the Applicant's matching funds, and is limited as follows:
  - a. If Projects can demonstrate a commitment of three years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for two years.
  - b. If Projects can demonstrate a commitment of four or more years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for three years.
- iii. Operating awards are determined based on need, exclusive of any debt service. The amounts and durations referenced in (i) and (ii) above represent maximums.
- iv. Operating awards may pay for a Project's necessary, recurring Operating Expenses in an amount approved by the Department. Qualifying expenses include utilities, maintenance, management fees, taxes, licenses, and Supportive Services costs, but not debt service or required reserve account deposits. Operating Expenses should be included in the Project's submitted budget.
- v. If requesting an operating award for a Permanent Housing Project, the Eligible Applicant must submit a letter of support from the applicable housing authority confirming the need for an operating award and



evidencing why other subsidies, such as Project-based vouchers (PBVs), are not available. A letter template and a list of potential Homekey complementary funding can be found on the Homekey [webpage](#).

- vi. The Homekey-funded portion of the operating award must be disbursed by the Department by June 30, 2025 and expended by the Grantee by June 30, 2026, with the Grantee establishing a capitalized operating subsidy reserve and disbursing the funds as outlined in this NOFA. No extensions will be granted on the Grantee's expenditure deadline for the operating award.
- vii. Eligible Applicants are required to demonstrate a minimum five-year commitment to provide operating funds for the proposed Project. The first two years of operating funds may include an award from Homekey. Operating match may be obtained from any source, including any federal, state, local, private, or philanthropic source. Applicants are encouraged to consider Project-based vouchers; Veterans Affairs Supportive Housing (HUD-VASH) Vouchers; Faircloth to Rental Assistance Demonstration (RAD) conversions; Homeless Housing Assistance and Prevention Program (HHAP) funding; Permanent Local Housing Allocation (PLHA) funding; and HOME-ARP funding. The preceding list of potential match sources is not exhaustive. Eligible Applicants will have an opportunity to discuss the match requirements and potential match sources during the pre-application consultation.

Additionally, the following requirements apply to operating match contributions:

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

#### Section 207. Funding Limits

- 1. In addition to the capital funding limits and match requirements described in Section 205, and the Homekey operating award funding limits and match requirements described in Section 206, Round 3 will implement additional funding limits as follows:
  - a. Per Project Funding Limit: No more than \$35 million in total Department sources may be used per Project. This per Project cap applies to Homekey Round 3 capital and operating funds, and to all Department sources of permanent loans for onsite development costs and operating costs. Grants from other Department programs are excluded from this per Project cap.

- i. At the sole discretion of the Director of the Department or the Director's designee, per Project Funding Limit requests in excess of \$35 million may be approved as an exemption to the Project funding limits, if the Projects uniquely advance state policy priorities, are high scoring, are located in high or highest resource areas as identified in the [2023 Opportunity Maps – Adopted January 2023](#), and/or are located in high-cost regions. Applicants asserting the Project is in a high-cost area shall provide data from HUD, the United States Census Bureau, or another authoritative source to validate the assertion. All exemption requests shall not exceed ten percent (10%) above the per Project Funding Limit.

To request an exemption, Applicants must submit justification at the time of application. The justification will be reviewed with the application package in accordance with Section 400. A form to request an exemption is available on the Homekey website.

If this exemption is approved, Applicants must submit documentation of Department approval with any subsequent applications for other Department funding, when requested.

- b. For single family home scattered-site Projects, the per Project funding limit is \$10 million total. The Department will fund up to four (4) Projects in this Project type in the manner described in Section 302.
2. The Department's [Repeal of Stacking Prohibition of Multiple Department Funding Sources memo](#) (Administrative Notice Number: 21-06), dated August 20, 2021, is hereby incorporated by this reference as if set forth in full herein, and it shall be applicable. Applicants must ensure that all Department funding sources in the Project are represented pursuant to the memo. Homekey awards shall not be layered with other Department funding sources in a manner that causes either the per unit or total Project funding to exceed the total development cost.

#### Section 208. Affordability Covenant

The Grantee shall duly encumber all Interim Housing-Projects with a 30-year Affordability Covenant that (a) is recorded in first position against the Project real property for the benefit of the Department, (b) restricts the use, operation, occupancy, and affordability of the Project in accordance with all applicable requirements of this NOFA and all other Homekey Program Requirements, (c) incorporates the Homekey Program Requirements by reference, and (d) is otherwise in form and substance acceptable to the Department.

The Grantee shall duly encumber all Permanent Housing Projects with a 55-year Affordability Covenant that (a) is recorded in first position against the Project real property for the benefit of the state, regional, local, or tribal Grantee, (b) restricts the use, operation, occupancy, and affordability of the Project in accordance with all applicable requirements of this NOFA and all other Homekey Program

Requirements, (c) duly names the Department as a third party beneficiary with the right and privilege, but not the obligation, of enforcement thereof, (d) incorporates the Homekey Program Requirements by reference, and (e) is otherwise in form and substance acceptable to the Department. Permanent Housing Projects located on tribal trust land shall be duly encumbered with Affordability Covenants containing all of the terms listed above excepting that they shall have an initial term of 50 years to match the period of affordability restrictions under the Low- Income Housing Tax Credit (LIHTC) program, commencing with the date of recordation of the Department's Affordability Covenant.

Upon its execution, the Affordability Covenant shall be binding, effective, and enforceable against all successors, transferees, and assignees, and it shall continue in full force and effect for a period of not less than 55 years for Permanent Housing Projects (or 30 years for Interim Housing Projects) after a certificate of occupancy or its equivalent has been issued for the Project, or if no such certificate is issued, from the date of initial occupancy of the Project.

### **Article III – Threshold and Scoring Criteria**

#### **Section 300. Threshold Requirements**

To be eligible to receive funding, all applications must meet the following requirements:

- i. Applications may be submitted independently by an Eligible Applicant, as defined in Section 200 and Article VII. Alternatively, each of the foregoing Eligible Applicants may apply jointly with a Co-Applicant, as specified. No additions of Co-Applicants or special purpose entities will be considered subsequent to the date of application.
- ii. Projects must serve persons qualifying as members of the Target Population.
- iii. Applications must include a Project-specific Supportive Services plan, that shall be consistent with any representations made in the application, and it shall meet the program requirements. The Department in its sole discretion shall make the determination (1) if the Supportive Services plan is sufficiently complete to pass threshold and (2) if the Supportive Services plan and property management plan is compliant with Housing First and other evidence-based practices. Applications must include:
  - a. A description of the services to be offered, how frequently each service will be offered or provided depending on the nature of the service, who is anticipated to be providing the services, and the location, whether on or off-site, and general hours of availability of the services. Applicants must ensure that the Supportive Services are made available to Homekey tenants and participants in a manner that is voluntary, flexible and individualized, so Homekey tenants and participants may continue to engage with Supportive Services providers, even as the

intensity of services needed may change. Furthermore, access to or continued occupancy in housing cannot be conditioned on participation in services or on sobriety. Adaptability in the level of services should support tenant and participant engagement and housing retention.

i. The following Supportive Services shall be made available to Homekey tenants and participants based on tenant/participant need. The lead service provider for the Project shall coordinate the provision of or referral to services needed by individual tenants and participants. The following required services can be provided onsite at the Project or offsite at another location easily accessible to tenants and participants:

1. Case management performed by a Case Manager, as defined in Article VIII. Definition below;
2. Peer support activities, including 24/7 telephone, online, or in-person support;
3. Mental health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups;
4. Substance use services, such as treatment, relapse prevention, and peer support groups;
5. Support in linking to physical health care, including access to routine and preventive health and dental care, medication management, and wellness services;
6. Benefits counseling and advocacy, including assistance in accessing SSI/SSP, enrolling in Medi-Cal; and
7. Basic housing retention skills (such as unit maintenance and upkeep, cooking, laundry, and money management).

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

1. Supportive Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above;
2. Recreational and social activities, including peer-led groups and events;
3. Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable

accommodations in the education process;

4. Employment services, such as supported employment, job readiness, job skills training, job placement, and retention services, or programs promoting volunteer opportunities for those unable to work, and
  5. Obtaining access to other needed services, such as civil legal services, or access to food and clothing.
- b. Description of the Target Population to be served, and identification of any additional subpopulation target or occupancy preference for the Homekey Project that the Applicant wishes to undertake beyond what is permitted under the Target Population requirements;
  - c. A tenant and participant engagement plan (i.e., plan to encourage voluntary tenant and participant participation in services as well as in community building, such as resident councils or similar forums) including a description of tenant/participant outreach, engagement and retention strategies to be used;
  - d. For services provided off-site, the plan must describe what public or private transportation options will be available to tenants and participants in order to provide them reasonable access to these services. Reasonable access is access that does not require walking more than one-half mile;
  - e. Description of how the Supportive Services will be culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. This includes explaining how services will be provided to Homekey tenants and participants who do not speak English, or have other communication barriers, including sensory disabilities, and how communication among the services providers, the property manager and these tenants and participants will be facilitated;
  - f. A staffing plan with staffing levels sufficient to meet the needs of the Target Population. Where one or more of the Restricted Units are limited under Department Regulatory Agreements to occupancy by Chronically Homeless, services must be provided with a household to staffing ratio not exceeding 20 to 1. Where one or more of the Restricted Units are limited under Department Regulatory Agreements to occupancy by Homeless Youth, or Youth at Risk of Homelessness, services must be provided with a household to staffing ratio not exceeding 15 to 1. Where one or more of the Restricted Units are limited under Department Regulatory Agreements to occupancy by Homeless persons with disabilities, services must be provided with a household to staffing ratio not exceeding 25 to 1. Where one or more of the Restricted Units are limited under Department Regulatory

Agreements to occupancy by other special needs populations, services must be provided with a household to staffing ratio not exceeding 40 to 1.

- g. Estimated itemized budget, and sources of funding for services;
- h. Identification of outcome measures to be tracked, description of the data to be collected for each measure, and explanation of the methods for data collection and entry. Sample forms may be requested by the Department; and
- i. Other information needed by the Department to evaluate the Supportive Services to be offered consistent with the Program.
- j. If a service provider has been selected, Commitment letter(s) or MOU(s) documenting how the complete development and management team (which may include the Applicant, developer, property manager, lead service provider, etc.) are connected and will work together on the Project. (See Section 304, 2.c. for potential points)
- k. Property management and tenant and participant selection policies submitted with the Homekey application will be evaluated for the following consistent with state Housing First requirements. These documents must identify, describe, and utilize Housing First and low-barrier tenant/participant selection processes that prioritizes those with the highest needs for available housing. The descriptions of the use of Housing First and tenant/participant selection in this Supportive Services plan must be consistent with the property management and tenant/participant selection policies. Applicants should review the recently passed Assembly Bill No. 1991 (Chapter 645, Statutes of 2022) to inform the Project's property management and tenant/participant selection policies. The property management and tenant/participant selection policies should address the following and be consistent with state Housing First requirements, as well as other Homekey Program Requirements:
  - ii. Applicant eligibility and screening standards
  - iii. Confidentiality
  - iv. Substance abuse policy
  - v. Communication between property manager and Supportive Services staff
  - vi. Eviction policies and eviction prevention procedures

- vii. Process for assisting tenants and participants to apply for different forms of cash and non-cash benefits to aid the household in retaining their housing, if needed
  - viii. How potential tenants and participants and in place tenants and participants will be assisted in making reasonable accommodation requests, in coordination with the services provider and persuasive to outside entities, such as Housing Authorities, to ensure that persons with disabilities have access to and can maintain housing
  - ix. Policies and practices to facilitate voluntary moving on strategies
  - x. Appeal and Grievance Procedures
- iv. Applicants shall provide a written non-discrimination policy that complies with the requirements in Section 505.
  - v. Applications must include an overview of the plan and timeline for any required entitlements, permits, and environmental clearances. Eligible Applicants will have an opportunity to discuss their land use and environmental clearance plans, and related statutory authorities during the pre-application consultation.
  - vi. Applications must answer the following question: what specific actions will the Applicant take to ensure equitable access to housing and services for groups that are overrepresented among residents experiencing homelessness in its jurisdiction, including racial, ethnic and LGBTQ+ groups? The response shall reference the latest Continuum of Care (CoC) HMIS demographics data to explain.
  - vii. Applications must provide a concise and reasonably detailed answer to the following question: how did the Applicant engage or will engage with the Target Population to inform the design of the Project operations and Supportive Services?
  - viii. The Grantee shall have site control of the property at the time of application, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property shall be subject to the Department's approval. Site control may be evidenced by one of the following:
    - a. Fee title, evidenced by a current title report (within 90 days of application) showing the Applicant holds fee title, or for tribal trust land, a title status report (TSR) or an attorney's opinion regarding chain of title and current title status;
    - b. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided

that the terms and conditions of any proposed lease shall permit compliance with all program requirements;

- c. A leasehold estate held by a Tribal Entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
  - d. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;
  - e. A sales contract, or other enforceable agreement for the acquisition of the property;
  - f. A letter of intent, executed by a sufficiently authorized signatory of the Eligible Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Eligible Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Eligible Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow; or
  - g. Other forms of site control that give the Department assurance (equivalent to items a. through f. above) that the Applicant will be able to complete the Project in a timely manner and in accordance with all the Program's objectives and requirements.
  - h. For Applicants proposing sites that will require a use change for permanent housing, there should be a commitment and plan to facilitate or expedite those processes, so as to not delay expenditure and occupancy requirements.
- ix. A preliminary title report for each site, dated within 15 days of the application submittal.
  - x. The Eligible Applicant or Co-Applicant applying for the Homekey funding is the entity that the Department relies upon for experience and capacity, and will control the Project during acquisition, development, and occupancy.
  - xi. A detailed development plan that supports acquisition of a site, completion of Rehabilitation or construction, occupancy, and fund expenditure before all program deadlines, factoring in entitlements, permits, procurement, potential construction delays and supply chain issues, and demonstrates evidence of strong organizational and financial capacity to develop the Project.
  - xii. Assisted Units and other units of the Project must meet all applicable state



and local building standards pertaining to rental housing and manufactured housing, including but not limited to requirements for minimum square footage, and requirements related to maintaining the Project in a safe and sanitary condition.

- xiii. Applicants and Co-Applicants must be in good standing with the State of California and all agencies and departments thereof. By way of example and not limitation, an Applicant and Co-Applicant must be qualified to do business in the State of California and must be in good standing with the California Secretary of State and the California Franchise Tax Board. Applicants that are delinquent in meeting the material requirements of previous Department awards may, in the Department's reasonable discretion, fail threshold review.
- xiv. The Department will require Eligible Applicants to submit a complete application with all required documents. The Department reserves the right to request clarification of unclear or ambiguous statements made in an application and other supporting documents. The following items must be submitted with the application:
  - a. Completed application workbook with all worksheets and supplemental information completed;
  - b. Required documents from each Eligible Applicant and Co-Applicant as applicable, including but not limited to:
    - i. Executed resolutions attested to by a person other than the person identified as the authorized signatory. If there is more than one authorized signatory identified, state whether one or all signatories are required to submit and execute program documents. If the application is being signed by a designee of the authorized signatory, the Applicant must also submit a designee letter or other proof of signing authority;
    - ii. Payee Data Record or Taxpayer Identification Number (TIN) form;
    - iii. Evidence of tax-exempt status from the Internal Revenue Service (IRS) or Franchise Tax Board, if applicable;
    - iv. Signature block uploaded in Microsoft Word format;
    - v. Organizational chart that depicts the organizational structure of the entities in relation to the Applicants; and
    - vi. Organizational documents supporting the resolutions submitted with the application. The Department reserves the right to request additional documentation at any point to verify an entity's authority and/or organizational structure.

- xv. Appraisal for all conversion, acquisition, and new construction uses as defined in Section 201. The appraisal must be in compliance with the Homekey requirements outlined in the Homekey Appraisal Guidance document on the Homekey website: [Homekey 3.0 Appraisal Guidance](#).
- xvi. All Projects seeking funding for Rehabilitation must submit the following:
  - a. Rehabilitation narrative of current condition of structure(s) and overall scope of work; and
  - b. Physical Needs Assessment (PNA) prepared by a qualified independent third-party contractor;
- xvii. For Projects seeking funding for master leasing and purchase of affordability covenants, a market study prepared within the last year which conforms to TCAC guidelines, and/or a rent roll, and/or other supporting documentation noted in Section 205;
- xviii. All Projects seeking funding for Rehabilitation and new construction are required to submit a Phase I Environmental Site Assessment (ESA) which was prepared no earlier than 12 months prior to the application due date;
- xix. Relocation Assistance Narrative. Applicant shall submit a concise, sufficiently detailed narrative to demonstrate its consideration of, and early engagement with, applicable relocation assistance laws and requirements. This Relocation Assistance Narrative will be evaluated by the Department to determine whether a relocation plan is required by law or whether a certificate of no-relocation can be issued. The Relocation Assistance Narrative does not take the place of these two documents. Grantee shall submit either a relocation plan or a certificate of no-relocation as a condition of disbursement. See Section 504 for more information.

Applicant's Relocation Assistance Narrative shall include or identify the following:

- a. A diagrammatic sketch of the Project site.
- b. Clear, high-resolution photographs of the Project site and all improvements thereon (e.g., buildings, parking lots, billboards).
- c. The projected dates of any Homekey-funded acquisition, construction, Rehabilitation, demolition, or similar development activities at the Project site.
- d. A description of any persons, businesses, or farm operations that will or may be displaced from the Project site by the foregoing development activities. Applicant shall specify whether any such displacement will be permanent or temporary.

- i. If no such displacement will occur, Applicant shall conclude the narrative by expressly confirming that Applicant's eligible use(s) of the funds will not result in the displacement of any persons, businesses, or farm operations from the Project site.
  - ii. If such displacement will occur, Applicant shall further develop the narrative by including the additional elements set forth at (e) – (i) below.
- e. A description and evidence of attempts made to maintain the tenure of existing residents that may qualify under the criteria for the Target Population.
- f. A description of the aggregate relocation needs of the persons, businesses, or farm operations that will or may be displaced by the Homekey-funded activities.
- g. A brief description of how those relocation needs will be met, as well as the Applicant's projected timeline for fully meeting those needs, including the dates of planned notices to displaced persons, businesses, or farm operations.
- h. An identification of the Applicant's relocation consultant and/or relocation services provider in connection with the Project site. Applicant shall also submit legible copies of its services contract or letter of intent with or to the relocation consultant and/or relocation services provider.
- i. Applicant's cost estimate (and associated funding strategy) for providing relocation assistance and benefits to the persons, businesses, or farm operations that will or may be displaced by the Homekey-funded activities.
- xx. Enforceable Funding Commitments to cover operations and service costs with specific funding sources, including federal, state, local, private, or philanthropic sources, for the proposed Project for the first five (5) years, and a funding plan covering operations and services costs for ten (10) years thereafter, for a total operating budget of fifteen (15) years from the recordation of the Affordability Covenant. (See Section 304 1 (b) for potential points)
- xxi. The Eligible Applicant or Co-Applicant shall demonstrate the following minimum experience and capacity requirements:
  - a. Development, ownership, or operation of a Project similar in scope and size to the proposed Project; or development, ownership, or operation of at least two affordable rental housing Projects in the last 10 years, with at least one of those Projects containing at least one unit housing

a tenant or participant who qualifies as a member of the Target Population.

- b. The property manager and Supportive Services provider shall have three or more years of experience serving persons of the Target Population. If a property manager or Supportive Services provider is not yet selected for the proposed Project, the Eligible Applicant shall certify that this requirement will be reflected in any future solicitation or memorandum of understanding.
- c. Experience administering a Project in accordance with the core components of Housing First (Welfare & Institutions Code § 8255).
- d. Current capacity to develop, own, and operate the proposed Project. For purposes of satisfying this requirement, an Applicant has “capacity” if it has adequate staff, capital, assets, and other resources to efficiently meet the operational needs of the Project; to maintain the fiscal integrity of the Project; and to satisfy all legal requirements and obligations in connection with the Project. Evidence of capacity must be reasonably acceptable to the Department in form and substance.

xxii. One-for-one replacement of assisted housing

- a. If the acquired housing or site is to be redeveloped/repositioned as part of the Local Public Entity's overall goal to address the needs of the Target Population and the community, the Applicant shall provide as part of the application a commitment to ensure one-for-one replacement of units.
- b. If acquired units will be subsequently combined to add kitchens, create larger units, and/or create units with additional bedrooms, the Applicant will provide such information in the application and ensure an approximate equivalence of square footage available for the benefit of Project residents and participants.
- c. If the target site is going to be demolished before any occupancy by the Target Population, no one-for-one replacement commitment needs to be provided. The unit mix will be evaluated based on the Project proposal.
- d. The application shall include a site map indicating the original target housing location and all proposed housing location(s). If all proposed housing will be located within the neighborhood, no additional documentation is necessary. If replacement housing is proposed outside the target neighborhood, the application must also include a justification explaining why it is necessary to locate this replacement

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

### Section 301. Interim Housing Requirements

1. The Department will only consider an Interim Housing Project application if the Applicant demonstrates a need for Interim Housing in its Homekey application. The Department in its sole discretion may fail on threshold any Interim Housing Project application that does not sufficiently demonstrate a need, as described in this Section 301.

In addition to Section 300, Interim Housing Projects will also be evaluated on a demonstration of need for Interim Housing based on the following requirements:

- i. The Eligible Applicant shall provide the following data:
  - a. The number of available shelter beds in Applicant's jurisdiction.
  - b. The number of people experiencing unsheltered homelessness in the homeless PIT.
  - c. Shelter vacancy rate in the summer and winter months.
  - d. Percentage of exits from emergency shelters to Permanent Housing.
  - e. A plan to connect participants to Permanent Housing, describing the number and type of Permanent Housing opportunities, how the Project will leverage Supportive Services staff to navigate to Permanent Housing, and the funding plan to make connections to Permanent Housing.
- ii. If the Eligible Applicant is entitled to apply directly to the HHAP program, then the Eligible Applicant shall provide a description of how the proposed Homekey Interim Housing Project aligns with the Local Homelessness Action Plan it submitted pursuant to HHAP Round 4, including the extent to which HHAP funding does not fully meet the need for Interim Housing.
- iii. If the Eligible Applicant did not receive a direct funding allocation under HHAP, the Eligible Applicant shall describe how it has worked with HHAP recipients in the region and the Continuum of Care (CoC) to coordinate and align the proposed Homekey Project with the Local Homelessness Action Plan goals and strategies.
- iv. If the Eligible Applicant is entitled to apply directly to the HHAP program, the Homekey application must also include the Eligible Applicant's approved Local Homelessness Action Plan pursuant to HHAP Round 4, which clearly states the need for Interim Housing.

2. Interim Housing Projects awarded Homekey funding pursuant to this NOFA may apply to convert to Permanent Housing in accordance with this section. Approval to convert an Interim Housing Project to a Permanent Housing Project shall be within the Department's sole and reasonable discretion. Grantees shall meet the following requirements in order to convert Interim Housing Projects to Permanent Housing Projects:
- i. The Project shall operate as an Interim Housing Project for a minimum of five (5) full years following the recordation of the Affordability Covenant referenced in Section 208 of this NOFA and prior to relocating participants to begin conversion to Permanent Housing.
  - ii. Any new special purpose entity with a proposed ownership interest in the converted Homekey Project must be already formed and approved by the Department.
  - iii. Submission of a Department-approved conversion plan, which must include the following:
    - a. Brief overview of conversion strategy, including the details of the Rehabilitation or construction (e.g., whether the conversion will involve an occupied Rehabilitation or a phased conversion),
    - b. Timeline for conversion, including estimated start and completion dates,
    - c. An identification of the supplemental sources of funding being used to complete the Rehabilitation or construction,
    - d. An identification of the Target Population to be served. If the Project was awarded additional points to serve specific subsets of the Target Population (such as Chronically Homeless, Homeless, Homeless Youth, or Youth at Risk of Homelessness), then the specific Target Population and count must be maintained unless otherwise approved by the Department.
    - e. Planned number of units and amenities after conversion.
      - 1. The number of post-conversion units must be greater than or equal to the number of pre-conversion units, or the post-conversion living space square footage must be greater than or equal to the pre-conversion living space square footage.
      - 2. Post-conversion amenities must be greater than or equal to pre-conversion amenities (both in quality and in number).

- f. An acknowledgement of all applicable federal, state, and local relocation law.

### Section 302. Single-Family Scattered Site Housing Requirements

As described in Section 203 and Section 207(1)(b), the Department may conditionally award up to four (4) single-family home scattered site housing Projects up to \$10 million each to a single Applicant. Applicants for this Project type must meet all requirements identified in Section 300, and submit all documents required in the Application Upload Checklist with the following exceptions:

- i. Eligible Projects under this Project type must meet the following threshold requirement, sixty (60) days from the date of the conditional award. Failure to meet this requirement will rescind the conditional award.
  - a. Evidence of site control, as defined in Section 300.
- ii. Eligible Projects under this Project type must meet the following threshold requirements, ninety (90) days from the date of the conditional award. Failure to meet these requirements will rescind the conditional award.
  - a. Relocation narrative, as defined in Section 300;
  - b. Appraisal, as noted in the Application Upload Checklist;
  - c. PNA or equivalent evidence of Rehabilitation costs, as noted in the Application Upload Checklist; and
  - d. Phase 1 ESA or equivalent, as noted in the Application Upload Checklist.

### Section 303. Other Requirements

- i. Homekey may fund all units in a Project or a portion of the units. If seeking Homekey funding for a portion of the units in a given Project, Applicants must identify committed sources for the non-Homekey units. The non-Homekey units are not required to serve the Homekey Target Population and may therefore be restricted at higher AMI levels, which may help promote Project feasibility.
  - a. If, at the time of acquisition, an existing tenant's household income is at or below 50 percent AMI, but the tenant does not qualify as a member of the Target Population, the tenant may remain in place and the unit may still be funded by Homekey. When, in the course of normal tenant turnover, the ineligible household moves from the unit, the unit shall thereafter be occupied by the Target Population. There should be no more than 49 percent of the Assisted Units that do not meet the Target Population at the time of acquisition. An existing

household who meets the Target Population definition or was a member of the Target Population at the time they moved into the property will not be counted towards the 49 percent cap. Evidence confirming that existing tenants qualify as either at or below 50 percent AMI or Target Population will be required of the Applicant.

- ii. At year 15 from the recordation of the Affordability Covenant, in circumstances where the Grantee has exhausted available operating funding and demonstrated to the Department that the Project is no longer feasible, the Department may approve an increase in income levels, to the minimum extent required for fiscal integrity, in five percent increments of Assisted Units up to 50 percent AMI.
- iii. The Department reserves the right to set restrictions on the unit mix, rent levels, and other factors deemed necessary. To the maximum extent possible, these changes shall minimize the impact on the lowest income Project residents and shall be phased in as gradually as possible. If, following any increase in rents and income limits, or modification of Target Population occupancy requirements, new resources become available, or market demand changes, allowing reversion to the former income and rent limits or Target Population occupancy requirements, the Department may re-impose these income limits and rent limits or Target Population occupancy requirements, in whole or in part, subject to an analysis of Project feasibility.
- iv. In addition to Section 300 above, Applicants purchasing affordability covenants and restrictions will also be evaluated on the following requirements:
  - a. The Grantees that purchase affordability covenants and restrictions for existing residential units shall restrict those units to individuals and families who are Homeless or who are At Risk of Homelessness, as defined in 24 CFR part 578.3. Such restriction shall run for 55 years.
- v. In addition to Section 300 above, master leasing Projects will also be evaluated on the following requirements:
  - a. The Grantee shall provide a 15-year plan from the recordation of the Affordability Covenant to cover operations and service costs for the Project with specific funding sources (government/philanthropic/private).
- vi. The Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

#### Section 304. Application Scoring Criteria

In addition to meeting the other minimum program requirements outlined in Article III,



Applicants must score a **minimum of 100 points to be eligible for funding**. Scores will be based on the following:

Table 5: Homekey Application Scoring Criteria

Categories and Maximum Point Scores	Evaluation Criteria
<p>1. Ability to secure site and demonstration of sustained operating leverage</p> <p><b>(Up to 70 Points)</b></p>	<p>a. Identification of the site suitable for development and evidence of site control, or a plan and timeline for obtaining site control along with other supporting evidence (e.g., letter of intent, an exclusive negotiating agreement, ground lease, etc.). <b>NOTE:</b> Sections 300-303 of this NOFA further outline site control requirements related to specific Project type. <b>(up to 20 points)</b></p> <ul style="list-style-type: none"> <li>- Fee title/leasehold (20 points)</li> <li>- Option agreement/sales contract (20 points)</li> <li>- Exclusive negotiating agreement (15 points)</li> <li>- Letter of intent (15 points)</li> </ul> <p>b. Documented commitment of non-Homekey rental or operating subsidies that will be used to maintain the ongoing affordability of the Project. <b>(up to 40 Points)</b></p> <p>i. Applicant contribution of non-Homekey Enforceable Funding Commitments for operating subsidies, including, but not limited to, Project-based vouchers, VASH vouchers, Faircloth to RAD conversions, tenant-based vouchers, or locally funded rental assistance.</p> <ul style="list-style-type: none"> <li>- One point five (1.5) points for each 5 percent increment of non-Homekey operating subsidies covering Operating Expenses in the first 5 years of Project operations. <b>(up to 30 points)</b></li> </ul> <p>ii. The length and strength of non-Homekey operating funding leveraged to cover operating costs committed beyond the required five years of initial Project operations. Score is based on weighted commitment type, percentage of costs covered, and length of commitment.</p> <ul style="list-style-type: none"> <li>- One (1) point for each year beyond the first five (5) years through year fifteen (15) of Project operations. <b>(up to 10 points)</b></li> </ul>

Categories and Maximum Point Scores	Evaluation Criteria								
	<table> <tr> <th colspan="2">Weighted Point Value by Type</th></tr> <tr> <td>Sustained source</td><td>1</td></tr> <tr> <td>Subsidy carried by the tenant or participant</td><td>0.5</td></tr> <tr> <td>Intent to pursue funding</td><td>0.25</td></tr> </table> <p>c. For any Project where the average total cost per Assisted Unit is below the minimum baseline per door, one (1) point will be assigned for every \$10,000 under the baseline amount. <b>(up to 10 points)</b></p> <p>This section is intentionally blank.</p>	Weighted Point Value by Type		Sustained source	1	Subsidy carried by the tenant or participant	0.5	Intent to pursue funding	0.25
Weighted Point Value by Type									
Sustained source	1								
Subsidy carried by the tenant or participant	0.5								
Intent to pursue funding	0.25								

Categories and Maximum Point Scores	Evaluation Criteria
<p>2. Experience and Coordination <b>(Up to 40 points)</b></p>	<p>a. Demonstration of Applicant or member(s) of development team's experience in development, ownership, or operation of a Project(s) similar in scope and size to the proposed Project. <b>NOTE:</b> Sections 300-303 of this NOFA further outline threshold experience requirements.</p> <ul style="list-style-type: none"> <li>- Five (5) points awarded for each additional Project beyond the base threshold requirement (development, ownership, or operation of affordable rental housing or interim Projects in the last ten (10) years serving at least one member of the Target Population). <b>(up to 15 points)</b></li> </ul> <p>b. Demonstration of service provider's experience helping persons address barriers to housing stability and providing other support services, not necessarily within a housing Project. Service provider may be Applicant, or a member of the development team described in Applicant's response to point category 2.c., below. Service provider experience must be with the specific population(s) housed within the Homekey units to count toward points in this section (e.g., families, singles, Homeless Youth, Chronically Homeless) and must describe how the Supportive Services are culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. <b>NOTE:</b> Sections 300-303 of this NOFA further outline threshold experience requirements.</p> <ul style="list-style-type: none"> <li>- 1 point awarded for each year of service experience, after 3 years. <b>(up to 10 points)</b></li> </ul> <p>c. Commitment letter(s) or MOU(s) documenting how the complete development and management team (which may include Applicant, developer, property manager, lead service provider, etc.) are connected and will work together on the Project. Applicants are encouraged to complete due diligence checklists to ensure all members of the team are aware of roles and responsibilities. <b>(up to 15 Points)</b></p>

Categories and Maximum Point Scores	Evaluation Criteria
<p>3. Community impact and site selection <b>(Up to 76 points)</b></p>	<p>a. The Project serves specific sub-populations <b>(20 points)</b></p> <ul style="list-style-type: none"> <li>- 25% or more of Assisted Units are reserved for those experiencing Chronic Homelessness (20 points); <b>OR</b></li> <li>- 50% or more of Assisted Units are reserved for those experiencing Homelessness (20 points); <b>OR</b></li> <li>- 25% or more of Assisted Units are reserved for Homeless Youth or Youth at Risk of Homelessness (20 points);</li> </ul> <p>b. Assisted Units include units for large family housing types <b>(10 points)</b></p> <ul style="list-style-type: none"> <li>- At least twenty-five percent (25%) of the Assisted Units in the Project shall be three-bedroom or larger units, <b>AND</b></li> <li>- At least an additional twenty-five percent (25%) of the Assisted Units in the Project shall be two-bedroom or larger units, consistent with TCAC Regulations (4 CCR § 10325(g)(1)(A-I)), (10 points)</li> </ul> <p>c. If proposed Project is Permanent, Applicant waives any potential accommodation by the Department to increase income limits at year 15 from the recordation of the Affordability Covenant, as described in Section 303 (ii). <b>(up to 20 points)</b></p> <ul style="list-style-type: none"> <li>- At least 25% of Assisted Units restricted (3 points)</li> <li>- At least 50% of Assisted Units restricted (5 points)</li> <li>- At least 75% of Assisted Units restricted (10 points)</li> <li>- 100% of Assisted Units restricted (20 points)</li> </ul> <p>d. The extent to which the Project commits to being accessible to persons with disabilities. <b>(up to 10 points)</b></p> <ul style="list-style-type: none"> <li>- Exceeds the state and federal accessibility requirements set forth in Section 505, specifically providing a minimum of 15 percent of units with features accessible to persons with mobility disabilities, as defined in 24 C.F.R. Section 8.22 and the parallel ADAAG 2010 and CBC provisions; (5 points)</li> <li>- A minimum of 10 percent of units with features accessible to persons with hearing or vision disabilities, as defined in 24 CFR Part 8.22 and the parallel ADAAG 2010 and CBC Chapter 11B provisions. (5 points)</li> </ul> <p>e. Site Selection <b>(Up to 12 points; Up to 16 points for Rural Projects; Up to 15 Points for Youth Projects)</b></p>

Categories and Maximum Point Scores	Evaluation Criteria
	<p>i. The Project site is located within 1/2 mile of a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop OR the Project includes an alternative transportation service for residents (e.g., van or dial-a-ride service), if costs of obtaining and maintaining the van and its service are included in the budget and the operating schedule is either on demand by tenants and participants or a regular schedule is provided. <b>(4 points)</b></p> <p>The Project site is in proximity to essential services:</p> <p>ii. Grocery store – a full-scale grocery store/supermarket where staples, fresh meat, and fresh produce are sold. <b>(up to 2 points)</b></p> <ul style="list-style-type: none"> <li>- within 1/2-mile radius of Project (2 points)</li> <li>- within 1 mile radius of Project (1 point)</li> <li>- within 1 mile radius for Projects in Rural Areas (2 points)</li> <li>- within 2 miles radius for Projects in Rural Areas (1 point)</li> </ul> <p>NOTE: If applying for TCAC, it is advisable that the grocery store be at least 25,000 gross interior square feet.</p> <p>iii. Health facility – a medical clinic with a physician, physician’s assistant, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (not merely a private doctor’s office). <b>(up to 1 point)</b></p> <ul style="list-style-type: none"> <li>- within 1/2-mile radius of Project (1 point)</li> <li>- within 1 mile radius of Project (1/2 point)</li> <li>- within 1 mile radius for Projects in Rural Areas (1 point)</li> <li>- within 2 miles radius for Projects in Rural Areas (1/2 point)</li> </ul> <p>A qualifying medical clinic must accept Medi-Cal payments, or Medicare payments, or Health Care for the Homeless, or have an equally comprehensive subsidy program for low-income patients;</p> <p>iv. Library – a book-lending public library. <b>(up to 1 point)</b></p> <ul style="list-style-type: none"> <li>- within 1/2-mile radius of Project (1 point)</li> <li>- within 1 mile radius of Project (1/2 point)</li> <li>- within 1 mile radius for Projects in Rural Areas (1 point)</li> <li>- within 2 miles radius for Projects in Rural Areas (1/2 point)</li> </ul>

Categories and Maximum Point Scores	Evaluation Criteria
	<p>v. Pharmacy – may be included in a grocery store or health facility. <b>(up to 2 points)</b></p> <ul style="list-style-type: none"> <li>- within 1/2-mile radius of Project (2 points)</li> <li>- within 1 mile radius of Project (1 point)</li> <li>- within 1 mile radius for Projects in Rural Areas (2 points)</li> <li>- within 2 miles radius for Projects in Rural Areas (1 point)</li> </ul> <p>vi. A public park or a community center accessible to the general public. <b>(up to 1 point)</b></p> <ul style="list-style-type: none"> <li>- within 1/2-mile radius of Project (1 point)</li> <li>- within 1 mile radius of Project (1/2 point)</li> <li>- within 1 mile radius for Projects in Rural Areas (1 point)</li> <li>- within 2 miles radius for Projects in Rural Areas (1/2 point)</li> </ul> <p>vii. High speed internet service, with a minimum average download speed of 25 megabits/second must be made available to each Unit for a minimum of 15 years, free of charge to the tenants and participants, and available within six months of the Project's placed-in-service date. Documentation of internet availability must be included in the application. <b>(up to 2 points)</b></p> <ul style="list-style-type: none"> <li>- 2 point</li> <li>- 3 points for rural Projects</li> </ul> <p>viii. For Projects with units serving Homeless Youth: community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and/or community centers for youth (e.g., LGBTQ+ centers, drop-in youth centers). <b>(up to 2 points)</b></p> <ul style="list-style-type: none"> <li>- at least two amenities located within 1 mile radius of Project (2 points)</li> </ul>
<p>4. Relocation Impacts <b>(Up to -20 points)</b></p>	<p>a. For any Project resulting in the permanent displacement of residents (not businesses or farm operations), as outlined below:</p> <ul style="list-style-type: none"> <li>- The Project permanently displaces existing residents in 5% of total units. (- 5 points)</li> </ul>

Categories and Maximum Point Scores	Evaluation Criteria
	<ul style="list-style-type: none"> <li>- Applicants lose one point (up to an additional 15 points) for each additional percentage point of households displaced out of total units.</li> </ul>
5. Negative Points	a. Negative Points assessed by the Department to the Applicant

In the event of program oversubscription, where Applicants have the same score and the same date and time stamp, the Department may consider additional criteria as a tiebreaker, including, but not limited to, cost-effectiveness, community impact, affirmatively furthering fair housing, innovative housing types, tenant and participant stability and proximity to transit, and services and amenities.

#### Negative Points Policy

The Department's [Negative Points Policy](#) (Administrative Notice Number 2022-01), dated March 30, 2022 or as amended and in effect prior to the established application due date as published on the Department's [website](#) and as updated herein, is hereby incorporated by this reference to the Homekey Round 3 NOFA as if set forth in full herein, and shall apply with equal force as all other provisions set forth herein. The Department shall implement the Negative Points Policy with reasonable and necessary discretion to advance Homekey policy and funding goals.

As a reminder, if an Applicant receives points in any of the scoring categories and subsequently fails to meet the deliverable, the Applicant may be subject to future negative points.

If the Applicant is subject to a negative points assessment based on the criteria outlined in the Department's [Negative Points Policy](#), the Department shall notify the Applicant in writing in an initial point score letter, and will provide an opportunity to appeal that negative points assessment pursuant to the appeals process as set forth in this NOFA.

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

#### Section 400. Application Process and Submission

For OTC funding, applications will be accepted and evaluated on a first-come, first-served basis at any time from the release of the application until July 28, 2023, or until the available funds are exhausted, whichever occurs first. Funds are awarded to those Applicants that meet the minimum threshold criteria, including the minimum point score.

Homekey Round 3 application materials must be submitted electronically to the Department's [website](#).

Electronic Submission - Requirements for uploading the Homekey Round 3 application and required supporting documentation, including naming conventions, are described in

the Homekey Round 3 application instructions/checklist tab. Applicants must upload all complete application materials to the Department's website no later than 5:00 p.m. Pacific Daylight Time on Friday July 28, 2023, to the extent that funds remain available at that time.

Application packages that are incomplete or that do not meet the filing requirements will not be considered for funding but may be amended and resubmitted. Applications must be on the Department's forms and forms cannot be altered or modified by the Applicant. Excel forms must be submitted in Excel format, not as a PDF document.

- i. Applications will be prioritized as described in Section 203.
- ii. The Department will evaluate applications for compliance with the minimum program requirements set forth in this NOFA.
- iii. After each Applicant has been certified to meet the minimum program requirements, each Project must receive a minimum overall score of 100 points, as outlined in Section 304, to be considered for a funding award.
- iv. Each Applicant and Co-Applicant shall submit an authorizing resolution that, in the Department's reasonable determination, materially comports with the Program's requirements and is legally sufficient. In addition, each Co-Applicant shall submit a complete set of its organizational documents (including any amendments thereto). The Department will not execute the Standard Agreement until it receives the foregoing documentation, as specified.
- v. Applicant shall provide documentation of its ability to obtain the insurance coverages outlined in Article VIII of this NOFA.
- vi. The application is a public record, which is available for public review pursuant to the California Public Records Act (CPRA) (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code). After final Homekey awards have been issued, the Department may disclose any materials provided by the Applicant to any person making a request under the CPRA. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.
- vii. The Department reserves the right to do the following:
  - a. Score an application as submitted even if information is missing from the application;
  - b. Request clarification of unclear or ambiguous statements made in an application or request additional clarifying documentation or information; and



- c. Upon the final application due date or the date when funds are exhausted, whichever is earlier, deploy unused funds from an undersubscribed allocation to fund other Eligible Applicants for other subsets of the Target Population.
- viii. The Department will review, and score based on information provided in the application. If there is a significant departure from the application after a Project has been awarded, the Department may re-evaluate the Project's score, reduce the grant amount, or assign negative points to the Applicant.

#### Section 401. Pre-Application Consultation and Technical Assistance

The Department requires all Applicants to engage in a pre-application Project survey prior to applying. The survey will allow the prospective Applicant to provide basic information about the proposed Project, along with other applicable programmatic considerations, including those related to site acquisition; the CEQA, land use and land entitlements; CoC coordination and services partnerships; and long-term financing approaches. Based on the information provided in the pre-application survey, the Department may require a pre-application consultation to further discuss the details of the Project. Applicants will also be able to request a pre-application consultation using the pre-application survey if they would like to meet with Homekey program staff to consult prior to applying. Information on when pre-application consultations will be available will be posted on the Homekey [website](#).

#### Section 402. Award Process

The Department will send an award letter to the successful Applicant. Funds will be disbursed after the Standard Agreement has been fully executed and approved by the Department unless the Standard Agreement specifies conditions precedent to disbursement.

Please see Section 102 for further details on Standard Agreement and fund disbursement timelines.

The Department may issue Homekey acquisition funds directly to an escrow company that has been approved by the Department if the full award is toward acquisition. The Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by the Department.

#### Section 403. Appeals

1. Basis of Appeals.
  - i. Applicants may appeal the Department's written determination that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an award.
  - ii. No Applicant shall have the right to appeal a decision of the Department

relating to another Applicant's application (e.g., eligibility, award).

- iii. Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with this NOFA. All decisions rendered shall be made by the Director or his/her designee. The decision shall be final, binding, and conclusive, and shall constitute the final action of the Department.
- iv. The appeal process provided herein applies solely to decisions of the Department made pursuant to this NOFA.

2. Appeal Process and Deadlines.

- i. Process: To file an appeal, Applicants must submit to the Department, by the deadline set forth below, a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to the Department, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to the Department at [homekeyappeals@hcd.ca.gov](mailto:homekeyappeals@hcd.ca.gov) according to the deadline set forth in the Department's review letter.
- ii. Filing Deadline: Appeals must be received by the Department no later than five (5) business days from the date of the Department's threshold review, or initial score letter, as applicable, representing the Department's decision in response to the application.

3. Decision.

Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with this NOFA. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department.

## **Article V – Other Program Requirements**

### Section 500. Article XXXIV

Per HSC Section 37001, subdivision (h)(5), article XXXIV, section 1 of the California Constitution (Article XXXIV) is not applicable to development that consists of the acquisition, Rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from the CSFRF established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2). As such, Article XXXIV is not applicable to Homekey-funded development.

### Section 501. Housing First

The Eligible Applicant shall certify to employ the core components of Housing First, as set forth at Welfare and Institutions Code section 8255, subdivision (b), in its property management and tenant and participant selection practices. Projects shall accept tenants and participants regardless of sobriety, participation in services or treatment, history of incarceration, credit history, or history of eviction in accordance with practices permitted pursuant to Housing First practices, including local Coordinated Entry System prioritization protocols, or other federal or state Project funding sources.

### Section 502. Tenant and Participant Selection

Referrals to Homekey Assisted Units shall be made through the local Coordinated Entry System (CES) or another comparable prioritization system based on greatest need. All referral protocols for Homekey Assisted Units must be developed in collaboration with the local CoC and implemented consistent with the requirements set forth in this NOFA. CoC collaboration in Project and Supportive Services design is also strongly encouraged to help target and serve greatest need populations. If referrals will be made using a prioritization system other than CES, the Applicant must describe the plan for tenant and participant selection, and it shall be reasonably detailed and comprehensive, as determined by the Department in its sole and absolute discretion. For Grantees utilizing HOME-ARP funds as match, this includes descriptions of any systems that are consistent with HOME-ARP referral methods as described in HUD Community Planning and Development (CPD) Notice 21-10.

### Section 503. Participation in Statewide HDIS/HMIS

Pursuant to Assembly Bill 977 (Statutes of 2021-22), Grantees who have been awarded Department funding under the Homekey program must enter Universal and Common Data Elements as defined by HUD on the individuals and families served into the Homeless Management Information System (HMIS), for Projects that will have completed permanent conversion of Department funds effective January 1, 2023, and later.

### Section 504. Relocation

In addition to the Relocation Assistance Narrative required in Section 300 xix. submitted at the time of application, before the Homekey award will be disbursed, Grantee must submit either:

- a. A Department-approved relocation plan; or
- b. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement (certificate of no-relocation), which has been duly executed and approved by the Department.

Grantee must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Grantee must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities

do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law.

The Department will identify its form, substance, and submittal requirements for these relocation documents in the Homekey application materials. Where the Grantee's activities will or may result in displacement, the Grantee's development budget shall include enough funds to pay all costs of relocation benefits and assistance. Any modifications to the foregoing process requirements must be approved in advance by the Department in writing.

#### Section 505. Accessibility and Non-Discrimination

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

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

Grantees shall comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code section 11135, Section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

#### Section 506. Prevailing Wages

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

the general contractor(s) and the Grantee.

### Section 507. Environmental Clearances

The Department encourages Eligible Applicants to fully engage with the Department's technical assistance and to consider the CEQA exemption set forth at HSC section 50675.1.4 and the provision for land use consistency and conformity set forth at HSC section 50675.1.3, subdivision (i).

Applicants should consult with their counsel for legal advice in construing application of the foregoing exemptions to their Project. It is entirely within an Applicant's discretion to determine whether to use the statutory CEQA exemption, whether the exemption applies to the Applicant's proposed activity, or whether some other mechanism applies and could be used to satisfy obligations under CEQA.

Applicants must provide National Environmental Clearance Act (NEPA) clearance, as applicable. According to the National Environmental Policy Act (NEPA), Grantees must consider environmental impacts early in the planning process before decisions are made, and actions are taken. The Project must assess environmental impacts if a Project has applied for HUD assistance (HOME, CDBG, PBVs, Choice Neighborhoods Grant, ShelterCare Plus, etc.). HUD's regulations prohibit grant recipients and their partners/contractors from committing or spending HUD or non-HUD funds on an activity that could limit the choice of reasonable alternatives before completing the environmental review process. The prohibition of choice-limiting actions does not apply to commitments of non-federal funds before the Project has applied for HUD funding. When an application is submitted for a federal grant/loan, all activity must stop until the environmental review process is complete.

There is no flexibility or waiver of NEPA environmental review requirements. The Project must receive an Authority to Use Grant Funds (AUGF) before the Project proceeds with the acquisition or physical activities, including non-HUD-funded activities. A choice-limiting action can result in a violation that jeopardizes HUD funding for the Project.

The prohibition on choice-limiting actions prohibits physical activity, including acquisition, Rehabilitation, and construction, as well as contracting for or committing to any of these actions before completion of the environmental review. Some examples of choice-limiting actions are:

- Acquisition
- Rehabilitation
- Demolition
- Site improvements (including site clearance/grubbing)
- Leases or Transfers
- Entering into contracts such as construction bidding
- A change in Project conditions or unexpected conditions arise

Choice-Limiting Actions are not:

- Plans or designs
- Activities necessary to support an application for federal, state, tribal, or local permits
- Option agreement on a proposed property (make sure that the contract is contingent on environmental review clearance and don't close escrow before the review process is complete)

The Department does not determine which Projects will require NEPA clearance. Applicants shall provide the Department a status of any required NEPA review at the time of application.

For more information, visit the [HUD Exchange](#), review [the Department's CDBG-DR Environmental Review guidance](#), or contact the Department's Environmental Services Team at [NEPA@hcd.ca.gov](mailto:NEPA@hcd.ca.gov).

### Section 508. Land Use

Pursuant to HSC section 50675.1.3, subdivision (i), Homekey Projects "shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and any applicable coastal plan, local or otherwise, and allowed as a permitted use, within the zone in which the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or any other discretionary reviews or approvals."

### Section 509. State Requirements

All Assisted Units and other Units of the Projects must meet all applicable state and local requirements pertaining to rental housing, including but not limited to, requirements for minimum square footage, and requirements related to maintaining the property in a safe and sanitary condition.

### Section 510. Grantee Liability

All entities in the Grantee structure (to include the Eligible Applicant, any Co-Applicants, and any other entities added to the ownership structure of the Project pursuant to [Section 303 vi.] of this NOFA) shall be bound by the Homekey Program Requirements; and shall remain jointly and severally liable to the Department for performance under the Standard Agreement and for compliance with all Homekey Program Requirements. This provision shall remain applicable notwithstanding any Department-approved transfer or assignment of interest, or any designation of a third party for the undertaking of all or any part of the Scope of Work in the Standard Agreement.

## **Article VI – Program Operations**

### Section 600. Program Oversight

As specified by the Department and upon request, Grantees shall provide progress reports in connection with the development plan and any updates to the timeline for completion of the Project. The development plan should include the Project's completion milestones and any updates or substantial changes.

Grantees shall promptly notify the Department upon any changes in Grantee organization, authorization, or capacity.

#### Section 601. Reporting

Grantees shall submit an annual Homekey program and expenditure report to the Department for five years following Standard Agreement execution. The report will be due no later than January 31 for the prior calendar year of January 1 to December 31. The report shall be in such form and contain such information as required by the Department in its sole and absolute discretion. At minimum, the report shall include the following data:

- i. The amount of funds expended for the Project.
- ii. The location of any properties for which the funds are used.
- iii. The number and bed size of habitable housing units produced, or planned to be produced, using the funds.
- iv. The number and demographics of individuals housed, or likely to be housed, using the funds.
- v. The racial and ethnic composition of the tenants and participants assisted.
- vi. The number of units, and the location of those units, for which operating subsidies have been, or are planned to be, capitalized using the funds.
- vii. Detail of Supportive Services offered to tenants and participants.
- viii. The number and demographics of tenants and participants who moved out of the Project and whether the move was voluntary or involuntary. The data shall detail the reason for the move and include returns to homelessness and engagement with voluntary moving on strategies.
- ix. Any lessons learned from the use of the funds.
- x. The proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the long-term affordability of the Project.
- xi. The progress and status in securing any required entitlements, permits, environmental clearances.
- xii. The proposed timeline for the completion of the Project.

If a Project received an operating award, Grantees shall also report their operating expenditures in the annual report.

In addition to the foregoing, the Grantee shall submit to the Department such periodic

reports, updates, and information as deem necessary by the Department to monitor compliance and/or perform program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

The Grantee shall ensure that the expenditure of Homekey funds is consistent with the requirements of the Program. The Department shall monitor the expenditures to ensure that those expenditures comply with this NOFA.

The Department may request the repayment of funds or pursue any other remedies available, at law or in equity, for failure to comply with Program requirements.

#### Section 602. Disbursement of Grant Funds

Pursuant to 31 CFR part 35.5, the Department may disburse funds to cover Homekey-critical expenditures that were incurred beginning March 3, 2021. Homekey program funds will be disbursed to the Grantee after the Department has approved the relocation plan or issued a certificate of no-relocation, received a request for funds from the Grantee and a Standard Agreement between the Grantee and the Department is fully executed. The Standard Agreement will set forth the general conditions of disbursement, any conditions precedent to disbursements (e.g., documentation requirements for pre-Standard Agreement expenditures or conditional performance measures), and the Department's remedies upon an event of default. The Standard Agreement will also identify the payee.

Where Co-Grantees wish to receive the grant award outside of escrow, they must identify, and memorialize in the Standard Agreement, which Grantee will serve as the designated payee for all award amounts. Homekey funds awarded to an Applicant may not be transferred to another entity to expend on an eligible use unless that other entity is a signatory on the Standard Agreement.

To avoid any disbursement delays, funds may be issued directly to an escrow company after the transaction has been approved by the Department, for the portion of the grant awarded acquisition. The Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by the Department.

#### Section 603. Legal Documents

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

- i. A description of the approved Project and the permitted uses of funds;
- ii. The amount and terms of the program grant;
- iii. The use, income, occupancy, and rent restrictions to be imposed on the Project through the Affordability Covenant;



- iv. Performance milestones, and other progress metrics, governing the completion of the Project, along with the remedies available to the Department in the event of a failure to meet such milestones or metrics;
- v. Provisions governing the manner, timing, and conditions of the disbursement of the program grant;
- vi. Special conditions imposed as part of the Department's approval of the Project;
- vii. Terms and conditions required by federal and state law;
- viii. Requirements for reporting to the Department;
- ix. Remedies available to the Department in the event of a violation, breach, or default of the agreement; and
- x. Provisions regarding Grantee liability. Specifically, the Grantee will remain liable to the Department for compliance with and the performance of all Program requirements regardless of any Department-approved transfer or assignment of interest. Likewise, each co-Grantee will remain jointly and severally liable to the Department for compliance with and the performance of all Program requirements regardless of any Department-approved transfer or assignment of interest, and notwithstanding the co-Grantees' identification of a designated payee.

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

#### Section 604. Sales, Transfers, and Encumbrances

An Applicant(s) shall not sell, assign, transfer, or convey the awarded Project, or any interest therein or portion thereof, without the express prior written approval of the Department, which may be granted, delayed, or withheld in the Department's sole and absolute discretion. All Applicants and Co-Applicants must be signatories on the Standard Agreement and may not be removed, even upon an approved transfer to another entity.

#### Section 605. Defaults and Grant Cancellations

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

- i. The objectives and requirements of the Homekey program cannot be met, and the implementation of the Project cannot proceed in a timely fashion in accordance with the timeframes established in the Standard Agreement or the regulatory agreement.
- ii. In the event of a breach or violation by the Grantee, the Department may give written notice to the Grantee to cure the breach or violation. If the

breach or violation is not cured to the satisfaction of the Department within a reasonable time period, the Department, at its option, may declare a default under the relevant document and may seek legal remedies for the default including the following:

- a. The Department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete the Project in accordance with Homekey Program Requirements; and
- b. The Department may seek such other remedies as may be available under the relevant agreement or at law, or in equity.

## **Article VII – Definitions**

Below are the definitions for purposes of the Homekey program:

- i. “Affordability Covenant” means the legally binding instrument which (a) is recorded in first position against Project real property in consideration for the Homekey Program Award to the Grantee; (b) imposes use, operation, occupancy, and affordability restrictions on the real property and improvements; and (c) incorporates the Homekey Program Requirements by reference. Upon its execution, the Affordability Covenant shall be binding, effective, and enforceable against all successors, transferees, and assignees, in accordance with Section 208 of this NOFA, after a certificate of occupancy or its equivalent has been issued for the Project, or if no such certificate is issued, from the date of initial occupancy of the Project.
- ii. "Applicant" means the “Eligible Applicant,” as that term is defined in this NOFA, as well as the Eligible Applicant’s Co-Applicant(s), if applicable. As allowed or required by context, the term “Applicant” shall refer to all such entities in their individual and/or collective capacity.
- iii. “Application Upload Checklist” is a form in the application to be completed by the Applicant prior to submission to verify that required documents are submitted pursuant to this NOFA.
- iv. "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or the Department.
- v. "Assisted Unit" means a Homekey-funded residential dwelling unit that is subject to rent, income, occupancy, or other restrictions associated with Homekey requirements. See also “Youth Assisted Unit.”
- vi. "At Risk of Homelessness" has the same meaning as defined in Title 24 CFR Part 578.3.

- vii. "Case Manager" is a social worker or other qualified person who assists in individualized service planning, and the assessment, coordination, monitoring, referral, and advocacy of services to meet tenants' and participants' Supportive Services needs, including, but not limited to, access to medical and mental health services, substance abuse services, vocational training, employment, home and community-based services and crisis management and interventions. Resident service coordinators are not Case Managers.
- viii. "Chronic Homelessness" means a person who is chronically homeless, as defined in Title 24 CFR Part 578.3.
- ix. "City" means a city or city and county that is legally incorporated to provide local government services to its population. A city can be organized either under the general laws of this state or under a charter adopted by the local voters.
- x. "Co-Applicant" means the nonprofit corporation, for-profit corporation, limited liability company (LLC), and/or limited partnership (LP) that is jointly applying for Homekey funds with a state, regional, or Local Public Entity, or with a Tribal Entity.
- xi. "Continuum of Care" means the same as defined by Title 24 CFR Part 578.3.
- xii. "Department" means the California Department of Housing and Community Development.
- xiii. "Eligible Applicant" means a city; county; a city and county; any other state, regional, and Local Public Entity, including a council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code; or a Tribal Entity(ies) as defined in this NOFA. For purposes of this definition, a "Local Public Entity" is further defined in accordance with HSC section 50079. As allowed or required by context, "Applicant" shall be interpreted to include any of the foregoing entities, as well as that entity's Co-Applicant. Upon receiving an award of Homekey funds, the Eligible Applicant and any Co-Applicant(s) will, both individually and collectively, be referred to as the "Grantee" for purposes of this NOFA.
- xiv. "Enforceable Funding Commitment" (EFC) means a letter or other document, in form and substance satisfactory to the Department, which evidences an enforceable commitment of funds or a reservation of funds by a Project funding source, and which contains the following:
  - a. The name of the Applicant;
  - b. The Project name;

- c. The Project site address, assessor's parcel number, or legal description; and
- d. The amount, interest rate (if any), and terms of the funding source.

The Enforceable Funding Commitment may be conditioned on certain standard underwriting criteria, such as appraisals, but may not be generally conditional. Examples of unacceptable general conditions include phrases such as "subject to senior management approval," or a statement that omits the word "commitment," but instead indicates the lender's "willingness to process an application" or indicates that financing is subject to loan committee approval of the Project.

Contingencies in commitment documents based upon the receipt of tax-exempt bonds or low-income housing tax credits will not disqualify a source from being counted as committed.

Where local sources may be dependent upon future budget allocations or are in the process of being allocated, Applicants can demonstrate funding commitments by submitting one of the following:

- i. An executed authorizing resolution from the governing body of the Local Public Entity describing the intent to commit the funds to the Eligible Project (by name) upon allocation approval, or
  - ii. A formal letter, on official letterhead, from the Local Public Entity's governing body or from an official with authority, that demonstrates the Local Public Entity's intent to commit funds to the Eligible Project (by name) upon allocation approval. These funding commitments will be noted in the Homekey Standard Agreement.
- xv. "Extremely Low Income" or "ELI" has the same meaning as in Title 24 CFR Part 93.2.
  - xvi. "Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking" has the same meaning as defined in HUD Community Planning and Development Notice 21-10, issued September 13, 2021.
  - xvii. "Foster Youth" means a child or nonminor dependent, as defined by Section 475 of Title IV-E of the Social Security Act (42 U.S.C. Sec. 675(8)) and subdivision (v) of Section 11400 of the Welfare and Institutions Code, who has been removed from the custody of their parent, legal guardian, or Indian custodian pursuant to Section 361 or 726 of the Welfare and Institutions Code, and who has been ordered into any placement described in paragraphs (2) to (9), inclusive, of subdivision (e) of Section 361.2 of, or paragraph (4) of subdivision (a) of Section 727 of, the Welfare and Institutions Code.

- xviii. "Grantee" means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under Homekey, and that will be held responsible for compliance with and performance of all Homekey Program Requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an "Eligible Applicant," as that term is defined in this NOFA. All such entities shall, in their individual and collective capacity as the "Grantee," be bound by the Homekey Standard Agreement and each and every one of the Homekey program terms, conditions, and requirements.
- xix. "HDIS" means the statewide Homeless Data Integration System.
- xx. "Homekey Program Requirements" means the following, all as amended and in effect from time to time:
- a. the Homekey Program Notice of Funding Availability and Guidelines, Round 3;
  - b. Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code;
  - c. ARPA and related federal guidance;
  - d. the Grantee's application for Homekey Round 3 funding;
  - e. the Project report prepared by the Department in reliance on the representations and descriptions included in the Grantee's application for Homekey Round 3 funding;
  - f. the award letter issued by the Department to the Grantee;
  - g. the relevant STD 213, Standard Agreement for the Homekey Round 3 funding; and
  - h. all other applicable law.
- xxi. "Homeless" has the same meaning as defined in Title 24 CFR Part 578.3.
- xxii. "Homeless Youth" means a child, youth, or current or former Foster Youth through the age of 25 who qualifies as "Homeless" under any of the relevant definitions set forth or identified in Title 24 CFR Part 578.3.
- xxiii. "Housing First" has the same meaning as in Welfare and Institutions Code section 8255, including all of the core components listed therein.
- xxiv. "HUD" means the U.S. Department of Housing and Urban Development.
- xxv. "Interim Housing" means any facility whose primary purpose is to provide a temporary shelter for the Homeless in general or for specific populations

identified in this NOFA and which does not require occupants to sign leases or occupancy agreements.

- xxvi. "Local Public Entity" is defined in accordance with HSC section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. "Local Public Entity" also includes two or more Local Public Entities acting jointly.
- xxvii. "NOFA" means a Notice of Funding Availability.
- xxviii. "Operating Expenses" means the amount approved by the Department that is necessary to pay for the recurring expenses of the Project, such as utilities, maintenance, management fees, taxes, licenses, and Supportive Services costs, but not including debt service or required reserve account deposits.
- xxix. "Other Populations" has the same meaning as defined in HUD Community Planning and Development Notice 21-10, issued September 13, 2021.
- xxx. "Permanent Housing" means a housing unit where the landlord does not limit length of stay in the housing unit, the landlord does not restrict the movements of the tenant, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- xxxi. "Permanent Supportive Housing" means housing with no limit on length of stay, that is occupied by the Target Population, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community, as defined at HSC section 50675.14, subdivision (b)(2), except that "Permanent Supportive Housing" shall include associated facilities if used to provide services to housing residents.
- xxxii. "Point-in-Time Count" or "PIT" means a count of sheltered and unsheltered Homeless persons on a single night conducted by Continuums of Care as prescribed by HUD.
- xxxiii. "Positive Youth Development (PYD)" is an intentional, prosocial approach that engages youth within their communities, schools, organizations, peer groups, and families in a manner that is productive and constructive; recognizes, utilizes, and enhances young people's strengths; and

promotes positive outcomes for young people by providing opportunities, fostering positive relationships, and furnishing the support needed to build on their leadership strengths.

- xxxiv. "Program Award" means the portion of program funds available for a Grantee to expend toward eligible program uses.
- xxxv. "Project" means a structure or set of structures providing housing or shelter with common financing, ownership, and management.
- xxxvi. "Rehabilitation" means repairs and improvements to a substandard residential structure necessary to make it meet Rehabilitation standards. As used in this section, "substandard residential structure" has the same meaning as the term "substandard building," as defined in HSC Section 17920.3. "Rehabilitation" also includes improvements and repairs made to a residential structure acquired for the purpose of preserving its affordability and use by the Target Population.
- xxxvii. "Rural Area" in accordance with HSC Section 50199.21, means an area, which, on January 1 of any calendar year satisfies any of the following criteria:
  - a. The area is eligible for financing under the Section 515 program, or successor program, of the Rural Development Administration of the United States Department of Agriculture;
  - b. The area is located in a nonmetropolitan area as defined in HSC Section 50090; or
  - c. The area is either:
    - i. An incorporated city having a population of 40,000 or less as identified in the most recent Report E-1 published by the Demographic Research Unit of the Department of Finance; or
    - ii. An unincorporated area which adjoins a city having a population of 40,000 or less, provided that the city and its adjoining unincorporated area are not located within a census tract designated as an urbanized area by the United States Census Bureau. The Department shall assist in determinations of eligibility pursuant to this subdivision upon request. With respect to areas eligible under subdivision (b) and this subdivision, the committee may rely upon the recommendations made by the Department. Any inconsistencies between areas eligible under subdivisions (a) and (b), and this subdivision, shall be resolved in favor of considering the area a Rural Area. Eligible and ineligible areas need not be established by regulation.
- xxxviii. "Standard Agreement" means the STD 213, Standard Agreement, and all exhibits thereto.

- xxxix. “Supportive Services” means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits.
- xl. “Target Population” means individuals and families who are experiencing homelessness or who are At Risk of Homelessness, as defined at HSC section 50675.1.3, subdivision (l), and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. For Grantees utilizing HOME-ARP funding as match, the “Target Population” also includes individuals and families who are “Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking” and “Other Populations” as defined in HUD Community Planning and Development (CPD) Notice 21-10.
- xli. “Tribal Entity(ies)” means an Applicant that is any of the following:
- a. Applicant meets the definition of Indian tribe under Section 4103(13)(B) of Title 25 of the United State Code;
  - b. Applicant meets the definition of Tribally Designated Housing Entity under 25 USC 4103(22);
  - c. If not a federally recognized tribe, either:
    - i. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Section 82.1 of Title 25 of the Federal Code of Regulations.
    - ii. Applicant is an Indian tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to Section 65352.3 of the Government Code.
- xlii. “Unit” means a residential unit that is used as a primary residence by its occupants, including individual units within the Project.
- xliii. “Youth Assisted Unit” means an Assisted Unit serving Homeless Youth, or Youth at Risk of Homelessness, as defined in Title 24 CFR Part 578.3. Pursuant to Section 203, Youth Assisted Units may also serve current and former Foster Youth through the age of 25.
- xliv. “Youth at Risk of Homelessness” means a child, youth, or current or former Foster Youth through the age of 25 who qualifies as “At Risk of Homelessness” or “Homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.



## **Article VIII – Insurance Requirements**

### **Section 800. Insurance Requirements**

#### **i. Commercial General Liability**

Applicants shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the Applicant's limit of liability. The policy must name the State of California and the California Department of Housing and Community Development, as well as the respective appointees, officers, agents, and employees of each, as additional insureds, but only with respect to work performed under the contract.

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

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

#### **ii. Automobile Liability**

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

If Applicant will not have or use any commercially owned vehicles during the term of the Standard Agreement, by signing the Standard Agreement, the Applicant certifies that the Applicant and any appointees, employees, subcontractors, or servants possess valid automobile coverage in accordance with California Vehicle Code sections 16450 to 16457,

inclusive. The Department reserves the right to request proof at any time.

iii. Workers' Compensation and Employer's Liability

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

iv. Builder's Risk/Installation Floater

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

v. Property Insurance

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

vi. Self-Insured

If a state, regional, or Local Public Entity is the sole Applicant, and if that entity is self-insured in whole or in part as to any of the above-described types and levels of coverage, then that entity shall provide the Department with a written acknowledgment of this fact before execution of the Standard Agreement. If, at any time after the execution of the Standard Agreement, the state, regional, or Local Public Entity abandons its self-insured status, that entity shall immediately notify the Department of this fact and shall comply with all of the terms and conditions of this Section pertaining to insurance requirements. The Department may accept

evidence of self-insurance from other Eligible Applicants in its sole and absolute discretion.

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## APPENDIX A: Capital Contributions to Projects\*

Assisted Unit, 1:1 Match	Homekey Capital Contributions		
	Total Cost Per Door *	Maximum Homekey Contribution	Applicant Contribution
Up to 1 Bedroom	\$140,000	\$140,000	\$0
	\$150,000	\$150,000	\$0
	\$160,000	\$155,000	\$5,000
	\$180,000	\$165,000	\$15,000
	\$200,000	\$175,000	\$25,000
	\$220,000	\$185,000	\$35,000
	\$240,000	\$195,000	\$45,000
	\$260,000	\$205,000	\$55,000
	\$280,000	\$215,000	\$65,000
	\$300,000	\$225,000	\$75,000
	\$320,000	\$235,000	\$85,000
	\$340,000	\$245,000	\$95,000
	\$350,000+	\$250,000	\$100,000+
Two Bedrooms	\$155,000	\$155,000	\$0
	\$175,000	\$175,000	\$0
	\$195,000	\$185,000	\$10,000
	\$215,000	\$195,000	\$20,000
	\$235,000	\$205,000	\$30,000
	\$255,000	\$215,000	\$40,000
	\$275,000	\$225,000	\$50,000
	\$295,000	\$235,000	\$60,000
	\$315,000	\$245,000	\$70,000
	\$335,000	\$255,000	\$80,000
	\$355,000	\$265,000	\$90,000
	\$375,000+	\$275,000	\$100,000+
Three or More Bedrooms	\$180,000	\$180,000	\$0
	\$190,000	\$190,000	\$0
	\$200,000	\$200,000	\$0
	\$220,000	\$210,000	\$10,000
	\$240,000	\$220,000	\$20,000
	\$260,000	\$230,000	\$30,000
	\$280,000	\$240,000	\$40,000
	\$300,000	\$250,000	\$50,000
	\$320,000	\$260,000	\$60,000
	\$340,000	\$270,000	\$70,000
	\$360,000	\$280,000	\$80,000
	\$380,000	\$290,000	\$90,000
	\$400,000+	\$300,000	\$100,000+

Assisted Unit, 1:1 Match	Homekey Capital Contributions		
	Total Cost Per Door *	Maximum Homekey Contribution	Applicant Contribution
Experiencing Chronic Homelessness	\$180,000	\$180,000	\$0
	\$190,000	\$190,000	\$0
	\$200,000	\$200,000	\$0
	\$220,000	\$210,000	\$10,000
	\$240,000	\$220,000	\$20,000
	\$260,000	\$230,000	\$30,000
	\$280,000	\$240,000	\$40,000
	\$300,000	\$250,000	\$50,000
	\$320,000	\$260,000	\$60,000
	\$340,000	\$270,000	\$70,000
	\$360,000	\$280,000	\$80,000
	\$380,000	\$290,000	\$90,000
	\$400,000+	\$300,000	\$100,000+
Homeless Youth or Youth At Risk of Homelessness	\$155,000	\$155,000	\$0
	\$175,000	\$175,000	\$0
	\$195,000	\$185,000	\$10,000
	\$215,000	\$195,000	\$20,000
	\$235,000	\$205,000	\$30,000
	\$255,000	\$215,000	\$40,000
	\$275,000	\$225,000	\$50,000
	\$295,000	\$235,000	\$60,000
	\$315,000	\$245,000	\$70,000
	\$335,000	\$255,000	\$80,000
	\$355,000	\$265,000	\$90,000
	\$375,000+	\$275,000	\$100,000+

\* The total cost per door referenced in the table above includes all eligible capital expenses, including acquisition, Rehabilitation, and new construction costs.