NOTICE OF FUNDING AVAILABILITY (NOFA) for CDBG & HOME Funds

For Housing Development and Public Facility Development and Improvements

This NOFA is available online, at:
http://housing.smcgov.org

NOFA Package:
- CDBG & HOME NOFA Overview & Funding Requirements
- CDBG & HOME Application/ Checklist

** Applications Due by 5:00 p.m., Friday, February 2, 2018 **

Applications/Checklists to be submitted online through City Data Services
Link: www.citydataservices.net
(Login for new users is SMC2018 for ID & Password)

For technical assistance with the online application, contact Chris Davidson
citydataservices@yahoo.com or (415) 572-4572

Rev. 12/29/2017
1. Table of Contents

1. Table of Contents ........................................................................................................................................ 2

2. NOFA OVERVIEW AND FUNDING REQUIREMENTS ................................................................. 3
   I. INTRODUCTION AND BACKGROUND......................................................................................... 3
   II. PURPOSE/PROGRAM OVERVIEW ............................................................................................ 3
   III. FUNDING PRIORITIES .............................................................................................................. 5
   IV. APPLICATION SUBMISSION, REVIEW and APPROVAL PROCESS .................................... 6
   V. DEFINITIONS .............................................................................................................................. 9
   VI. FUNDING AVAILABILITY; ELIGIBLE APPLICANTS; ELIGIBLE PROJECTS 10
   VII. QUALIFICATION AND PREFERENCE CRITERIA ............................................................... 14
   VIII. ELIGIBLE USES OF CDBG AND HOME LOAN FUNDS .............................................. 18
   IX. LOAN TERMS ........................................................................................................................... 18
   X. SPECIAL TERMS AND CONDITIONS ..................................................................................... 20
   XI. COMPLIANCE MONITORING ................................................................................................. 27
   XII. SCORING FACTORS / PROJECT EVALUATION ................................................................. 28

3. Exhibits
   A. County of San Mateo FY 2018-2019 NOFA Funding Priorities
   B. Sample Certification for No Single Audit Requirement Needed
   C. CHDO Certification/Recertification FY 2018-2019
   D. Income Limits Table

Please note: the CDBG & HOME Application and Checklist, are available online at www.citydataservices.net. You MUST submit a completed Application and Checklist to be considered for funding.
COUNTY OF SAN MATEO -- DEPARTMENT OF HOUSING

NOTICE OF FUNDING AVAILABILITY (NOFA) FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME FUNDS ADMINISTERED BY SAN MATEO COUNTY

NOFA OVERVIEW & FUNDING REQUIREMENTS

I. INTRODUCTION

The County of San Mateo Department of Housing (“DOH”) is made-up of two units, the Housing Authority of the County of San Mateo (“HACSM” or “Housing Authority”) and the Housing and Community Development division (“HCD”). HACSM is a “Moving to Work” agency, providing Section 8 rental assistance and administering innovative programs that target vulnerable populations, promoting housing stability and family self-sufficiency. The HCD division manages County funds allocated for affordable housing purposes as well as federal grant programs funded through the U.S. Department of Housing and Urban Development’s (“HUD”) Community Development Block Grant (“CDBG”) and HOME Investment Partnership (“HOME”) Programs. HCD also fosters strategic partnerships, policies and programs designed to catalyze the creation of affordable housing options. Together, HACSM and HCD provide millions of dollars yearly for housing assistance, housing development, and public services in support of housing programs in the county.

The County of San Mateo invites applications for a variety of housing and community development capital activities described in Section VI. These Program Guidelines specifically focus on two categories of activities – Housing Development and Public Facilities Development and/or Improvement.

II. PURPOSE/PROGRAM OVERVIEW

The County of San Mateo invites applications for a variety of housing and community development capital activities described in Section VI of this NOFA. These Program Guidelines specifically focus on two categories of activities: 1) Housing Development and 2) Public Facilities Development and/or improvement. UNTIL CONGRESS ADOPTS A FINAL BUDGET FOR FY 2018-2019, THE TOTAL AMOUNT OF FUNDING AVAILABLE WILL NOT BE KNOWN. The County of San Mateo is estimating an available amount based on FY 2017-2018 funding at approximately $2,085,579.

This Notice of Funding Availability (NOFA) reflects a combination of funding from the federal CDBG and HOME Programs, as detailed in Section IV (A). This funding will be targeted to eligible projects including 1) the development of new affordable housing opportunities for extremely low-, very low-income and low-income residents of San Mateo County, 2) the preservation of existing affordable housing through re-syndication and
rehabilitation of existing, deed restricted, affordable housing stock or to 3) public facilities for which at least 51% of beneficiaries of the funded activities are low income [see Section VI (C )(1)] in San Mateo County.

**Basic Applicant Requirements**
- Applicants must be an eligible City, a County or other public agency, or a qualified 501 (c)(3) or (c)(4) nonprofit organization.
- All applicants must submit the latest certified financial audit of their organization, including any management letters for applicable organization Fiscal Year.
- Non-Profit organizations must submit evidence of current nonprofit status and up-to-date roster of the Board of Directors
- For any new project located within any city’s jurisdiction, the City Manager from that city must be notified and evidence of this notification must be included with the application. You are encouraged to seek a response letter acknowledging your notification.

**Application Deadline:** Please complete and submit application and all requisite attachments online at [www.citydataservices.net/](http://www.citydataservices.net/) by

<table>
<thead>
<tr>
<th>FRIDAY, FEBRUARY 2, 2018 at 5:00 P.M.</th>
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<tr>
<td><strong>NOTE:</strong> No Late Applications. No Paper Submissions. No Exceptions.</td>
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</tbody>
</table>

**Application Review Process**
Applications will be reviewed by San Mateo County staff to determine whether all the Qualifications and Preference Criteria set forth in Section IX of this NOFA have been met. Staff will formulate preliminary recommendations to be presented to the Housing and Community Development Committee (HCDC), an advisory body to the San Mateo County Board of Supervisors.

**A Public Hearing conducted by the San Mateo County Housing and Community Development Committee will be held on Thursday, March 1, 2018.** Applicants will present their application and answer any questions at this public hearing. After hearing from all applicants, the HCD Committee will formulate funding recommendations to be submitted to the San Mateo County Board of Supervisors.

The HCD Committee, through the Department of Housing, will forward the recommendations to be authorized by the **San Mateo County Board of Supervisors on or about April 24, 2018.** All approved funding awarded through this NOFA will be submitted to the U.S. Department of Housing and Urban Development (HUD) on or before **May 15, 2018** in the form of the Annual Action Plan for Program Year 2018.
III. FUNDING PRIORITIES

Successful applications will meet one of the funding priorities outlined in Exhibit A: San Mateo County FY 2018-2019 NOFA Funding Priorities, also available at www.smchousing.org. In addition to the funding priorities which have been established for federal funding as set forth in the proposed Consolidated Plan for 2018-2022 and which applies to CDBG, HOME and ESG, San Mateo County has established the following strategic priorities for all County funding allocated to affordable housing development projects:

- Create more housing through construction of new affordable multifamily rental units;
- Target County housing funds, including CDBG, HOME and Affordable Housing Fund (AHF) to very low- and extremely low-income affordable housing units;
- Maintain existing deed-restricted affordable rental housing by supporting essential repairs and rehabilitation, in conjunction with re-syndication of Low Income Housing Tax Credits (LIHTC), to support the project, for health and safety reasons and/or to extend the useful life of the improvements when such repairs are beyond the Project’s capital improvement budget;
- Create more extremely low-income and/or supportive housing for homeless households and those at imminent risk of homelessness, including housing opportunities for at-risk former foster youth, persons with serious mental health challenges who are homeless or at-risk of homelessness, and other County clients in need of affordable housing;
- Encourage the creation of affordable multifamily projects containing larger units (2- and 3-bedroom);
- Create more housing within walking distance of services, amenities, and transit – particularly in locations qualifying for Affordable Housing & Sustainable Communities (AHSC) state funding;
- Build system capacity among affordable housing providers and supportive services providers.

No award for Housing Development or Public Facilities will be awarded for less than $25,000.
IV. APPLICATION SUBMISSION, REVIEW AND APPROVAL PROCESS

A. Notice of Funding Availability Overview

Estimates of funding availability are shown in the Funding Category table below. These amounts will be adjusted once the final allocations from HUD are determined and any County Department of Housing reprogrammed funds and/or loan repayments have been calculated for inclusion in the total amount of funding available.

<table>
<thead>
<tr>
<th>FUNDING CATEGORY</th>
<th>APPROX. AMOUNT (based on current FY 2016-17 Budget)</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Development (Loans) / Acquisition-Rehab Loans</td>
<td>$1,960,579</td>
<td>CDBG/HOME 1</td>
</tr>
<tr>
<td>Public Facility Development / Improvements (Loans)</td>
<td>$125,000</td>
<td>CDBG</td>
</tr>
<tr>
<td>TOTAL AVAILABLE</td>
<td>$2,085,579</td>
<td>CDBG/HOME</td>
</tr>
</tbody>
</table>

The funding shown above are estimates only and are subject to change. The actual amount of funding available will not be known until Congress adopts a final budget.

Table 1: CDBG and HOME Funding Available
FY 2018-2019 NOFA

Funding Availability July 1, 2018 is the earliest that funding from FY 2018-2019 awards will be available, provided that a funding agreement has been executed between your organization and San Mateo County, subject to compliance with all the requirements established by the U.S. Department of Housing and Urban Development and by San Mateo County.

B. Tentative Schedule of Events

<table>
<thead>
<tr>
<th>EVENT</th>
<th>TARGET DATE *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post/Publish NOFA (Applications available on CDS) NOFA Published &amp; Posted on Dept. of Housing website</td>
<td>December 29, 2017 (expected date)</td>
</tr>
<tr>
<td>NOFA Technical Assistance Session for Applicants</td>
<td>January 10, 2018 (10:00 a.m. – 11:30 a.m.)</td>
</tr>
<tr>
<td>Application Submission Due Date</td>
<td>February 2, 2018 by 5:00 p.m.</td>
</tr>
<tr>
<td>HCDC Study Session</td>
<td>February 22, 2018 (10:00 a.m. – 12:00 p.m.)</td>
</tr>
<tr>
<td>HCDC Public Hearing</td>
<td>March 1, 2018 (10:00 a.m. – 12:00 p.m.)</td>
</tr>
<tr>
<td>Board of Supervisors Meeting (for Funding Allocations)</td>
<td>April 24, 2018 (expected date)</td>
</tr>
</tbody>
</table>

Table 2: Schedule of Events
FY 2018-2019 NOFA

*Please check the DOH website to confirm all dates

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1 San Mateo County is required to set aside at least 15% of annual HOME allocations for CHDO-Owned, - sponsored, or -developed housing projects. CHDO requirements are enumerated in Section 92.2 of the HOME Investment Partnership Program regulations (24 CFR Part 92). CHDOs are required to re-qualify each time they apply for HOME funds. Whether new or an existing CHDO. If applying for CHDO funds, please submit the CHDO Certification Form (see Exhibit 2 for form).
C. Technical Assistance Session

DOH will hold a technical assistance session for prospective applicants on **Wednesday, January 10, 2018 from 10:00 a.m. – 11:30 p.m.** The session will be held in the Jupiter Room at 264 Harbor Blvd, Building A, Belmont. Attendance by applicants is not mandatory but is strongly recommended. Instruction on the use of the City Data Services application process will be provided.

D. Application Submission

1. Application Due Date. **Applications for this NOFA must be submitted to DOH through City Data Services online no later than 5:00 p.m. on Friday, February 2, 2018** as stated in the NOFA. Project applications must be complete by the deadline date to ensure consideration for funding eligibility. Applications that do not include all required information, or do not have complete answers to all applicable questions, may, at DOH’s sole discretion, be deemed ineligible for funding.

2. Application Includes All Materials. Application submittals must include:
   - Application form, completely filled in;
   - Checklist at the end of the Application, indicating which materials are included in the submission;
   - Any required Attachments and any additional Attachments as available or applicable;
   - Any supplementary materials, if relevant and necessary

3. Submission online. All applicants must submit applications online through [www.citydataservices.net](http://www.citydataservices.net) with all attachments included. The CDBG & HOME applications will be listed under “CDBG & HOME 2018/2019 Applications,” and the login for new applicants is SMC2018 for ID and password. For help in logging into CDS contact City Data Services at citydataservices@yahoo.com or call Steve Crounse at 650.533.5933. Instruction in the use of the online system will be provided at the technical assistance workshop scheduled for **January 10, 2018 from 10:00 a.m. – 11:30 a.m.** at 264 Harbor Boulevard, Building A, in the Jupiter Conference Room. Applicants are encouraged to attend.

4. No Material Changes. Applications, including any attachments, may not be materially revised and/or submitted after the deadline date. In addition, once a proposal is awarded funding by DOH, it cannot be materially revised prior to execution of loan agreement and closing of escrow. DOH has sole discretion to determine what constitutes a material revision to an application.
5. Application Becomes DOH Property. All materials submitted in response to this NOFA, or in response to staff requests to an Applicant for clarification or additional information related to the Applicant’s application, shall become property of DOH.

6. Questions and Response Process. Submit all questions relating to this NOFA by emailing Rose Cade at rcade@smchousing.org. Applicants will receive responses via email. All questions received and responses will also be posted periodically on the DOH website up until the application due date.

E. Review and Approval Process

1. Applications will be reviewed by DOH staff against priorities and criteria described in more detail in Section III of this NOFA. Staff will review the application and forward a staff report and funding recommendation to the Applicant and the San Mateo County Housing and Community Development Committee ("HCDC"). During the review, staff may reach out to Applicants to clarify questions regarding the submissions.

2. The HCDC, appointed by the County Board of Supervisors, will assume responsibility for reviewing all applications after staff has assessed compliance with threshold eligibility criteria and summarized their analysis of each application and funding recommendations in a staff report intended to assist the HCDC in their review and recommendation process.

3. The HCDC will conduct a Public Hearing tentatively scheduled for Thursday, March 1, 2018 to receive testimony regarding proposals submitted for CDBG and HOME funding for Housing Development and Public Facility Developments and Improvements in response to this NOFA. The HCDC will formulate a funding recommendation for submission to the Board of Supervisors, including a list of projects recommended for funding, the level of funding recommended, and conditions to be satisfied prior to funding, if any. The HCDC is unlikely to recommend funding for any project unless a representative from the applicant is present at the hearing to answer questions about the proposed project.

4. DOH reserves the right to make a funding recommendation that is more than, equal to, or less than the requested amount of funding for any Project, regardless of the point score received by the Project on the Project Evaluation Sheet.

5. Final approval of projects that will receive CDBG and/or HOME funding, and funding amounts, will be made by the County Board of Supervisors on or about Tuesday, April 24, 2018. The County Board of Supervisors is the final decision-maker for determining CDBG & HOME awards.

6. Selection of one or more Projects/Programs to receive CDBG/HOME funding, and the funding amount for each Project, will be memorialized in the form of a Loan
Agreement between the borrower and DOH, authorized by a resolution of the County Board of Supervisors, and signed by both parties.

V. DEFINITIONS

A. “Applicant”. Applicants must be an eligible City, a County or other public agency, or a qualified 501 (c)(3) or (c)(4) nonprofit organization.

B. “CDBG”. CDBG refers to San Mateo County’s allocation of the federal Community Development Block Grant Program for FY 2018-2019, estimated at approximately $678,792, subject to Congressional appropriations.

C. “HOME”. HOME refers to San Mateo County’s allocation of the federal Home Investment Partnership Program for FY 2018-2019, estimated at approximately $1,406,787, subject to Congressional appropriation.

D. “CDBG & HOME NOFA” or “NOFA”. The current County NOFA providing $2,085,579 in funding assistance, which is comprised of $678,792 in FY 2018-2019 CDBG funds and $1,406,787 in FY 2018-2019 HOME funds, comprised of both annual entitlement funding and program income.

E. “HOME-Restricted Unit.” A residential unit that is subject to rent and occupancy restrictions because of the financial assistance provided by HOME funding, as specified in the loan agreement and described in this section.

F. “Special Needs Housing”. For HUD reporting purposes, buildings used to provide supportive housing for special needs populations may be classified as either housing or public facility depending on factors including, but not limited to, clientele served, level of services provided, proposed funding sources and uses, tenure duration of residents, and whether the stay is conditioned on receipt of services. If the program proposed for the building requires licensing it will automatically be classified as a public facility and does not qualify for HOME funding, and CDBG funds may be used to assist these licensed residential facilities.

G. “New-Construction Affordable Housing projects”. For purposes of this NOFA, this refers to new-construction deed-restricted permanent multifamily rental or ownership housing projects in which at least 50% of the residential units (excluding the manager’s unit for rental) are targeted to households with incomes at or below 60% of Area Median Income, where the term of occupancy is not time-limited, and where any other residential units (excluding the manager’s unit) are restricted to households with incomes not higher than 120% of Area Median Income.
H. “Re-Syndication-Rehabilitation projects”. For purposes of this NOFA, this refers to existing deed-restricted permanent multifamily rental housing serving households with incomes at or below 60% of Area Median Income, where the term of occupancy is not time-limited, and where the owner is proposing rehabilitation in conjunction with tax credit re-syndication.

I. “Project/ Program”. This refers to a project that is the subject of an application for this NOFA.

J. “Project Developer” or “Developer”. This refers to the entity listed in the application for this NOFA as the entity that will develop and build the Project.

K. “Rental unit.” Residential dwelling units containing a kitchen and bathroom(s). A rental unit may include a studio/efficiency unit, but will not include Single Room Occupancy (SRO) units lacking a kitchen or bathroom. In all Rental Units, the resident is required to pay some or all of the unit rent.

L. “Site Control”. Site control means that the Applicant (or project Developer, if Developer is not the applicant) has site control of the land and other real property necessary for the Project. Acceptable evidence of site control is a document that has a complete and accurate legal description and is one of the following: (a) a recorded deed or conveyance showing the Applicant has ownership; (b) a valid purchase and sale agreement; (c) a valid option to purchase; (d) a valid option for a long-term lease; or (e) other evidence satisfactory to DOH.

M. “Public Facility”. Public Facilities and Improvements are defined as, but not limited to, the following categories: Infrastructure improvements (construction or installation) including curbs, and water and sewer lines; neighborhood facilities including, but not limited to public schools, libraries, recreational facilities, parks, playgrounds; and facilities for persons with special needs such as facilities for the homeless or domestic violence shelters, nursing homes, or group homes for the disabled.

VI. FUNDING AVAILABILITY AND ELIGIBLE ACTIVITIES

A. Funding Availability Overview

DOH invites developers of deed-restricted affordable new-construction housing projects and public facilities located within San Mateo County, and owners of existing deed-restricted affordable projects and public facilities located within San Mateo County undergoing re-syndication and rehabilitation, to submit applications for funding assistance under this NOFA. Should a project be approved for funds under this NOFA, Staff will make the determination of how much of CDBG, HOME, or a combination of both will be allocated. A total of $2,085,579 of funding assistance is available under this NOFA for the types of affordable housing projects and public facilities described below.
B. Eligible Applicants

1. Applicants must be an eligible City, a County or other public agency, or a qualified 501 (c)(3) or (c)(4) nonprofit organization.

2. Applicants for funding for housing development projects must have affordable housing experience in the nine-county Bay Area (San Mateo, San Francisco, Marin, Sonoma, Napa, Solano, Contra Costa, Alameda, and Santa Clara) and a successful track record of at least two (2) years of ownership* and management** of at least two (2) affordable housing projects within the nine-county Bay Area in which 100% of the units, with the exception of the manager(s) unit(s), are targeted to those at or below 80% of the Area Median Income.

3. Applicants for funding for public facilities development and/or improvement projects must be a non-profit or public agency providing services in one or more facilities located within San Mateo County that meets the eligible activity criteria set forth below.

* Ownership by an affiliated entity, limited partnership or limited liability corporation for tax credit purposes will qualify as ownership of the project, at the Department’s discretion.

** Management by an affiliated or contracted property management entity will qualify as management of the Project.
C. Eligible Activities  

Examples of Eligible Activities:

<table>
<thead>
<tr>
<th>CDBG</th>
<th>HOME</th>
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<tbody>
<tr>
<td>Housing (Permanent)</td>
<td>Housing (Permanent or Transitional Housing)</td>
</tr>
<tr>
<td>• Property Acquisition ²</td>
<td>• Property Acquisition</td>
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<tr>
<td>• Rehabilitation</td>
<td>• Rehabilitation</td>
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<tr>
<th>Housing (Permanent)</th>
<th>Housing (Permanent or Transitional Housing)</th>
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<tr>
<td>• Demolition/Site Clearance</td>
<td>• Demolition/Site Clearance</td>
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<tr>
<td>• Disposition</td>
<td>• Disposition</td>
</tr>
<tr>
<td>• Certain Soft Costs/Predevelopment</td>
<td>• Soft Costs/Predevelopment</td>
</tr>
<tr>
<td>• Relocation</td>
<td>• Relocation</td>
</tr>
<tr>
<td>• Off-Site Improvements/Public Infrastructure</td>
<td>• New Construction</td>
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<tr>
<td>• Conversion of Non-Residential Buildings to Housing</td>
<td>• Conversion of Non-Residential Buildings to Housing</td>
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<tr>
<th>Public Facilities</th>
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<td>• Property Acquisition</td>
<td>• Demolition/Site Clearance</td>
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<td>• Rehabilitation</td>
<td>• Disposition</td>
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<tr>
<td>• Demolition/Site Clearance</td>
<td>• Soft Costs/Predevelopment</td>
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<td>• Disposition</td>
<td>• Relocation</td>
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<tr>
<td>• Soft Costs/Predevelopment</td>
<td>• New Construction</td>
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<tr>
<td>• Relocation</td>
<td>• Conversion of Non-Residential Buildings to Housing</td>
</tr>
<tr>
<td>New Construction</td>
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1. Public Facilities. At least 51% of beneficiaries of the funded activity must be low income. Income must be documented unless 100% of the facility serves a presumed benefit group or qualifies for funding under CDBG Low-Mod Area Benefit (see below). To qualify for Area Benefit, the facility must be in a service area that comprises at least 45% low-income residents (“Low-Mod” in CDBG terminology). The City of East Palo Alto and the areas of North Fair Oaks and Belle Haven qualify for area benefit. Other areas may qualify if it can be

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² If Project entails funds for real property acquisition, a recent appraisal and preliminary title report should be attached to the application if applicant is under an agreement or option for the property. If an appraisal is not available, one must be submitted as soon as is practical (not later 30 days after application due date). An appraisal is required if the Project involves acquisition, even if funds under this NOFA are not intended for the use of acquisition.

If the acquisition price is significantly higher than appraised value, the County may reject the application or deny the funding unless the price can be negotiated reasonably close to the appraised value, or the applicant can provide a justification for the difference.
determined the facility serves a defined low income area.

Presumed Benefit Group(s): The CDBG Program presumes the following groups to be low income. Their incomes need not be documented, but their presumed status must be verified.

- Abused children
- Victims of domestic violence
- Seniors (62+ years)
- Severely disabled adults
- Homeless persons
- Illiterate adults
- Persons with AIDS
- Migrant farm workers

Area Benefit Determination: San Mateo County is considered a high income and therefore qualified under the exception criteria to use a low-income area percentage lower than 51%. San Mateo County’s exception criteria is 45% low income (versus 51%). To determine if a facility is in a qualified service area based on the percentage of low income residents in the applicable census tracts and block groups, please consult staff or go to www.smchousing.org for the list of Census Tracts for Low-Mod Determination. The schedule is in Excel format and allows for computation if necessary. Should DOH Staff or HUD question the selected service area census tracts for eligibility, the applicant may be required to undertake statistically significant household income surveys of the applicable area for low-mod determination.

Table 4: Presumed Benefits Group and Area Benefit Determination for CDBG FY 2018-2019 NOFA

2. Rental and Ownership Housing. Eligible housing projects must include no less than 50% of the units which are restricted to households with incomes at or below 60% of the Area Median Income. Note that for underwriting purposes, scoring, and determining the need for CDBG/ HOME subsidy, DOH requires review of the financial considerations (costs, sources, uses, income, expenses, cash flow, etc.) of all units to be developed by the Developer or an affiliate of the Developer within one master-planned development site, whether these are financed as one or more residential project(s).

Mixed income developments are considered an eligible activity; however, all units assisted with County-administered CDBG/HOME funds, or CDBG-assisted funds, must be occupied by lower income households at affordable rents (excluding the manager’s unit). The County funded portion of the total development cost cannot exceed the portion of space for the affordable housing component in the development.

D. HOME Program-Specific Requirements

1. HOME-Required Local Match and Affordability Covenant. HOME investment in any project is required to be matched 25% with non-federal forms of subsidy. The provision of affordable housing is seen as a partnership, and, as such, local financial leveraging from local, state and
other sources must be committed. Leveraging County funds from other than County sources will be an important consideration in any funding recommendation. You will be responsible for negotiating a non-federal match contribution from the jurisdiction in which your project is located and/or from other sources.

The match requirement can be met with:

- Cash invested permanently in the project (from local jurisdiction or foundation grant);
- Value of waived taxes, fees or charges;
- Value of land or real property donated or provided at less than appraised value;
- Cost of infrastructure improvements associated with HOME projects;
- Present value of deferred income stream on below market rate or deferred loans;
- Cash value of donated materials and labor;
- Cash value of donated professional services; and/or
- On-site Supportive services;

Owner equity/owner cash contribution will not count toward the HOME match requirement.

2. Community Housing Development Organization (CHDO). As a HOME Jurisdiction, the County is required to set aside at least 15% of annual HOME allocations for CHDO-owned, - sponsored, or - developed housing projects. CHDOs requirements are enumerated in Section92.2 of the HOME Investment Partnerships Program regulations (24 CFR Part 92). CHDOs are required to re-qualify each time they apply for HOME funds. Whether new or an existing CHDO, if you are applying for CHDO funds, please submit the CHDO Certification Form (see Exhibit 2 for form).

VII. QUALIFICATION AND PREFERENCE CRITERIA

Following are the qualification and preference criteria to be used when evaluating funding applications. For both qualification and preference criteria, the criteria must have been met by the application due date stated in this NOFA, to be considered to have been met.

Qualification criteria are the minimum or “threshold” qualifications that projects must meet to be eligible for funding, and projects must meet all qualification criteria to receive CDBG and/or HOME. Projects meeting one or more preference criteria will have a competitive advantage over projects meeting only the qualification criteria. Other considerations affecting funding decisions may include availability of funds in a funding category, total

County of San Mateo – Department of Housing – Notice of Funding Availability – December 2017
amount of funding requests in that funding category, and the goal to assist a variety of worthy projects.

1. **Qualification Criteria** (*“threshold qualifications” must meet all to be eligible for funding*):

   a. Project Eligibility Criteria, as stated in Sec. VI. (C.)

   b. Project Developer Experience Criteria, as stated in Sec. VI. (B.)

   c. The application must present a fully developed Project/ Program concept including use of the housing, parties responsible for project development and operations, and financial feasibility.

   d. The Applicant must have site control of the land and other real property necessary for the Project and have submitted acceptable evidence of that control (see Definition of Site Control in Sec. IV (L.)). The name on the evidence of site control must be exactly the same as the Applicant, or if not the same, the Applicant must provide a narrative description and supporting documentation satisfactory to DOH to clarify the relationship between the entities and process for obtaining ownership. The site control document must also specify exactly the same area as the Project site listed in the application and exactly the same cost for the land and/or existing buildings for the Project referenced in the development budget provided with the Application. If the site description or acquisition cost in the Application and the site control document do not match, the Applicant must provide a narrative description and supporting documentation satisfactory to DOH to clarify how the area and cost for the Project were established.

   e. HOME investment in any project is required to be matched with 25% non-federal forms of subsidy. The provision of affordable housing is a partnership, and, as such, financial leveraging from local, state and other sources must be committed. Applicant will be responsible for negotiating a non-federal match contribution from the local jurisdictions and/or from other sources.

   The match requirement can be met with:

   - Cash invested permanently in the project (from local jurisdiction or foundation grant);
   - Value of waived taxes, fees or charges;
   - Value of land or real property donated or provided at less than appraised value;
   - Cost of infrastructure improvements associated with HOME projects;
• Present value of deferred income stream on below market rate or deferred loans;
• Cash value of donated materials and labor;
• San Mateo County’s Affordable Housing Fund (Measure K)
• Cash value of donated professional services; and/or
• On-site Supportive services.

Owner equity/owner cash contribution will not count toward the HOME match requirement.

f. HOME and CDBG Funding must leverage other public and private sources to the greatest reasonable extent possible, as demonstrated in the project financial proforma. If applicant is proposing a project/program which will serve a county-wide population or a population located in one or more of the entitlement cities (e.g., Daly City, South San Francisco, San Mateo, and Redwood City), applicant is advised to contact the affected entitlement city for funding. The County will fund only that portion of the project's budget which affects the Urban County jurisdiction. The San Mateo Urban County consists of the unincorporated areas of the County plus the 16 small cities. Excluded from the Urban County are the four largest cities – Daly City; South San Francisco; San Mateo; and Redwood City.

<table>
<thead>
<tr>
<th>CDBG and HOME contacts in the entitlement cities in the County:</th>
<th>CDBG</th>
<th>HOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daly City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lenelle Suligui</td>
<td>650 991-8256</td>
<td>✓</td>
</tr>
<tr>
<td>• <a href="mailto:lsuligui@dalycity.org">lsuligui@dalycity.org</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South San Francisco</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Maria Wada</td>
<td>650 877-8526</td>
<td>✓</td>
</tr>
<tr>
<td>• <a href="mailto:Maria.Wada@sff.net">Maria.Wada@sff.net</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Mateo</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Sandra Council</td>
<td>650 522-7223</td>
<td>✓</td>
</tr>
<tr>
<td>• <a href="mailto:scouncil@cityofsanmateo.org">scouncil@cityofsanmateo.org</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redwood City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Rhonda Coffman</td>
<td>650 780-7299</td>
<td>✓</td>
</tr>
<tr>
<td>• <a href="mailto:rcoffman@redwoodcity.org">rcoffman@redwoodcity.org</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

g. The Project's 30-year operating cash flow must include a Services budget of at least $500 per unit per annum (PUPA) and the application must include a services plan summary describing, at a minimum, the services to be offered to tenant on- and off-site, how tenants will be linked to and access necessary services not provided by the Developer or its affiliates or contracts, who will provide the services, and how they will be funded.

h. Developer must prepare a National Environmental Protection Act (NEPA) environmental review determination for every activity funded with federal funds to examine environmental impacts on the built and natural environment. For complex projects, including most capital projects, this review may take approximately 6 to 16 weeks. If environmentally significant conditions are
found and/or mitigation measures required, the time to complete the environmental review process will be extended. The cost of preparation of the NEPA by a third party retained by the County will be charged to the project and netted out of the amount allocated to the project. The County will incur these costs prior to execution of a funding agreement, with the actual total cost of the NEPA reimbursed to the County from applicant’s allocation or loan proceeds. If the Project is awarded funds under this NOFA, no commitment or obligation of these funds may be made prior to completion of the NEPA. The County will not provide reimbursement for qualified costs incurred prior to contract execution, including execution of loan documents (i.e., Note; Deed of Trust; and CDBG/HOME Affordability Covenant if applicable).

2. Preference Criteria:

a. The Project addresses one or more of the NOFA funding priorities listed in Section III of this NOFA and Exhibit A: County of San Mateo FY 2018-2019 NOFA Funding Priorities.

b. The city (if the Project is in an incorporated city or town) or County (if the Project is in the unincorporated County) has provided a commitment to:

   i. Provide city funds (if the Project is in an incorporated city or town);

   ii. Donate or provide city- or County-owned land at a below-market-rate; or

   iii. Grant the Project one or more cost-saving incentives, such as fee reductions or waivers, by-right zoning, density bonus, parking requirement reduction, or other such cost-saving incentives. Note that the County is unlikely to fund applications that include large fees payable to local jurisdictions when the subsidy needed to pay such fees could otherwise be used to fund development/ rehabilitation of affordable housing.

c. The Project is ready for occupancy sooner than four (4) years for Multifamily New-Construction Projects, and three (3) years for Multifamily Re-Syndication-Rehabilitation Projects, from the due date for NOFA application submission. Projects that could otherwise close but for a small gap funding award provided under this NOFA will garner additional preference consideration. Readiness will be gauged by the status of planning and land use entitlements and permits, the degree to which other funding commitments have been secured, completion of architectural drawings, the anticipated date for 9% tax credit financing applications or 4% tax credit/tax-exempt bond applications (if applicable), and the anticipated development schedule submitted as part of the application. [Note: Staff may refer to previous funding applications submitted to
DOH for the Project to check for discrepancies between previous applications and this current application in information presented regarding readiness.]

d. The Developer uses all reasonable efforts to partner with a local jurisdiction or transit agency and apply for Affordable Housing and Sustainable Communities (AHSC) funds to support development of the Project, enhance walkability, increase access for biking, and improve linkages to public transportation. Note that DOH staff are aware that some sites may not be competitive for AHSC funds. If an Applicant does not plan to apply for AHSC funding, the Applicant must provide a statement describing its reasoning for not applying. Those that do plan to apply will have the opportunity to describe the status of discussions with their local jurisdiction/transit agency partner(s), the amenities planned for inclusion in the application, and the timeline and status of the application. Applicants who make a convincing case for why the Project is not applying for AHSC funds, but nonetheless seek to enhance area walkability, increase bicycle access or improve linkages to public transportation, will also receive scoring preference for such amenities.

e. The Project provides strong leverage for County funds and limits the amount of County subsidy required by attracting additional non-County funding sources, including donation or below-market-rate sale of land from other quasi- or nongovernmental entities, and by controlling costs.

f. Project is within easy walking distance of services, amenities, and transit.

g. The Project’s 30-year operating cash flow indicates a Services budget greater than $500 per unit per annum (PUPA), and the Project provides high-quality services appropriate for the needs of the tenant population served, in connection with the more robust budget; physical space for service amenities is available within the development; and service amenities will be of a regular and ongoing nature and provided to tenants free of charge (except for day care services or any charges required by law).

h. The Projects targets Very-Low and Extremely-Low Income households with affordable rents.

i. The Project includes a greater proportion of units for larger families (two- and three bedroom units, or larger).

j. San Mateo County is committed to supporting affordable housing projects that incorporate Green Building (or sustainable building) practices, materials, and technologies. Applicants should articulate how the Project will be integrated to the site and region; use energy, water and materials wisely; minimize and recycle construction waste; create their own energy; result in a durable and
easily maintained building; promote good health for both construction workers and residents; and enhance housing affordability.

VIII. ELIGIBLE USES OF CDBG and HOME LOAN FUNDS

A list of eligible activities can be found in Section VI (C), these include specific eligible activities which may be carried out with funds under this NOFA. CDBG and HOME funding each have restrictions on funding use. For example, CDBG funds cannot be used for direct construction costs for new housing. HOME funds cannot be used for shelter improvements as they are not considered permanent or transitional housing. While the list is not complete, it provides a spectrum of the more typical activities funded under the CDBG and HOME programs.

IX. LOAN TERMS

A. DOH Loan Amount

DOH will provide low-interest loans to eligible projects. The minimum loan amount for any Project will be $25,000. The maximum loan amount is not to exceed the lesser of: 100% of the then currently available CDBG & HOME NOFA fund balance for the Housing Development or Public Facilities Development or Improvement Project category from which the Project was funded, or the amount needed for project financial viability.

B. Interest Rate and Repayment

The interest rate and loan repayment terms for all CDBG/HOME loans shall be subject to the Department of Housing loan policies. Typically, affordable rental housing loans for new construction projects are structured as non-recourse, 3% simple, residual-receipts loans. Funding for public facilities will also be structured loans, typically 3% simple interest deferred loans. Funding for improvements to a leased facility may likely be forgiven over a period to be negotiated and determined based on the amount of the actual CDBG funding. For more detailed information on Department of Housing loan policies, please contact the staff member listed in the CDBG & HOME NOFA announcement.

C. Term

The term of the CDBG/HOME Agreement shall initially be four years. Typically, the term of the loan, as memorialized by the note and Deed of Trust, will have a term of 55 years from project completion, consistent with the Low-Income Housing Tax Credit project requirements.

D. Proceeds from CDBG & HOME Loans

Proceeds from the repayment of CDBG & HOME loans shall be deposited in DOH accounts. DOH retains the discretion, subject to Board of Supervisors approval, to use such proceeds to assist with affordable housing provision in the future.
E. Loan Closing and Disbursement of Funds

1. DOH and borrower will close escrow on the CDBG/HOME Affordability Covenant and the CDBG/HOME loan in the same escrow.

2. Upon receipt of satisfactory documentation from the applicant, DOH will disburse CDBG/HOME loan proceeds either to escrow to pay site acquisition costs, or to the applicant to reimburse the applicant for site acquisition, predevelopment, and/or construction costs. In special cases warranting such action, and at DOH's discretion, DOH may, upon written instructions from borrower, pay borrower’s vendors directly upon submission of invoices for completed work in excess of $5,000 for predevelopment and/or construction costs.

3. For construction costs, DOH will disburse CDBG/HOME loan proceeds for construction progress payments that the borrower’s appointed construction representative has approved as an accurate statement of work completed.

F. Affordability Covenant

1. Concurrent with executing the HOME loan agreement and recording the deed of trust, DOH will record an Affordability Covenant with the Developer. The Covenant will memorialize the affordability restrictions and other requirements that accompany the HOME loan. For new construction projects, the Covenant will remain in force for a minimum of twenty (20) years from project completion. For housing rehabilitation, the Covenant will remain in force for a minimum of fifteen (15) years from rehabilitation completion.

2. If the Project only receives CDBG funds and no HOME funds under this NOFA, DOH may determine it necessary to record a CDBG Affordability Covenant with the Developer. The Covenant will memorialize the affordability restrictions and other requirements that accompany the CDBG loan.

X. SPECIAL TERMS AND CONDITIONS

A. Federal Labor Requirements

Projects receiving HUD funds may be subject to federal labor requirements in the construction activity:

<table>
<thead>
<tr>
<th>Federal Requirements</th>
<th>Requirements</th>
<th>Threshold (applies to Prime &amp; Subcontracts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davis-Bacon – HOME-funded projects</td>
<td>Payment of prevailing wages to on-site construction workers (laborers &amp; mechanics). Identification of the applicable wage decision number and provision of weekly certified payrolls are required.</td>
<td>12+ HOME-assisted units will trigger this requirement regardless of the amount of HOME funds invested in a project.</td>
</tr>
<tr>
<td>Davis-Bacon – CDBG - Funded Housing Rehab</td>
<td>Payment of prevailing wages to on-site construction workers (laborers &amp; mechanics). Identification of the applicable wage decision number and provision of weekly certified payrolls are required.</td>
<td>Rehab of housing projects involving 8+ units, regardless of construction contract amount. (CDBG cannot be used to pay for direct hard costs of new housing construction.)</td>
</tr>
<tr>
<td>Davis-Bacon – CDBG-Funded Non-Residential Construction</td>
<td>Payment of prevailing wages to on-site construction workers (laborers &amp; mechanics). Identification of the applicable wage decision number and provision of weekly certified payrolls are required.</td>
<td>CDBG funded construction contract of $2,000+, regardless of CDBG investment amount.</td>
</tr>
<tr>
<td>Davis-Bacon – Project-Based Vouchers</td>
<td>Payment of prevailing wages to on-site construction workers (laborers &amp; mechanics). Identification of the applicable wage decision number and provision of weekly certified payrolls are required.</td>
<td>9+ project-based Section 8 vouchers for new construction or rehab of housing.</td>
</tr>
<tr>
<td>Section 3</td>
<td>Good faith efforts to hire qualified local low income residents/businesses. A public housing resident in San Mateo County will meet this requirement. This is applicable only if the project construction generates new hires. Goals: offering 30% of new employment opportunities to Section 3 residents; awarding 20% of contract activity to Section 3 businesses.</td>
<td>Construction contract in amounts greater than $100,000 will generate this requirement if CDBG/HOME funds in excess of $100,000 are invested in construction contract activity.</td>
</tr>
<tr>
<td>Minority Business Enterprise/Women-owned Business Enterprise</td>
<td>Good faith efforts to hire/contract with minority and women-owned businesses; includes subcontracts.</td>
<td>Any prime or subcontract of $10,000+.</td>
</tr>
</tbody>
</table>

B. Payment of Prevailing Wages

**Payment of Prevailing Wages.** Public funds used for actual construction costs (including rehabilitation), the construction component will be subject to local prevailing wages. The sponsor will choose to use the stricter of the State or Federal wage decision if there are State funds involved.

In terms of housing, if your project involves CDBG funds for residential rehabilitation of 8 or more units or your funded project involves construction or rehabilitation of 12 or more HOME-assisted units, your construction contractor will be required to pay prevailing wages and provide periodic reports to document such payments in accordance with the Davis-Bacon and Related Acts as set forth in the Code of Federal Regulations (Title 29 CFR Parts 1, 2, 5, 6 and 7). Moreover, if the project is non-residential and CDBG-funded, and the construction contract is $2,000 or greater, Davis-Bacon applies.

The process to comply with the Davis-Bacon Act federal labor standards may add a couple of weeks to your bidding process. Compliance activities include accessing the appropriate current prevailing wage decision from the federal Department of Labor website (www.access.gpo.gov/davisbacon), reviewing the draft and final bid documents by County Housing staff, advertising for bids, bid...
opening, award, and holding a preconstruction conference. Negotiated bids are acceptable provided that the Project sponsor can substantiate reasonableness of the price.

In obtaining construction cost estimates to support the application, it is strongly advisable to secure two bids made based on union scale (even if the bidder may be non-union) so that project costs will not unexpectedly increase because of the prevailing wage requirements. Costs for accessibility modifications for persons with physical disabilities and builders risk insurance may need to be included in the estimate. For public facility improvements, copies of cost estimates, if available, should be attached with the application.

The monitoring of prevailing wage for capital projects can be time-consuming and expensive. **The cost of monitoring and reporting of the Davis-Bacon required activities may be handled by a third party retained by the County as needed and would be charged to your project and netted out of the amount allocated to your project.**

C. **Fair Housing**

All housing, regardless of funding source, must comply with the Fair Housing Act, which prohibits discrimination in housing practices on the basis of race, color, religion, sex, and national origin. The Fair Housing Act also applies in the sale and/or rental of housing for families with children and persons with disabilities. The Act further establishes requirements for the design and construction of rental or for-sale multifamily housing to ensure a minimum level of accessibility for persons with disabilities. The units designed and constructed for first occupancy after March 13, 1991, including public and common areas, must be designed and constructed in accordance to meet certain disability standards. The Act makes a distinction between “covered” and not “covered” dwelling units whereby covered multifamily dwelling units include those units in buildings consisting of 4+ units served by one or more elevators, or ground floor dwelling units in other buildings with 4+ units.

D. **Environmental Review Process.**

Federal regulations require local jurisdictions to prepare a NEPA (National Environmental Protection Act) environmental review determination for every activity funded with federal funds to examine environmental impacts on the built and natural environment. **For complex projects, including most capital projects, this review may take approximately 6 to 16 weeks.** If environmentally significant conditions are found and/or mitigation measures required, the time to complete the environmental review process will be extended.

For capital projects, this process can be time-consuming and expensive. The cost of preparation of the NEPA Environmental Review (ER) by a third party retained by the County will be charged to your project and netted out of the amount allocated to your project. DOH will incur these costs prior to execution of a funding agreement,
with the actual total cost of the ER reimbursed to the County Department of Housing from your allocation or loan proceeds.

E. Demographic Data on Project/ Program Beneficiaries
Projects funded under this NOFA will be required to provide DOH with a certain demographic data depending on project type. The required data may include: client household income, client racial/ethnic background, and head of household information. HUD requires demographic reporting in a variety of categories including but not limited to race/ethnicity. The County will provide you with required reporting forms.

CDBG-funded Projects/ Programs will be required to verify clients’ income by obtaining employment verification and/or benefits income verification and/or tax returns or client self-certification.

F. Property Standards
Housing that is assisted with CDBG/HOME funds must meet federal housing quality standards. Newly constructed or substantially rehabilitated housing must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances. Newly constructed housing must meet energy efficiency standards of the current edition of the Model Energy Code published by the Council of American Building Officials. Substantially rehabilitated housing must meet the cost-effective energy conservation and effectiveness standards set forth in 24 CFR part 39. Title 24 of the California Energy Code meets the above requirement.

All new construction and substantial rehabilitation projects are subject to Section 504 of the Federal Rehabilitation Act which requires at least 5% (rounded up) of the HOME assisted units must be accessible to individuals with mobility impairments and an additional 2% (rounded up) to individuals with sensory impairment.

If you have been awarded County funds for your activity, you must not commit or obligate these funds in any way before completion of the environmental review (ER). The County cannot reimburse you for qualified costs incurred until after contract execution, including execution of loan documents (i.e., Note; Deed of Trust; and HOME Affordability Covenant if HOME funds are involved).

When planning your project schedule, please allow four weeks to four months for preparation and execution of the funding agreement. As noted earlier, contracts involving more than $100,000 will need County Counsel review and Board of Supervisors approval, which typically requires a minimum of two to four months’ lead time before you can access the funding.
H. **Acquisition.**

If you are requesting funds for real property acquisition, the purchase agreement/option should allow for sufficient time for the performance of required CDBG/HOME and County administrative activities. A recent appraisal and preliminary title report should be attached to the application if you are already under an agreement or option for the property. If an appraisal is not available, please submit one as soon as is practical (not later 30 days after application due date). **An appraisal will also be required if the project involves acquisition even if you do not intend to use our funds for this purpose.**

If the acquisition price is significantly higher than appraised value, the County may reject the application or deny the funding unless the price can be negotiated reasonably close to the appraised value, or the applicant can provide a justification for the difference.

I. **Hazardous Materials**

HUD policy detailed in §50.3(i) requires that "(1) ... all property proposed for use in HUD programs be free of hazardous materials, contamination, toxic chemicals and gasses, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property. (2) HUD environmental review of multifamily and non-residential properties shall include evaluation of previous uses of the site and other evidence of contamination on or near the site, to assure that occupants of proposed sites are not adversely affected by the hazards..." Sites known or suspected to be contaminated by toxic chemicals or radioactive materials include but are not limited to sites: (i) listed on an EPA Superfund National Priorities or CERCLA List, or equivalent State list; (ii) located within 3,000 feet of a toxic or solid waste landfill site; or (iii) with an underground storage tank (which is not a residential fuel tank).

J. **Lead Mitigation Requirement**

HUD requires that certain housing projects built before 1978 will need to meet lead-mitigation standards. These include activities involving housing rehabilitation, tenant-based rental assistance, acquisition, leasing, support services, and operations. Housing exclusively for seniors or persons with disabilities is exempted, unless a child under age 6 is expected to reside on site. Also exempted are 0-bedroom dwellings, including efficiency apartments, single-room occupancy structures (SROs), or rentals of individual rooms in residential dwellings.

K. **Relocation**

Capital projects involving the temporary or permanent displacement of tenants, homeowners, or businesses, may require that payment of relocation expenses under the Uniform Relocation Act (URA) or Section 104(d) of the Housing and Community Development Act. These costs may be substantial and must be included as part of your total project costs. While relocation costs are eligible activities under the funding provided by this NOFA, applications will be reviewed on the ability to obtain other
sources of funding to support your various costs, including relocation. If the Project involves relocation, please contact the County Housing staff to discuss relocation issues and applicable federal requirements. Relocation assistance and payments for eligible persons under Section 104(d) or the URA require a rental assistance payment based on a period of 42 months under URA and 60 months under Section 104(d).

L. Accessibility Requirements
Federal law requires that housing and non-housing developments and programs assisted with federal funds comply with accessibility requirements under Section 504 of the Rehabilitation Act of 1973. The Act prohibits discrimination against otherwise qualified handicapped persons in the provision of programs, facilities and employment supported by Federal funds. For capital projects, DOH may ask that Developers and their architects sign a certification that their construction documents meet the federal accessibility requirements.

In the case of multifamily rental housing, projects of five or more units must be designed and constructed to be readily accessible to and usable by persons with disabilities. For new construction involving five or more units, and substantial rehabilitation projects of 15 or more units (with substantial rehabilitation defined as rehabilitation costs representing 75% or more of the replacement costs of the completed facility), the following requirements must be followed - a minimum of 5% of the dwelling units must be accessible to individuals with mobility impairments and an additional 2% accessible to individuals with sensory impairments. At the minimum, one unit shall be made accessible to mobility-impaired individuals and one unit accessible to sensory impaired individuals.

When less than substantial rehabilitation is undertaken in multifamily rental housing projects of any size, the alterations must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with disabilities, until a minimum of 5% of the dwelling units (but not less than one unit) are accessible to persons with mobility impairments; for this category of less than substantial rehabilitation, the additional 2% of the units for persons with sensory impairments does not apply. Also for this category of rehabilitation, if undertaking accessibility alterations imposes undue financial and administrative burdens on the operation of the multifamily housing project, the alterations are not required.

The Developer and their architect will be required to execute a certification of compliance which identifies the specific units meeting these requirements.

M. Religious Organizations
Funds provided under this NOFA cannot be used for religious activities. However, HUD permits faith-based organizations to access funds for programs and capital projects meeting County funding priorities described above without having to form secular affiliates.
N. Background of Nonprofit Organizations
All nonprofit organizations applying for funds must meet the following requirements:

- Governing Body - Governing body of the organization should be vested in a responsible and active voluntary board which meets at least quarterly and establishes and enforces policy. The governing body should be large enough and so structured to be representative of the community it serves.
- Personnel/Staffing - The organization must provide for adequate administration of the project development or activities requested for funding under this NOFA. At a minimum one person should be designated the full-time director of the organization.

O. Timely Use of Funds
If funds are awarded to your project, the funds should be obligated (under contract) by March 2019. If the funds have not been obligated by that date and the delay is not the result of the County, the DOH Director will review the project status and make a recommendation to the Housing & Community Development Committee (public advisory body on CDBG, HOME, ESG allocations) on whether the funding commitment for your project should be extended for one year; this is not automatic, and must be justified by the project sponsor.

P. Financial Audits
Project applicants that are non-profits or cities are required to submit a copy of the most recent certified financial audit prepared by an independent CPA firm, including any management letters, of their organization or city. Annual submission of yearly financial audits reports will also be required during the term of the financing or funding agreement. If Developer has expended $750,000 or more of federal funds from any source in the audited year, the audit should include a “single audit” and follow federal OMB Circular A-122 or A-133, depending on if your entity is a nonprofit organization or public agency. If project applicants have not expended $750,000 or more of federal funds from any source in any one year, they must attach a certification attesting to this fact.

Q. Green Building
San Mateo County is committed to funding affordable housing projects that incorporate Green Building practices, materials, and technologies. Green Buildings (often referred to as "sustainable building"). Applicants should articulate how their proposed project will be integrated to the site and region; use energy, water and materials wisely; minimize and recycle construction waste; create their own energy; result in a durable and easily maintained building; promote good health for both construction workers and residents; and enhance housing affordability.

R. Special Needs Housing
For HUD reporting purposes, buildings used to provide supportive housing for
special needs populations may be classified as either housing or public facility depending on factors including, but not limited to, clientele served, level of services provided, proposed funding sources and uses, and mostly important, tenure duration of residents and whether the stay is conditioned on receipt of services. If the program proposed for the building requires licensing it will automatically be classified as a public facility and does not qualify for HOME funding, and CDBG funds may be used to assist these licensed residential facilities.

S. Persons with Special Needs.
For County purposes, this category shall also include, but not be limited to, mentally ill persons; emancipated youth; seniors aging in place (for service-related programs); frail seniors (for housing); persons recovering from substance abuse; and persons recently released from jail or prison. Under CDBG, this category includes: abused children; homeless veterans and veterans at risk of homelessness; survivors of domestic violence; seniors (62+); adults and families with children with serious disabilities; homeless persons; illiterate persons; and migrant farm workers.

Grantees and subrecipients providing services or supportive housing to Persons with Special Needs as defined above will verify the eligibility of beneficiaries of County, CDBG, HOME and ESG funding.

T. Document Execution Designee
Nonprofits must submit a copy of their Board resolution designating a person responsible for executing all documents related to the funding. This may be combined with the County-required resolution from the nonprofit that specifically authorizes the nonprofit to make an application for funds.

U. Equal Benefits Compliance
Any party entering into contract with the County, in which the County is to provide $5,001 or more, must offer equal benefits to its employees. Domestic partners of employees are required to receive benefits equal to those received by spouses of employees.

V. Fingerprinting Requirement of Staff
The County requires that all contractors, assignees, and volunteers of agencies doing business with the County and who while performing services, may have contact with children, be fingerprinted to determine the possible presence of a criminal history that would compromise the safety of children.

W. Debarment
Housing & Community Developments Act of 1974, 24 CFR Part 5 provides that assistance shall not be used directly or indirectly to employ, award contracts to, or otherwise engage the services of, or fund any Contractor or sub-recipient during any
period of debarment, suspension, or placement in ineligibility status under the provisions of 24 CFR part 24. This provision covers all Contractors and sub-recipients, as well as subcontractors of Contractor or sub-recipient, whose names are included in the “List of Parties Excluded from Federal Procurement and Non-Procurement Programs.” The debarment list can be found on-line at http://www.sam.gov.

X. Mandatory Acknowledgement of County and HUD Funding
All projects receiving any type of funding assistance and or substantial technical assistance through DOH will be required to state such in any advertising, marketing, public presentations, press releases, written materials or project descriptions. Such acknowledgement should also identify HUD. Capital projects must attach signage which must be approved by DOH Staff in advance and which acknowledges the County and HUD as funders.

XI. COMPLIANCE MONITORING

A. Construction / Rehabilitation

1. The County reserves the right to undertake periodic monitoring of the Project during the rehabilitation period for CDBG/HOME program compliance, including site visits. Borrower shall be given adequate notice of any monitoring.

2. Borrower shall submit quarterly progress reports from the close of construction financing until the completion of the rehabilitation work. The County shall supply the reporting form for such quarterly progress reports.

B. Operations

1. The County will undertake periodic monitoring of the Project for CDBG/HOME program compliance. Such monitoring may consist of reviewing documents and records related to tenant income, occupancy of targeted units, and information relevant to the financial condition of the Project to ensure long-term viability. The submitted documentation must be sufficiently detailed for DOH to confirm whether the CDBG/HOME-restricted development or units are following the CDBG/HOME program requirements.

2. The annual compliance report that the borrower submits to DOH will include a tenant roster listing household size, income, and rent for each tenant in an CDBG/HOME-restricted unit. DOH shall review reports for compliance with the CDBG/HOME program requirements, shall require the developer to correct violations of those requirements, and may request additional documentation from the borrower, as the situation dictates.

3. DOH may conduct periodic site visits to CDBG/HOME-restricted projects. During visits to rental housing projects, DOH representatives may interview the resident
manager, review a sample of the on-site tenant files, inspect a sample of the units of varying size and affordability, and tour the common areas and grounds of the development.

XII. SCORING FACTORS/PROJECT EVALUATION (FOR HOUSING PROJECTS ONLY)

All Projects must address one or more of the NOFA funding priorities listed in Section III of this NOFA and Exhibit A: County of San Mateo FY 2018-2019 NOFA Funding Priorities and must meet the Qualification Criteria set forth in Section VII to be considered for funding. Further, all Projects will be evaluated for cost efficiency and success in leveraging other funding sources to limit the total County funding required. Applications will be compared to one another and to current development standards, and will also be evaluated in terms of the additional factors described below. DOH reserves the right to make awards in an amount less than requested by an Applicant, or reject applications altogether based upon cost and funding considerations or submission of grossly incomplete or inaccurate projections. Note that while DOH considers total development costs per unit and County funding per unit to be significant metrics, DOH also considers other aspects of the applications and budgets, including but not limited to the number of bedrooms in each unit, the number of persons to be housed, the amenities to be provided, etc., and will not consider costs independent of quality.

The following preference criteria, as stated in Section VII. Qualifications and Preference Criteria, will be used to help evaluate Project applications:

Scoring Factors and Points for New-Construction Affordable Rental and Ownership Housing Projects and Multifamily Re-Syndication-Rehabilitation Projects *See below for the maximum points for each factor; there is a maximum possible of 100 points*

A. The Project targets a proportion of Very-Low and Extremely-Low Income households with affordable rents. San Mateo County does not require a set aside for HOME and CDBG of units targeting Very-Low and Extremely-Low Income households. Projects that target any of the following: households with incomes at or below 30% of AMI, residents who are homeless or at imminent risk of homelessness (as defined by DOH in this NOFA or by HUD or VA definitions in the case of homeless Veterans), frail elderly leaving nursing or long-term care facilities or needing specialized services to remain in an independent living situation, Mental Health Services Act eligible households, or Former Foster Youth households. (20 points)

B. The city (if the Project is in an incorporated city or town) or County (if the Project is in the unincorporated County) has provided a commitment to:

1. Provide city funds (if the Project is in an incorporated city or town);
2. Donate or provide city- or County-owned land at a below-market-rate; or
3. Grant the Project one or more cost-saving incentives, such as fee reductions or waivers, by-right zoning, density bonus, parking requirement reduction, or other

County of San Mateo – Department of Housing – Notice of Funding Availability – December 2017

Page 29 of 38
such cost-saving incentives. Note that the County is unlikely to fund applications that include large fees payable to local jurisdictions when the subsidy needed to pay such fees could otherwise be used to fund development/ rehabilitation of affordable housing. (15 Points)

C. The Project provides strong leverage for County funds and limits the amount of County subsidy required by attracting additional non-County funding sources, including donation or below-market-rate sale of land from other quasi- or nongovernmental entities, and by controlling costs. (15 points)

D. The Project will be ready for occupancy sooner than four (4) years for Multifamily New-Construction Projects, and three (3) years for Multifamily Re-Syndication-Rehabilitation Projects, from the due date for NOFA application submission. Projects that could otherwise close but for a small gap funding award provided under this NOFA will garner additional preference consideration. Readiness will be gauged by the status of planning and land use entitlements and permits, the degree to which other funding commitments have been secured, completion of architectural drawings, the anticipated date for 9% tax credit financing applications or 4% tax credit/tax-exempt bond applications (if applicable), and the anticipated development schedule submitted as part of the application. [Note: Staff may refer to previous funding applications submitted to DOH for the Project to check for discrepancies between previous applications and this current application in information presented regarding readiness.] (10 points)

E. The Project’s 30-year operating cash flow indicates a Services budget greater than $500 per unit per annum (PUPA), and the Project provides high-quality services appropriate for the needs of the tenant population served, in connection with the more robust budget; physical space for service amenities is available within the development; and service amenities will be of a regular and ongoing nature and provided to tenants free of charge (except for day care services or any charges required by law). (10 points)

F. The Project includes a greater proportion of units for larger families (two- and three bedroom units, or larger) (10 points)

G. The Developer uses all reasonable efforts to partner with a local jurisdiction or transit agency and apply for Affordable Housing and Sustainable Communities (AHSC) funds to support development of the Project, enhance walkability, increase access for biking, and improve linkages to public transportation. Note that DOH staff are aware that some sites may not be competitive for AHSC funds. If an Applicant does not plan to apply for AHSC funding, the Applicant must provide a statement describing its reasoning for not applying. Those that do plan to apply will have the opportunity to describe the status of discussions with their local jurisdiction/transit agency partner(s), the amenities planned for inclusion in the application, and the timeline and status of
the application. Applicants who make a convincing case for why the Project is not applying for AHSC funds, but nonetheless seek to enhance area walkability, increase bicycle access or improve linkages to public transportation, will also receive scoring preference for such amenities. (5 points)

H. Project is within easy walking distance of services, amenities, and transit. (10 points)

I. San Mateo County is committed to supporting affordable housing projects that incorporate Green Building (or sustainable building) practices, materials, and technologies. Applicants should articulate how the Project will be integrated to the site and region; use energy, water and materials wisely; minimize and recycle construction waste; create their own energy; result in a durable and easily maintained building; promote good health for both construction workers and residents; and enhance housing affordability. (5 points)
Exhibit A: County of San Mateo FY 2018-2019
Notice of Funding Availability (NOFA) Funding Priorities 12/18/17

Low Income Benefit. Successful applications will meet one of the funding priorities listed below. All programs/projects must benefit Low, Very Low, and Extremely Low -Income persons.

Minimum Request/Two-Year Funding Agreement. $25,000 is the minimum application request. No contract will be awarded for less than $25,000. County policy is to give two-year contract terms to Public Services, Minor Home Repair Programs, Micro-Enterprise Assistance, and Fair Housing Activities.

A. Housing Development/Housing Repair and Modification Programs
1. Development of new housing, acquisition/rehabilitation of existing housing, conversion of non-housing structures to provide affordable housing, permanent supportive housing, or transitional housing, for Extremely Low- (ELI) and Very Low-Income (VLI) individuals, families, and persons with special needs.* At least 50% of the Housing Development allocation will be targeted to projects providing permanent supportive housing units for special needs populations. Priority will be given to projects that meet the following criteria:
   • Incorporate supportive housing services;**
   • Transit-oriented development;
   • Support the County’s Strategic Plan to End Homelessness 2016-2022;
   • Contain units for larger families (2-and 3-bedroom).
2. Housing repair and modification programs operated by nonprofit agencies that provide cost-effective improvements focusing on health & safety, housing quality standards, and/or access modifications.
3. Rehabilitation of rent-restricted, existing multi-family affordable housing.

B. Public Services Programs (including Shelter Operations & Fair Housing Enforcement)
1. Operational support for emergency shelters and transitional housing programs that serve individuals and families.
2. Support for rapid re-housing activities, including rental assistance and supportive services, to assist individuals or families who are homeless to move as quickly as possible into permanent housing.
3. Operational support for agencies that provide safety net services.
4. Supportive services aimed at keeping people in their homes, including financial literacy programs, tenant-landlord mediation, and fair housing services.

C. Community & Economic Development (including Public Facilities & Micro-Enterprise Assistance)
1. Development (acquisition and/or new construction) or rehabilitation of emergency shelters or facilities providing service-enriched supportive housing for persons with special needs to meet the goals of the HOPE Plan to Prevent and End Homelessness in the County.
2. Development (acquisition and/or new construction) or rehabilitation of community facilities serving lower income individuals and households, including community centers, childcare facilities, and youth centers.
3. Activities which result in the creation or retention of permanent employment opportunities for lower income persons.

* Persons with Special Needs. Under CDBG, this category includes: abused children; homeless veterans and veterans at risk of homelessness; survivors of domestic violence; seniors (62+); adult persons with serious disabilities; homeless persons; illiterate persons; and migrant farm workers. For County purposes, this category shall also include, but not be limited to, mentally ill persons; emancipated youth; seniors aging in place (for service-related programs); frail seniors (for housing); persons recovering from substance abuse; and persons recently released from jail or prison.

** Supportive Housing Services. Under this NOFA, these are services that assist special needs persons to stabilize, maintain their housing, and live as independently as possible, and without which the special needs person might have difficulty maintaining their housing.
Exhibit B: Sample Certification for No Single Audit Requirement Needed

(Please insert sample language onto your agency letterhead stationery)

Department of Housing County of San Mateo
264 Harbor Blvd., Bldg. A Belmont, CA 94002

Dear: _________________________________:

This is to certify that as _______________________________ (title) for our agency, _______________________________ (name of agency), we did not expend more than $750,000 of federal funds from all federal sources during the fiscal year ending ___________________. As such, our independent financial audit submitted with this application was not required to comply with the single audit requirements set forth in OMB A-122 or A-133.

__________________________________
Name (signature)

__________________________________
Print Name

__________________________________
Title

__________________________________
Date
HUD recommends that Community Housing Development Organizations (CHDOs) be certified annually, but at a minimum, a CHDO must re-qualify each time it receives HOME CHDO set-aside funding. If you are a CHDO under the County HOME Program and are applying for HOME funding in this application, please provide the following requested documentation with your application:

**CHDO Certification History**

If you have been certified as a CHDO in the past by the County, please indicate the date or the most recent funding year: __________

<table>
<thead>
<tr>
<th>A. Legal Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Provide a copy of your articles of incorporation. Your organization must be organized under the State of California Law</td>
</tr>
<tr>
<td>[ ] See Attached</td>
</tr>
<tr>
<td>2. CHDOs must document that no part of its earnings inure to the benefit of any member, founder, contributor or individual.</td>
</tr>
<tr>
<td>[ ] See Articles of Incorporation</td>
</tr>
<tr>
<td>Specify exactly where in the indicated document this information is set forth.</td>
</tr>
<tr>
<td>3. Provide a copy of your IRS tax exempt ruling.</td>
</tr>
<tr>
<td>[ ] See attached</td>
</tr>
</tbody>
</table>
4. Provide documentation that states that among your organization’s purposes the provision of decent housing that is affordable to low- and moderate-income people.

☐ See articles of incorporation ☐ See Mission Statement
☐ See Resolution ☐ See other documentation (specify)

Specify exactly where in indicated document this information is set forth.

B. Capacity

1. CHDOs must conform to the financial standards of 24 CFR 84.21 “Standards for Financial Management Systems.”

☐ See statement by the president of chief financial officer of the organization.

☐ See certification from a Certified Public Accountant

2. CHDOs must demonstrate capacity to carry out activities assisted with HOME funds through paid experienced staff. Please explain how your CHDO is meeting this requirement:

_________________________________________________________________
_________________________________________________________________

☐ See resumes and/or statements that describe the experience of key staff members who have successfully completed projects like those to be assisted with HOME funds.

☐ See attached agreement/contract with consultant with demonstrated housing experience like projects to be assisted with HOME funds. This agreement/contract indicates that consultant will train appropriate key staff to undertake proposed project.

3. CHDOs must have a history of serving the community within which is located the proposed housing to be assisted with HOME funds.

☐ See attached statement signed by the president or other official of the organization which documents at least **one year** of experience in serving the community.

☐

For newly created organizations formed by local churches, service or community organizations, see attached statement signed by the president or other official of the organization that documents that the parent organization has at least **one year** of experience in serving the community.
### C. Organizational Structure

1. CHDOs must maintain at least one-third of its governing body’s membership for residents of a low-income neighborhood, other low income community residents, or elected representatives of low income neighborhood organizations.

   - Low income persons
   - Low income neighborhoods
   - Elected representatives of low income neighborhood organizations

   - Provide a recent Board resolution (not older than 12 months) certifying how you are meeting this requirement

   - Also, please provide a current Board roster indicating who and how the “low income” member qualifies

2. HOME rules define a CHDO community in urban areas as one or several neighborhoods, a city, county or metropolitan area.

   Indicate your CHDO Community:

3. HOME requires a formal process for low-income program beneficiaries to advise the organization in all its decisions regarding the design, sighting, development and management of affordable housing projects.

   This process is defined in (indicated document and location within document; attach if not already included in this submission).

   - Also attach a recent Board resolution (not older than 12 months) indicating that you will implement this formal process for the CHDO project for which you are requesting funding assistance.
4. If your CHDO is sponsored/created by a State or local government, HOME rules say that the State/local government cannot appoint more than one-third of the board members; these State/local government appointed board members cannot appoint the other 2/3 of the Board; and no more than 1/3 of the governing Board members can be public officials.

☐ Not Applicable

☐ See documentation evidencing this rule. Indicate what documentation is being provided and where in the document this is to be found.

5. If your CHDO is sponsored/created by a for-profit entity, HOME rules say that the for-profit may not appoint more than one-third of the CHDOs governing Board; and these governing body members cannot appoint the other 2/3 of the Board.

☐ Not Applicable

☒ See documentation evidencing this rule. Indicate what documentation is being provided and where in the document this is to be found.

D. Relationship with For Profit Entities

☐ Check here if this section is not applicable

1. CHDOs cannot be controlled, nor receive directions from individuals or entities seeking profit from the organization

☐ See documentation evidencing this rule. Indicate what documentation is being provided and where in the document this is to be found.

2. CHDOs may be sponsored or created by a for-profit entity, however, the for-profit’s primary purpose does not include the development or management of housing.

☐ See documentation evidencing this rule. Indicate what documentation is being provided and where in the document this is to be found.

3. CHDOs are free to contract for goods and services from vendor(s) of its own choosing.

☐ See documentation evidencing this rule. Indicate what documentation is being provided and where in the document this is to be found.
Exhibit D: Income Limits Table

2017 San Mateo County Income Limits

as determined by HUD - effective December 10, 2013

For HUD-funded programs, use the Federal Income Schedule. For State or locally-funded programs, you may use the State Income Schedule. For programs funded with both federal and state funds, use the more stringent income levels.

Please verify the income and rent figures in use for specific programs.

San Mateo County (based on Federal Income Limits for SMC)
Prepared 4/25/2017 - HUD-established area median income $115,300 (based on household of 4).

<table>
<thead>
<tr>
<th>Income Category</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Low (30% AMI) *</td>
<td>27,650</td>
<td>31,600</td>
<td>35,550</td>
<td>39,500</td>
<td>42,700</td>
<td>45,850</td>
<td>49,000</td>
<td>52,150</td>
</tr>
<tr>
<td>Very Low (50% AMI) *</td>
<td>46,100</td>
<td>52,650</td>
<td>59,250</td>
<td>65,800</td>
<td>71,100</td>
<td>76,350</td>
<td>81,600</td>
<td>86,900</td>
</tr>
<tr>
<td>HOME Limit (60% AMI) *</td>
<td>55,320</td>
<td>63,180</td>
<td>71,100</td>
<td>78,960</td>
<td>86,320</td>
<td>91,620</td>
<td>97,920</td>
<td>104,290</td>
</tr>
<tr>
<td>Low (60% AMI) *</td>
<td>73,750</td>
<td>84,300</td>
<td>94,850</td>
<td>105,350</td>
<td>113,800</td>
<td>122,250</td>
<td>130,650</td>
<td>139,100</td>
</tr>
</tbody>
</table>

NOTES
* Income figures provided by HUD for following San Mateo County federal entitlement programs: CDBG, HOME, ESG.

California State Income Limits
Effective 6/09/17 - Area median income $115,300 (based on household of 4).

<table>
<thead>
<tr>
<th>Income Category</th>
<th>1</th>
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<td>113,800</td>
<td>122,250</td>
<td>130,650</td>
<td>139,100</td>
</tr>
<tr>
<td>Median (100% AMI)</td>
<td>80,700</td>
<td>92,250</td>
<td>103,750</td>
<td>115,300</td>
<td>124,500</td>
<td>133,750</td>
<td>142,950</td>
<td>152,200</td>
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<tr>
<td>Moderate (120% AMI)</td>
<td>96,850</td>
<td>110,700</td>
<td>124,500</td>
<td>138,350</td>
<td>149,400</td>
<td>160,500</td>
<td>171,550</td>
<td>182,600</td>
</tr>
</tbody>
</table>

NOTES
* 2017 State Income limits provided by State of California Department of Housing and Community Development.