



# Boards of Commissioners Meeting

November 17, 2020

#

## AGENDA

O (559) 443-8400

F (559) 445-8981

1331 Fulton Street  
Fresno, California 93721  
TTY (800) 735-2929

[www.fresnohousing.org](http://www.fresnohousing.org)

## Regular Joint Meeting of the Boards of Commissioners of Fresno Housing

### AMENDED AGENDA

**5:00pm - November 17, 2020 – Per Executive Order N-25-20, which allows local and state legislative bodies to hold meetings via teleconference and to make meetings accessible electronically, this Board Meeting will be held via conference call and can be accessed as follows:**

**To join via Zoom: <https://bit.ly/11172020JBM>**

**To join via teleconference, call: (669) 900-6833. Meeting ID: 968 1700 5561.  
Password: 824319.**

Interested parties wishing to address the Boards of Commissioners regarding this meeting's Agenda Items, and/or regarding topics not on the agenda but within the subject matter jurisdiction of the Boards of Commissioners, are asked to complete a "Request to Speak" card which may be obtained from the Board Secretary (Tiffany Mangum) at 4:45 p.m. You will be called to speak under Agenda Item 3, Public Comment. Please email your request to speak to [executiveoffice@fresnohousing.org](mailto:executiveoffice@fresnohousing.org).

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, signers, assistive listening devices, or translators should be made at least one (1) full business day prior to the meeting. Please call the Board Secretary at (559) 443-8475, TTY 800-735-2929.

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**5pm**

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**1. Call to Order and Roll Call**
**2. Approval of agenda as posted (or amended)**

*The Boards of Commissioners may add an item to this agenda if, upon a two-thirds vote, the Boards of Commissioners find that there is a need for immediate action on the matter and the need came to the attention to the Authority after the posting of this agenda.*

**3. Public Comment**

*This is an opportunity for the members of the public to address the Boards of Commissioners on any matter within the subject matter jurisdiction of the Boards of Commissioners that is not listed on the Agenda. At the start of your presentation, please state your name, address and/or the topic you wish to speak on that is not on the agenda. Presentations are limited to a total of three (3) minutes per speaker.*

**4. Potential Conflicts of Interest** – Any Commissioner who has a potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter. (Gov. Code section 87105)**Nominations for Chair and Vice-Chair: County Commission****5. Consent Agenda**

*All Consent Agenda items are considered to be routine action items and will be enacted in one motion unless pulled by any member of the Boards of Commissions or the public. There will be no separate discussion of these items unless requested, in which event the item will be removed the Consent Agenda and considered following approval of the Consent Agenda.*

- |   |    |
|---|----|
| a. Consideration of the Minutes of October 20, 2020 and October 27,2020   | 13 |
| b. Consideration of the Amended Investment Policy   | 12 |
| c. Consideration of Rental Assistance Demonstration (RAD) Application – Parc Grove Commons II                                   | 15 |
| d. Consideration of the Ratification of the Application to HUD – U.S. Department of Veterans Affairs Supportive Housing Program | 16 |
| e. Consideration of Land Sale for the Southwest Fresno Trail (TCC) Project  | 27 |

**6. Informational**

- |  |    |
|--|----|
| a. Overview of Draft 2021 Agency Budget and Strategic Goals      | 26 |
| b. Housing Relinquished Fund Corporation Update                  | 35 |
| c. Update on Moving to Work Program Demonstration & Applications | 38 |

**7. PUBLIC HEARING**

Moving to Work Program

**8. Action**

- |  |    |
|--|----|
| a. Consideration of Omnibus Resolution for HomeKey Project – Motel 99    | 41 |
| b. Consideration of Omnibus Resolution for HomeKey Project – Days Inn    | 43 |
| c. Consideration of Omnibus Resolution for HomeKey Project – Parkside    | 44 |
| d. Consideration of Omnibus Resolution for HomeKey Project – Welcome Inn | 45 |
| e. Consideration of Five-Year Operations Guarantee – HomeKey Properties  | 46 |
| f. Consideration Pre-development Funding - HomeKey Properties            | 53 |

**9. Commissioners' Report****10. Executive Director's Report** 59**11. Closed Session**

- |   |  |
|---|--|
| a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS<br>(Pursuant to Government Code § 54954.5(b))<br>Property: 36010 S. Lassen Ave., Huron, CA 93234<br>(APN: 075-110-16S)<br>Agency negotiator: Preston Prince<br>Negotiating parties: Fresno Housing Authority; Patel Avni<br>Under negotiation: Price and Terms |  |
| b. CONFERENCE WITH LABOR NEGOTIATORS (§54957.6)<br>Agency designated representatives: Angie Nguyen, Hilda Reeves, Aysha Hills, Summer Nunes and Emily De La Guerra  |  |
| c. PUBLIC EMPLOYEE EVALUATION<br>Title: CEO   |  |

**12. Report on Closed Session Items****13. Adjournment**



**Minutes of the Joint Meeting**  
**Of the Boards of Commissioners of the**  
**HOUSING AUTHORITIES OF THE CITY AND COUNTY OF FRESNO**

**Tuesday, October 20, 2020**

**5:00 P.M.**

The Boards of Commissioners of the Housing Authorities of the City and County of Fresno met in a special board meeting on Tuesday, October 20, 2020, via teleconference.

1. The meeting was called to order at 5:04 p.m. by Board Chair, Commissioner Jones, of the Board of Commissioners of the Housing Authority of the City of Fresno. Roll call was taken and the Commissioners present and absent were as follows:

PRESENT:     Adrian Jones, Chair  
                  Caine Christensen, Vice Chair  
                  Ruby Yanez  
                  Stacy Vaillancourt  
                  Terra Brusseau

ABSENT:       Sharon Williams

The meeting was called to order at 5:04 p.m. by Board Chair, Commissioner Sablan, of the Board of Commissioners of the Housing Authority of Fresno County. Roll call was taken and the Commissioners present and absent were as follows:

PRESENT:     Stacy Sablan, Chair  
                  Mary G. Castro, Vice Chair  
                  Cary Catalano  
                  Joey Fuentes  
                  Valori Gallaher  
                  Edugiben Ortiz  
                  Nikki Henry

ABSENT:       None.

Also, in attendance were the following: Preston Prince, CEO/Executive Director, and Ken Price, Baker Manock and Jensen -General Counsel.

2. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Commissioner Sablan announced the removal of Closed Session.

***CITY MOTION:*** Commissioner Yanez moved, seconded by Commissioner Brusseau, to approve the agenda as amended.

***MOTION PASSED:*** 5-0

***COUNTY MOTION:*** Commissioner Catalano moved, seconded by Commissioner Castro, to approve the agenda as amended.

***MOTION PASSED:*** 5-0

3. PUBLIC COMMENT

No public comment at this time.

4. POTENTIAL CONFLICTS OF INTEREST

There were no potential conflicts of interest presented at this time.

5. PRESENTATIONS

a. An Overview of Real Estate Development Pipeline and Projects

Tracewell Hanrahan, Deputy Executive Director, presented on this item.

6. ADJOURNMENT

There being no further business to be considered by the Boards of Commissioners for the Housing Authorities of the City and County of Fresno, the meeting was adjourned at approximately 6:19 p.m.

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Preston Prince, Secretary to the Boards of Commissioners

**Minutes of the Joint Meeting**  
**Of the Boards of Commissioners of the**  
**HOUSING AUTHORITIES OF THE CITY AND COUNTY OF FRESNO**

**Tuesday, October 27, 2020**

**5:00 P.M.**

The Boards of Commissioners of the Housing Authorities of the City and County of Fresno met in a regular session on Tuesday, October 27, 2020, via teleconference.

1. The regular meeting was called to order at 5:10 p.m. by Board Chair, Commissioner Jones, of the Board of Commissioners of the Housing Authority of the City of Fresno. Roll call was taken and the Commissioners present and absent were as follows:

PRESENT:     Adrian Jones, Chair  
                  Caine Christensen, Vice Chair  
                  Stacy Vaillancourt  
                  Terra Brusseau  
                  Sharon Williams  
                  Ruby Yanez

ABSENT:       None.

The regular meeting was called to order at 5:10 p.m. by Board Chair, Commissioner Sablan, of the Board of Commissioners of the Housing Authority of Fresno County. Roll call was taken and the Commissioners present and absent were as follows:

PRESENT:     Stacy Sablan, Chair  
                  Mary G. Castro, Vice Chair  
                  Joey Fuentes  
                  Cary Catalano  
                  Nikki Henry  
                  Valori Gallaher  
                  Edugiben Ortiz

ABSENT:       None.

Also, in attendance were the following: Preston Prince, CEO/Executive Director, and Ken Price, Baker Manock and Jensen -General Counsel.

2. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

**COUNTY MOTION:** *Commissioner Fuentes moved, seconded by Commissioner Gallaher, to approve the agenda as posted.*

**MOTION PASSED:** 6-0

**CITY MOTION:** *Commissioner Vaillancourt moved, seconded by Commissioner Brusseau, to approve the agenda as posted.*

**MOTION PASSED:** 6-0

3. PUBLIC COMMENT

Eric Payne, Executive Director at Central Valley Urban Institute, celebrated the work Fresno Housing is doing around Moving to Work. He would also like to see another level of engagement in the public participatory process in the form of a presentation. There may be Fresno Housing residents and voucher holders that could benefit from any information about this process.

4. POTENTIAL CONFLICTS OF INTEREST

There were no potential conflicts of interest presented at this time.

5. CONSENT AGENDA

- a. Consideration of the Minutes of September 15, 2020 and September 22, 2020
- b. Consideration of the 2021 Agency Calendar
- c. Consideration of Updated NPLH Resolutions – Alegre Commons (Barstow/Blackstone)

**COUNTY MOTION:** *Commissioner Catalano moved, seconded by Commissioner Gallaher to approve the consent agenda item.*

**MOTION PASSED:** 6-0

**CITY MOTION:** *Commissioner Christensen moved, seconded by Commissioner Williams to approve the consent agenda item.*

**MOTION PASSED:** 6-0

## 6. INFORMATIONAL

- a. Update on Moving to Work Application  
Emily De La Guerra, Director of Finance and Administration, presented on this item.  
  
Commissioner Yanez and Castro joined the meeting at 5:17 pm.  
  
Commissioner Williams and Christensen joined the meeting at 5:20 pm.
- b. Overview of 2021 Annual, Plan Process and Timeline  
Emily De La Guerra, Director of Finance and Administration, presented on this item.
- c. Overview of Draft 2021 Agency Budget and Strategic Goals  
Emily De La Guerra, Director of Finance and Administration, presented on this item.
- d. Real Estate Development Update  
Michael Duarte, Director of Real Estate Department, presented on this item.
- e. Update on Project Homekey  
Tracewell Hanrahan, Deputy Executive Director, presented on this item.

## 7. ACTION

- a. Consideration of Operating/Services Support Grant Agreement for Homekey Program Properties

**COUNTY MOTION:** Commissioner Henry moved, seconded by Commissioner Gallaher to approve the Operating/Services Support Grant Agreement for Homekey Program Properties.

**MOTION PASSED: 5-1**

Commissioner Catalano voted no.

**CITY MOTION:** Commissioner Yanez moved, seconded by Commissioner Williams to approve the Operating/Services Support Grant Agreement for Homekey Program Properties.

**MOTION PASSED: 6-1**

Commissioner Brusseau voted no.

## 8. COMMISSIONERS' REPORT

Commissioner Catalano:

- Thanked Fresno Housing staff for the work around the tour last week.
- Asked for a game plan for the agency on 2021 Covid.

Commissioner Sablan:

- This is Commissioner Castro's final meeting as a County Commissioner.
- She is thankful for Commissioner Castro's approach to Fresno Housing and all her work.
- Fresno Housing will donate to the Student "" as a thank you to Commissioner Castro.
- Postpone Mini-Retreats until the after January 1, 2020.
- County Chair & County Vice-Chair positions are up for reelection. Any announcement for interest to run will need to be put forth next month, November 2020.

Commissioner Castro:

- Thanked Fresno Housing for welcoming and letting her be a part of the County Board.

## 9. EXECUTIVE DIRECTOR'S REPORT

- Application to Design Challenge – HUD is reviewing the application.
- Under consideration for a National NAHRO Award – Renaissance Parc Grove.
- New Hires:
  - o Crystal Cox, Senior Financial Analyst
  - o Rachelle Gonzales, Leasing Specialist
  - o Angelica Martinez, Payroll Coordinator
  - o Jordan Mikus, Procurement Coordinator
- Promotions:
  - o Marguerite Uu – Leasing Specialist (promoted from Waitlist Specialist)

## 10. CLOSED SESSION

The Board of Commissioners entered closed session at approximately 7:20 pm.

a. PUBLIC EMPLOYEE EVALUATION  
Title: CEO

b. CONFERENCE WITH LABOR NEGOTIATORS (§54957.6)  
Agency designated representatives: Angie Nguyen, Hilda Reeves, Aysha Hills, Summer Nunes and Emily De La Guerra

c. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
(Pursuant to Government Code § 54954.5(b))

*Joint Meeting*  
*Action Minutes: 10.27.2020*  
*Adopted:*

Property: 1254 Fulton Street, Fresno, CA 93721  
 (APN: 466-154-14)  
 Agency negotiator: Preston Prince  
 Negotiating parties: Fresno Housing Authority; Michael G. Marderosian  
 Under negotiation: Price and Terms

- d. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Pursuant to Government Code § 54954.5(b))  
 Property: 7521 N. Chestnut Avenue, Fresno, CA 93720  
 (APN: 404-071-50)  
 Agency Negotiator: Preston Prince  
 Negotiating Parties: Fresno Housing Authority; Absolute Value Investment Group, LLC  
 Under negotiation: Price and Terms
- e. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
 (Pursuant to Government Code § 54954.5(b))  
 Property: 1101 N. Parkway Drive, Fresno, CA 93728  
 (APN: 449-270-41)  
 Agency Negotiator: Preston Prince  
 Negotiating Parties: Fresno Housing Authority; Day's Inn of Fresno Partnership  
 Under Negotiation: Price and Terms
- f. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
 (Pursuant to Government Code § 54954.5(b))  
 Property: 1240 Crystal Avenue, Fresno, CA 93728  
 (APN: 449-232-02, 449-232-01)  
 Agency Negotiator: Preston Prince  
 Negotiating Parties: Fresno Housing Authority; Adinath Hospitality  
 Under Negotiation: Price and Terms
- g. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
 (Pursuant to Government Code § 54954.5(b))  
 Property: 1415 W. Olive Avenue, Fresno, CA 93728  
 (APN: 449-270-56)  
 Agency Negotiator: Preston Prince  
 Negotiating Parties: Fresno Housing Authority; Akshar, Inc.  
 Under Negotiation: Price and Terms
- h. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
 (Pursuant to Government Code § 54954.5(b))  
 Property: 777 N Parkway Drive, Fresno, CA 93728  
 (APN: 449-335-19, 449-342-01)  
 Agency Negotiator: Preston Prince

Negotiating Parties: Fresno Housing Authority; Shrigi, Inc.  
Under Negotiation: Price and Terms

i. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

(Pursuant to Government Code § 54954.5(b))

Property: 36010 S. Lassen Avenue, Huron, CA 93234

(APN: 075-110-16 S)

Agency Negotiator: Preston Prince

Negotiating Parties: Fresno Housing Authority; Patel Avni

Under Negotiation: Price and Terms

j. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

(Pursuant to Government Code § 54954.5(b))

Property: 1444 W. White Avenue, Fresno, CA 93728

(APN: 449-343-07);

Agency Negotiator: Preston Prince

Negotiating Parties: Fresno Housing Authority; S & H Hotel LLC, Silvercrest, Inc.

Under Negotiation: Price and Terms

k. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

(Pursuant to Government Code § 54954.5(b))

Property: 817 N Parkway, Fresno, CA 93728

(APN: 449-335-25);

Agency Negotiator: Preston Prince

Negotiating Parties: Fresno Housing Authority; RH

Community Builders, LP, Silvercrest, Inc.

Under Negotiation: Price and Terms, Assignment of Agreement

11. REPORT ON CLOSED SESSION ITEMS

The Boards of Commissioners returned to open session at approximately 8:20 pm.

Commissioner Christensen left the meeting during Closed Session.

Commissioner Sablan stated that there was no action to report from Closed Session.

12. ACTION

a. Consideration of Property Acquisition – 1254 Fulton Street

*Joint Meeting*

*Action Minutes: 10.27.2020*

*Adopted:*



**COUNTY MOTION:** Commissioner Fuentes moved, seconded by Commissioner Gallaher to approve the property acquisition – 1254 Fulton Street.

**MOTION PASSED:** 7-0

**CITY MOTION:** Commissioner Yanez moved, seconded by Commissioner Vaillancourt to approve the property acquisition – 1254 Fulton Street.

**MOTION PASSED:** 4-1

Commissioner Brusseau voted no.

- b. Consideration of Property Acquisition – 7521 N. Chestnut Ave.

**COUNTY MOTION:** Commissioner Henry moved, seconded by Commissioner Castro to approve the property acquisition – 7521 N. Chestnut Ave.

**MOTION PASSED:** 7-0

**CITY MOTION:** Commissioner Brusseau moved, seconded by Commissioner Yanez to approve the property acquisition – 7521 N. Chestnut Ave.

**MOTION PASSED:** 5-0

- c. Consideration of Assignment of Purchase and Sale Agreement to the City of Fresno - 1444 W. White Ave

**COUNTY MOTION:** Commissioner Catalano moved, seconded by Commissioner Gallaher to approve the purchase and sale agreement to the City of Fresno – 1444 W. White Ave.

**MOTION PASSED:** 7-0

**CITY MOTION:** Commissioner Williams moved, seconded by Commissioner Brusseau to approve the purchase and sale agreement to the City of Fresno – 1444 W. White Ave.

**MOTION PASSED:** 5-0

- d. Consideration of Assignment of Purchase and Sale Agreement to the City of Fresno – 817 N. Parkway Ave.

**COUNTY MOTION:** *Commissioner Fuentes moved, seconded by Commissioner Catalano to approve the purchase and sale agreement to the City of Fresno – 817 N. Parkway Ave.*

**MOTION PASSED:** 7-0

**CITY MOTION:** *Commissioner Vaillancourt moved, seconded by Commissioner Brusseau to approve the purchase and sale agreement to the City of Fresno – 817 N. Parkway Ave.*

**MOTION PASSED:** 5-0

### 13. ADJOURNMENT

There being no further business to be considered by the Boards of Commissioners for the Housing Authorities of the City and County of Fresno, the meeting was adjourned at approximately 8:25 p.m.

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Preston Prince, Secretary to the Boards of Commissioners

# BOARD MEMO

O (559) 443-8400  
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**TO:** Boards of Commissioners  
Fresno Housing Authority  
**FROM:** Preston Prince  
CEO/ Executive Director

**DATE:** November 12, 2020

**BOARD MEETING:** November 17, 2020

**AGENDA ITEM:** 5b

**AUTHOR:** Nicole Diaz

**SUBJECT:** Consideration of the Investment Policy

## Executive Summary

The purpose of this memo to request approval from the Boards of Commissioners to adopt the Agency's Investment Policy. The Investment Policy states the investment options available to the Agency, as authorized by 24 CFR Part 85 Subpart C, the Annual Contribution Contract (ACC), the General Depository Agreement (FORM HUD-51999), HUD Notice 96-33 as extended by HUD Notice 02-13, and as authorized by California Government Code. The current Investment Policy elections represent a conservative investment strategy.

The Board of Commissioners adopted the current version of the Investment Policy on July 23, 2019. No changes have been made to this policy since last adopted. This policy is being brought to the Board of Commissioners for annual review and approval, as required by California Government Code Section 53601.

## Fiscal Impact

There is no fiscal impact.

## Recommendation

It is recommended that the Boards of Commissioners approve and adopt the Investment Policy as represented.

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## INVESTMENT POLICY AND GUIDELINES

It is the purpose of this policy to establish procedures and guidelines for the investment of funds not needed for immediate day-to-day operations as they pertain to the Housing Authority of the City of Fresno and the Housing Authority of Fresno County (the "Agency"). This policy is intended to comply with the California Government Code Sections 53600-53609 and 53630-53686 as currently written. The specific requirements for the investment of HUD funds are found in 24 CFR Part 85 Subpart C, the Annual Contribution Contract (ACC), the General Depository Agreement (FORM HUD-51999) and HUD Notice 96-33 as extended by HUD Notice 02-13. It recognizes that Federal grant and loan programs may have specific requirements that are different from those set forth here. For situations where the California Government Code investment requirements differ from those of the Federal Government, the requirements that are more restrictive will be followed.

### I. Investment Objectives

Section 53600.5 of the California Government Code outlines the primary objectives of a trustee investing public money. The primary objectives, in order of priority of the Agency investment activities shall be:

- A. **Safety:** Safety of principal is the foremost objective of this investment policy. Investments of the Agency shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- B. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the Agency to meet all operating requirements, which might be reasonably anticipated.
- C. **Return on Investment:** Investment return becomes a consideration only after the basic requirements for safety and liquidity have been met. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles consistent with the investment policy of the Agency, taking into consideration investment risk constraints and cash flow characteristics of the portfolio.

### II. Investment Securities and Diversification

- A. **Maximum Term of Investments:** No investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of five years.
- B. **Authorized and Suitable Investments:** The Agency is empowered by the HUD Notice 02-13 (See Attachment A to the HUD PIH Notice 96-33) to invest HUD funds in the following:

1. United States Treasury Bills, Notes & Bonds.
2. Obligations issued by Agencies or Instrumentalities of the U.S. Government.
3. Insured Demand and Savings Deposits, provided that deposits in excess of the insured amounts must be 100 percent collateralized by securities listed in A & B above.
4. Insured Money Market Deposit Accounts, provided that deposits in excess of the insured amount must be 100 percent collateralized by securities listed in A & B above.
5. Certificates of Deposits provided they are insured by an agency of the Federal Government. Deposits in excess of the insurance limit should be limited to terms of no longer than 30-90 days with amounts in excess of the limit 100% collateralized by U.S. Government securities.
6. Sweep Accounts that are 100 percent collateralized by securities listed in 1) & 2) above.
7. Any other investment security authorized under the provisions of HUD Notice PIH 02-13.

Investment Types <u>Authorized by HUD Notice PIH 02-13</u>	*Maximum <u>Maturity</u>	*Maximum Percentage <u>Of Portfolio</u>	*Maximum Investment <u>In One Issuer</u>
U.S. Treasury Obligations	Not Specified	None	None
Obligations of Federal Government Agencies	Not Specified	None	None
Securities of Gov-Sponsored Agencies	Not Specified	None	None
Demand & Savings Deposits	Not Specified	None	None
Money Market Deposit Accounts	N/A	None	None
Local Government Investment Pool (with a perfected security interest)	N/A	30%	None
Super NOW Accounts	N/A	None	None
Certificates of Deposit	Not Specified	None	None
Certificates of Deposit (in excess of \$100,000)	90 days	None	None
Repurchase Agreements	30 days	None	None
Sweep Accounts	Not Specified	None	None
Separate Trading of Registered Interest and Principal of Securities (STRIPS)	Not Specified	None	None
Mutual Funds	Not Specified	20%	None

\* Based on the requirements set forth in HUD Notice PIH 96-33 extended by Notice PIH 02-13 or investment policy requirements, whichever is more restrictive. For situations where Federal Government investment requirements differ from those of the California Government Code, the requirements that are more restrictive will be followed.

The Agency is empowered by California Government Code Sections 5922 and 53601 to invest non-HUD funds in the following:

1. Bonds issued by local government agencies with a maximum maturity of five years (See Attachment B to the HUD PIH Notice 96-33).
2. United States Treasury Bills, Notes & Bonds.
3. Registered warrants, treasury notes or bonds issued by the State of California.
4. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurer, other local agencies or Joint Powers Agencies.
5. Obligations issued by Agencies or Instrumentality of the U.S. Government.
6. Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements.
7. Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations.
8. Any other investment security authorized under the provisions of Government Code 5922 and 53601.

Attachment A, HUD Approved Investment Instruments, and Attachment B, Government Code Section 53601, also provide a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities. These attachments are included by reference in this investment policy.

Investment Types <u>Authorized by State Law</u>	*Maximum <u>Maturity</u>	*Maximum Percentage <u>Of Portfolio</u>	*Maximum Investment <u>In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Placement Service Deposits	5 years	30%	None
Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits	5	None	None
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	None

\*Based on state law requirements or investment policy requirements, whichever is more restrictive. For situations where the California Government Code investment requirements differ from those of the Federal Government, the requirements that are more restrictive will be followed.

### III. Prohibited Investments

Under the provisions of Government Code Section 53631.5, the Agency shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only STRIPS derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity. In addition, the provisions of Government Code Section 53601 et. seq. applies.

### IV. Collateralization

All certificates of deposits must be collateralized by U.S. Treasury Obligations. Collateral must be held by a third party and valued on a monthly basis. The percentage of collateralization on repurchase agreements will conform to the amount required under Government Code 53601(I)(2).

**V. Safekeeping and Custody**

All securities purchased or acquired shall be delivered to the Agency by book entry, physical delivery or by third party custodial agreement, including electronic delivery (Government Code 53601). A timely and complete confirmation and/or safekeeping receipt is required for each securities transaction. When a confirmation is accepted for book entry securities, such confirmation must indicate the location if different from the bank or dealer issuing the confirmation. Book entry securities must be held in insured accounts.

**VI. Diversification**

It is the policy of the Agency to diversify its investment portfolio. The Agency will diversify its investments by security type and, within each type, by institution. To support the stated investment objectives, the portfolio must be constructed so as to minimize risk and maintain marketability. However, a portfolio consisting exclusively of LAIF and/or U.S. Treasury securities is acceptable. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following guidelines shall apply:

- A. The anticipated cash flow needs of the Agency should be considered when selecting investments. Portfolio maturities shall be matched against projected liabilities to avoid an over-concentration in a specific series of maturities.
- B. Maturities selected shall provide for stability and liquidity.
- C. Disbursement and payroll dates shall be covered by the scheduled maturity of specific investments, marketable U.S. Treasury Bills or notes or other cash equivalent instruments, such as money market mutual funds.

**VII. Investment and Reporting Practices**

**Investment Authority:** the investment authority will be vested in the Executive Director/CEO who may delegate such authority to duly capable personnel such as the Chief Administrative Officer, Chief Financial Officer, or Director of Finance.

**Acceptable Dealers of Securities:** Negotiable securities should be purchased or sold through a national bank; a California State chartered bank, or a brokerage firm having a national presence.

Exceptions to this policy may be approved by the Boards of Commissioners provided that the investment remains in compliance with the requirements of the Federal and/or State regulations as stated above.



The Investment Policy shall be reviewed and adopted by the Boards of Commissioners annually.

**VIII. Supplementary Materials for Staff Review**

- California Government Code Section 53601
- HUD Notice PIH 02-13
- HUD Notice PIH 96-33

**XI. Exclusion**

The Policy only applies to bank accounts under the Housing Authority of the Fresno County and Housing Authority of the City of Fresno. This Policy does not govern investment activities on behalf of an affiliated entity, instrumentality, limited partnership of which the Housing Authority is a member partner, or as a fiscal or management agent acting on behalf of another entity.

## HUD APPROVED INVESTMENT INSTRUMENTS

1. Direct Obligations of the Federal Government Backed by the Full Faith and Credit of the United States

a. U.S. Treasury Bills

These securities are short-term obligations which a HA or its agent may purchase directly. Treasury Bills with 3- month and 6-month maturities are issued weekly and those with 9-month and 12-month maturities are issued monthly. The minimum denomination is \$10,000. They are issued on a discount basis and are redeemed at par upon maturity.

U.S. Treasury Bills are available for purchase at any time after issuance from investment departments of banks and from dealers in investment securities. Purchases may be made conveniently using the HA's depository bank. Treasury Bills may be acquired by subscription on the issue date from a Federal Reserve Bank or branch in amounts not in excess of \$200,000. Detailed information is contained in the weekly or monthly announcements which may be received regularly upon application to a Federal Reserve Bank or branch.

b. U.S. Treasury Notes and Bonds

These securities are issued periodically by the Treasury Department through Federal Reserve Banks and branches. They are medium to long-term obligations which a HA or its agent can only purchase in the secondary market to assure that they will mature at a date which coincides with scheduled disbursements by the HA. Outstanding issues may be purchased from banks or dealers in investment securities at the market price which on any given day may be more or less than the face amount.

(1) U.S. Treasury Notes

These notes mature in not less than one and not more than 10 years from the issue date and bear interest at fixed rates payable semi-annually.

(2) U.S. Treasury Bonds

These bonds mature after ten years from the issue date and bear interest at fixed rates payable semi- annually. Many issues of bonds are redeemable on call by the Treasury Department before maturity. The yield of such issues usually is computed to the first call date which may be as much as 5 years prior to maturity.

2. Obligations of Federal Government Agencies

a. Federal Financing Bank (FFB)

The Federal Financing Bank is authorized to purchase obligations held by Federal agencies and to issue obligations to the public.

b. Government National Mortgage Association (GNMA), Mortgage- Backed Securities (GNMA I and GNMA II)

The securities, guaranteed by GNMA are issued by an issuer (a GNMA-approved mortgage lender). The securities are backed by a pool of government-insured or guaranteed mortgages. The holders of the securities receive monthly payments of principal and interest. The minimum denomination issued is \$25,000. The difference in GNMA I and GNMA II is that the GNMA II payment date is on the 20th of the month and the GNMA I payment date is on the 15th; GNMA II uses a central paying agency whereas GNMA I has individual issuers sending checks to investors; and GNMA II has interest rates that vary within a one percent range. The maximum maturity for GNMA I and GNMA II is 30 years, except that GNMA I project loans mature in 40 years.

c. GNMA Participation Certificates

These securities, guaranteed by GNMA, were sold by GNMA as the trustee with various other Federal agencies as trusters. They represent beneficial interest in future payments of principal and interest on mortgage pools. Their maturities range between one and 20 years and the minimum denomination is \$5,000.

d. Maritime Administration Merchant Marine Bonds, Notes, and Obligations

These securities are issued by shipping companies and are backed by the full faith and credit of the U.S. Government. Each issue is further secured by a first preferred ship or fleet mortgage. Maturities and denominations vary.

e. Small Business Administration (SBA), Small Business Investment Corporation (SBIC) Debentures

When authorized by appropriation acts, the SBA may guarantee principal and interest payments on debentures of SBIC. The SBA may also pool these debentures and sell SBA- guaranteed debentures. These issues have maturities of 10 years and are issued in \$10,000 denominations.

f. Tennessee Valley Authority (TVA) Power Bonds and Notes

These securities are secured by a first charge on net power proceeds. Payment of interest and principal on them is ranked ahead of annual payments to the U.S. Treasury. They have been issued in multiples of \$1,000.

3. Securities of Government-Sponsored Agencies

a. Farm Credit Consolidated System-Wide Discount Notes

These notes are the secured joint and several obligations of the Farm Credit System which consists of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. They are issued in denominations of \$5,000 and maturities are authorized from 5 to 365 days.

b. Federal Farm Credit Banks Consolidated System-wide Bonds

These bonds are the secured joint and several obligations of the Farm Credit Banks. Their issuance supersedes individual bond issues by the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. They are issued in multiples of \$1,000 for maturities in excess of 13 months and in multiples of \$5,000 for shorter maturities.

c. Federal Home Loan Banks Consolidated Obligations

These securities are the secured joint and several obligations of the Federal Home Loan Banks comprised of:

(1) Bonds

Bonds which have maturities of one year or more. They are issued in multiples of \$10,000, \$25,000, \$100,000 and \$1,000,000.

(2) Notes

Notes which have maturities of less than one year. They are issued in multiples of \$10,000, \$25,000, \$100,000 and \$1,000,000.

(3) Discount Notes

Discount notes which have maturities ranging from 30 to 170 days. They are issued in denominations of \$100,000 and \$1,000,000.

d. FHLMC Mortgage Participation Certificates (PC) (Guaranteed)

These certificates represent undivided interest in specific fixed rate, first lien conventional and residential mortgages. FHLMC provides monthly interest and principal payments. The final payment is the first of the month and year in which the last monthly payment on the last maturing mortgage is scheduled to be paid.

e. FHLMC Collateralized Mortgage Obligations (CMOs)

CMOs are general obligations of FHLMC that are secured by a single pool of conventional mortgages owned by FHLMC. CMOs are issued in several classes with varying stated maturities. Semiannual principal payments are allocated to each class of the CMOs in the order of the stated maturity of each class so that no principal payments are made to holders of a class until classes with an earlier maturity are retired.

f. Federal National Mortgage Association (FNMA) Debentures

These debentures are issued in denominations ranging from \$10,000 and with maturities ranging from 20 to 25 years.

g. FNMA Notes

The minimum investment in these notes is \$50,000 with maturities ranging from 1 to 20 years.

h. FNMA Short-Term Discount Notes

These notes are similar to commercial paper and are tailored to the individual needs of investors. They are sold at published rates with maturities of 30 to 270 days and in denominations ranging from \$5,000.

i. FNMA Capital Debentures

These debentures are subordinated to the non-capital debentures, notes, and short-term discount notes. They were last issued in 1975 in a \$10,000 minimum denomination and with maturities of 5 and 25 years.

j. Student Loan Marketing Associations (SLMA) Obligations

SLMA issues obligations comprises of guaranteed student loans as follows:

(1) Floating Rate and Master Notes.

These notes bear interest at rates that vary with the 91-day Treasury Bill rate. Short-term borrowing have an original or remaining term maturity of one year or less.

(2) The Series E and F Floating Rate Notes.

These notes bear interest at rates which vary with the 91-day Treasury Bill, except that each issue has fixed minimum and maximum rates known as interest rate "collars" for any quarterly interest period.

(3) Zero Coupon Notes

These notes are shown at net proceeds adjusted for accretion of discount.

4. Demand and Savings Deposits

Demand and savings deposits at commercial banks, mutual savings banks, savings and loan associations and credit unions are permitted for HA funds provided that the entire deposit is insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF). A deposit in excess of the insurance coverage may be made at a depository institution provided that it is 100 percent collateralized by any of the securities listed under paragraphs 1, 2, and 3 of this Attachment. Care should be taken that withdrawals may be made on demand without loss of interest and without penalty.

5. Money-Market Deposit Accounts

Money-Market Deposit Accounts at depository institutions that may not be insured fully by the FDIC or NCUSIF are permitted provided that the certificates are fully backed by 100 percent collateral consisting of securities listed under paragraphs 1, 2, or 3 of this Attachment. When accounts exceed the \$100,000 insurance limitation, their safety also may depend on the HA's control of the underlying collateral which must consist of clearly identified (not pooled) U.S. Government securities. Possession of the collateral securities and a continuous perfected security interest may be the only sure protection against loss in case of financial institution failure.

6. Municipal Depository Fund

A Municipal Depository Fund (Fund) or Local Government Investment Pool which is established by States, municipalities, units of local government or other political subdivisions to serve as an investment fund for HAs is permitted. The securities purchased by a Fund shall be on the HUD-approved list of investment securities. HA shall have either an undivided or divided interest in securities comprising the Fund. The Fund shall be under the control of the Investment Company Act of 1940, and its objective shall be clearly stated. The investment objective of the Fund shall be to obtain as much income as possible consistent with the preservation and conservation of capital. The Fund shall disclose clearly the basis of earnings and how they are distributed. HA shall obtain a statement of potential default and risk and a clear demonstration that withdrawals from the Funds will not be so restricted as to impair a HA's day-to-day cash management

needs. The management fee shall be fixed at a reasonable amount and management shall be passive. HA shall limit the amount of funds invested in the Fund to no more than 30 percent of a HA's available investment funds. The Fund shall disclose the relationships of the investment advisor, manager, trustees, custodian and transfer agent. Each financial advisory relationship shall be evidenced by a written document executed prior to, upon, or promptly after the inception of the financial advisory relationship, or promptly after the creation or selection of the issuer. If the issuer does exist or has not been determined at the time the relationship commences, that written document shall set forth the basis of compensation for the financial advisory services to be rendered.

7. Super NOW Accounts

Super NOW accounts have been available and approved for public funds since January 1983. They offer a relatively high market rate and are fully transactional (have no limitations on the number of checks or transfers). Insurance and collateral requirements are as above for subparagraph e Demand and Savings Deposits.

8. Certificates of Deposit

- a. Certificates of Deposit are permitted at depository institutions that are insured by an agency of the Federal Government. Caution must be exercised for certificates exceeding the \$100,000 insurance limit or when the term is longer than 30-90 days. Although the certificates' rate of return may be attractive for larger amounts and longer terms, U.S. Treasury securities offer superior safety and liquidity for the same amounts and terms. Certificates shall be in the HA's name. In addition a General Depository Agreement must be executed by each financial institution that issues a Certificate of Deposit.
- b. Certificate amounts above \$100,000 are permitted provided that the excess is 100 percent collateralized by clearly identified (not pooled) U.S. Government securities. Possession of the collateral securities and a continuous perfected security interest may be the only sure protection against loss in case of bank failure.
- c. Brokered deposits should be avoided because it is impossible to get \$100,000 federal insurance on a number of deposits placed by brokers.



## 9. Repurchase Agreements

Repurchase (repos) agreements for a term not to exceed 30 days may be entered into with Federally insured depository institutions to purchase and sale of securities identified under paragraphs 1, 2, and 3. A repurchase agreement is an agreement negotiated with a bank usually for a short period (1 to 7 days) wherein securities approved for investment are purchased from that bank at a stated price with the bank agreeing to repurchase them on a specified date for a specified amount. The minimum may vary, although it is usually \$100,000. There are three main types: (1) fixed term, where both parties are bound to the negotiated time period, (2) demand, where the agreement stays in effect until terminated by either party, and (3) day-to-day, where daily renewal is by mutual consent and 24- hour notice is required for termination. The HA should review existing and future repos for compliance with the following certifications. Prior approval by HUD is not necessary, however, the repos seller depository or its agency must provide a written certification to HUD, Assistant Secretary for Public and Indian Housing (Office of Finance and Budget), the Area Office, and to the HA.

- a. that the depository's repo program complies with applicable Federal and State statutes and regulations and that the program does not involve sales or loans of Federal securities by securities dealers that are not regulated or that report to the Federal Reserve Board;
- b. that the depository owns the underlying Federal securities (approved for repurchase under HUD guidelines) when the repo interest is sold and that the value of the securities is equal to or greater than the amount the HA pays for the repo;
- c. that the HA has possession of the securities (or the HA will take possession of the securities) or an independent custodian (or an independent third party) holds the securities on behalf of the HA as a bailee (evidenced by a safe keeping receipt and a written bailment for hire contract), from the time the repo interest is sold to the HA and will be (or is expected to be) maintained for the full term of the repo;
- d. that the repo agreement and any related documents identify specific Federal securities related to the specific repo purchased by the HA;

- e. that the repo interest does not represent any interest in a pool or fund of Federal securities for which registration under the Investment Company Act of 1940 may be required;
- f. that the HA will have a continuous perfected security interest in the underlying Federal securities under State or Federal law for the full term of the repo (disclosing the method by which perfection has or will be accomplished, i.e., by possession, filing, registration of book-entry securities and/or Federal preemption of State law by Federal regulation);
- g. that the depository or a reporting dealer selling the repo has not received any adverse financial report from a credit reporting agency, State or Federal regulatory agency; and
- h. that the depository will not substitute other securities as collateral, except to increase the value of the repo security to match the repos's purchase price.

#### 10. Sweep Accounts

Sweep Accounts is a contractual agreement between a bank and a HA which provides that the bank will regularly "sweep" or transfer any available collected balances from the HA's account into repurchase agreements. The Sweep Accounts agreement shall include all the certification provided in the Repurchase Agreement and adherence to paragraph 4-3, Collateralization of Deposits.

#### 11. Separate Trading of Registered Interest and Principal of Securities

Separate Trading of Registered Interest and Principal of Securities (STRIPS) are Treasury-based zero-coupon securities which consist of interest or principal on U. S. Treasury securities. STRIPS were issued in minimum increments of \$1,000. STRIPS pay no interest until maturity and the rate of return is "locked in" at the time of purchase. The delivery of STRIPS is accomplished by wire transfer through the Federal Reserve book entry system. STRIPS shall be in the name of the HA.

#### 12. Mutual Funds

A Mutual Fund (Fund) is an investment company that makes investments on behalf of individuals and institutions. The Fund pools the money of the investors and buys various securities that are consistent with the Fund's objective.

a. Mutual Fund Criteria

The Fund shall be organized as a no-load, open-end, diversified management company and its shares shall be registered under the Securities Act of 1933. The Fund shall be under the control of the Securities Exchange Act of 1934, Investment Advisers Act of 1940 and the Investment Company Act of 1940. The investment objective of the Fund shall be to obtain as much income as possible consistent with the preservation, conservation and stability of capital. The mutual fund objective cannot be changed without the prior approval of fund shareholders.

- b. The securities purchased by the Fund shall be on the HUD-approved list of investment securities. The Fund will not engage in options or financial futures. The HA shall limit the amount of funds invested in the Fund to no more than 20 percent of the HA's available investment funds. The Fund shall disclose clearly the basis of earnings and how they are distributed. The HA shall obtain a statement of potential default and risk. The HA's invested funds shall be accessible to the HA daily. It shall be demonstrated that any limitations on withdrawals will not impair the HA's day-to-day cash management needs.
- c. The management fee shall be fixed at a reasonable amount. The Fund shall disclose the relationships of the investment advisor, manager, trustee, custodian and transfer agent. The Fund shall clearly state all services (such as wire transfers and check writing privileges) and charges.
- d. Investment in the Fund shall be authorized by a Board Resolution. A certified copy of the resolution shall accompany the initial application for the Fund.
- e. The Fund (or custodian) and the HA shall sign the General Depository Agreement, HUD-51999 dated June 1991, modified as follows:
  - (1) In the title, "(Mutual Fund)" shall be added after General Depository Agreement. Whenever "depository" appears in the text it also refers to "mutual fund."
  - (2) The HA's name and location (including county or city) will be filled in the first clause of the General Depository Agreement. The name, location and the HA's mutual fund account number also will be filled in the first clause. The second clause remains unchanged.

- (3) The third clause is substituted as follows: "Whereas, under the terms of the Contract the HA shall invest in a mutual fund (herein called the depository) only on the terms set forth hereafter. Mutual fund is defined as an investment company that makes investments on behalf of individuals and institutions. The depository shall be organized as a no-load, open-end, diversified management company and its shares shall be registered under the Securities Exchange Act of 1933. The depository shall be under the control of the Securities Exchange Act of 1934, the Investment Advisers Act of 1940 and the Investment Company Act of 1940. HA shall acquire shares in a mutual fund whose portfolio includes only securities on the HUD-approved list of investment securities."
- (4) Paragraphs 1, 3, 11 and 12 are deleted.
- (5) Paragraphs 4 through 6 are modified to read as follows:
  - (a) Paragraph 4: Any shares purchased from HA funds shall be held by the depository in safe-keeping for the HA until sold. Dividends and distributions on such shares and the proceeds from the sale thereof shall be used to purchase additional shares or remitted directly to the HA.
  - (b) Paragraph 5: The language "from said Accounts" is deleted.
  - (c) Paragraph 6: The language "in respect of the Accounts" is deleted.
  - (d) Paragraphs 7 through 10 are not changed.
  - (e) The additional language can be typed on a separate page, attached and duly executed. The following language shall be added to the bottom of the page: Page number \_\_\_\_ incorporated in and made a part of the General Depository Agreement between \_\_\_\_ (HA) and \_\_\_\_ (Depository).

**FIGURE 1****ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE  
(AS OF JANUARY 1, 2019)<sup>A</sup> APPLICABLE TO ALL LOCAL AGENCIES<sup>B</sup>**

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM REMAINING MATURITY <sup>C</sup>	MAXIMUM SPECIFIED % OF PORTFOLIO <sup>D</sup>	MINIMUM QUALITY REQUIREMENTS	GOVERNMENT CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations: CA and Others	5 years	None	None	53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S. Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% <sup>E</sup>	None	53601(g)
Commercial Paper: Non-pooled Funds <sup>F</sup>	270 days or less	25% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53601(h)(2)(C)
Commercial Paper: Pooled Funds <sup>I</sup>	270 days or less	40% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% <sup>J</sup>	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	30% <sup>K</sup>	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	30% <sup>K</sup>	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days <sup>L</sup>	20% of the base value of the portfolio	None <sup>M</sup>	53601(j)
Medium-term Notes <sup>N</sup>	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds and Money Market Mutual Funds	N/A	20% <sup>O</sup>	Multiple <sup>P,Q</sup>	53601(l) and 53601.6(b)
Collateralized Bank Deposits <sup>R</sup>	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-through and Asset Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple <sup>S</sup>	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund <sup>T</sup>	N/A	None	None	16340
Supranational Obligations <sup>U</sup>	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)

## TABLE OF NOTES FOR FIGURE 1

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| <p>A <i>Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, and 53635.8.</i></p> <p>B <i>Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.</i></p> <p>C <i>Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.</i></p> <p>D <i>Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.</i></p> <p>E <i>No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.</i></p> <p>F <i>Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.</i></p> <p>G <i>Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.</i></p> <p>H <i>Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.</i></p> <p>I <i>Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).</i></p> <p>J <i>No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).</i></p> <p>K <i>No more than 30 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service (excludes negotiable certificates of deposit authorized under Section 53601(i)).</i></p> <p>L <i>Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or</i></p> | <p><i>spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.</i></p> <p>M <i>Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.</i></p> <p>N <i>"Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."</i></p> <p>O <i>No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.</i></p> <p>P <i>A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.</i></p> <p>Q <i>A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.</i></p> <p>R <i>Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.</i></p> <p>S <i>A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).</i></p> <p>T <i>Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.</i></p> <p>U <i>Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.</i></p> |
|--|--|

**BEFORE THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF THE CITY OF FRESNO**

**RESOLUTION NO:**

**RESOLUTION TO ADOPT THE INVESTMENT POLICY  
HOUSING AUTHORITY OF THE CITY OF FRESNO**

WHEREAS, the Housing Authority of the City of Fresno adopted the current Investment Policy on July 23, 2019, and,

WHEREAS, the Investment Policy references “The specific requirements for the investment of HUD funds are found in 24 CFR Part 85 Subpart C, the Annual Contribution Contract (ACC), the General Depository Agreement (FORM HUD-51999) and HUD Notice 96-33 as extended by HUD Notice 02-13.” and,

WHEREAS, the Investment Policy has been brought before the Board for an annual review as required by the aforementioned regulations and California Government Code Section 53601,

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Fresno adopt the Investment Policy as presented.

PASSED AND ADOPTED THIS 17<sup>th</sup> day of November 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Board of Commissioners

**BEFORE THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF FRESNO COUNTY**

**RESOLUTION NO:**

**RESOLUTION TO ADOPT THE INVESTMENT POLICY  
HOUSING AUTHORITY OF FRESNO COUNTY**

WHEREAS, the Housing Authority of Fresno County adopted the current Investment Policy on July 23, 2019, and,

WHEREAS, the Investment Policy references “The specific requirements for the investment of HUD funds are found in 24 CFR Part 85 Subpart C, the Annual Contribution Contract (ACC), the General Depository Agreement (FORM HUD-51999) and HUD Notice 96-33 as extended by HUD Notice 02-13.” and,

WHEREAS, the Investment Policy has been brought before the Board for an annual review as required by the aforementioned regulations and California Government Code Section 53601,

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of Fresno County adopt the Investment Policy as presented.

PASSED AND ADOPTED THIS 17<sup>th</sup> day of November 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Board of Commissioners



# BOARD MEMO

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#

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**TO:** Boards of Commissioners  
Fresno Housing Authority  
**FROM:** Preston Prince  
CEO/Executive Director

**DATE:** November 12, 2020  
**BOARD MEETING:** November 17, 2020  
**AGENDA ITEM:** 5c  
**AUTHOR:** Lela Schwartz

**SUBJECT:** Approval to Submit Rental Assistance Demonstration (RAD)  
Application for Low-Income Public Housing (LIPH) Units at Parc  
Grove Commons II (Fresno, CA)

## Executive Summary

On October 22, 2014, the Fresno Housing Authority (FH) Board approved the submission of several applications to the Department of Housing and Urban Development (HUD) for the Rental Assistance Demonstration (RAD) program that included five (5) Low Income Public Housing (LIPH) complexes within the County of Fresno and one (1) LIPH complex in the City of Fresno for the purpose of converting the sites from LIPH to Project-Based Rental Assistance (PBRA). The applications were submitted to HUD on October 31, 2014, along with an application for the entire portfolio to lock in the option for FH to convert the remaining LIPH units within the City and County of Fresno. Since that time, a number of developments have been successfully converted including Paseo 55, Cueva De Oso @ William Shockley Plaza, Legacy Commons Phase II, Blossom Trail Commons, Magnolia Commons @ James Magill Plaza and Oak Grove Commons.

The agency has made great progress in completing RAD conversions to ensure long term sustainability for our portfolio; however, there were newly constructed and/or acquired LIPH units between 2010 and 2012 that can also benefit from straight RAD conversions (with no renovation required) in order to streamline funding for operations and debt service. As a result, staff is proposing to submit an application for the conversion of LIPH assistance for thirty-one (31) units at the Parc Grove Commons II site in Fresno, CA to Project-Based Vouchers (PBV's) under the RAD program.

Parc Grove Commons II is located at 2674 E. Clinton Avenue, Fresno, CA 93703 (APN: 446-020-38) and belongs to City AMP CA006000007. The site was redeveloped in 2011 through the Low-Income Housing Tax Credit (LIHTC) program. Of the total two hundred-fifteen (215) units, one hundred and eighty-four (184) have subsidy through a combination of PBV, LIHTC, and HOME. The remainder thirty-one (31) units are also LIHTC but are also layered with subsidy through a HUD LIPH Annual Contributions Contract (ACC). These thirty-one (31) units are intended for RAD conversion to PBV subsidy. As the property was recently redeveloped there are no planned capital improvements for Parc Grove

Commons II as part of the conversion process. However, the conversion will reduce the compliance and regulatory burden of the management and accounting and further reduce restrictions.

At the September 22, 2020 Board meeting, the Board of Commissioners approved a similar action for the Pacific Gardens public housing site in the City of Fresno. Neither the submission of the RAD application nor the award of a RAD project application obligates the Fresno Housing Authority to implement the conversions. Should the Board of Commissioners accept the award, staff will return to the Board to present the conversion documents for review and approval.

### **Recommendation**

It is recommended that the Board of Commissioners of the Housing Authority of the City of Fresno, CA approve the RAD application submission to HUD for thirty-one (31) units at the Parc Grove Commons II site in Fresno, CA (Conversion of thirty-one (31) units in City AMP CA006000007) and authorize Preston Prince, Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee to execute any and all ancillary documents connected herewith.

### **Fiscal Impact**

None.

### **Background Information**

RAD is a federal program that allows projects funded under Low-Income Public Housing (LIPH) to convert the rental assistance to long-term, Project-Based Rental Assistance (PBRA) or Project-Based Voucher (PBV) contracts. No incremental funds are authorized under RAD, and Public Housing Authorities must convert their assistance at current subsidy levels.

The subject thirty-one (31) units at the Parc Grove Commons II site are currently funded under the Low-Income Public Housing (LIPH) program and the Capital Funds Grant program.

**RESOLUTION NO. \_\_\_\_\_**

**BEFORE THE BOARDS OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF THE CITY OF FRESNO, CALIFORNIA**

**RESOLUTION APPROVING THE HOUSING AUTHORITY OF THE CITY OF FRESNO, CA  
TO SUBMIT A RENTAL ASSISTANCE DEMONSTRATION (RAD) APPLICATION TO  
THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR PARC  
GROVE COMMONS II (CITY AMP CA006000007, FRESNO)**

WHEREAS, the mission of the Housing Authority of the City of Fresno, CA (the Agency) includes the development and provision of affordable housing units within the boundaries of Fresno County; and

WHEREAS, the Agency is obligated to provide housing opportunities for low and moderate-income households within a variety of communities; and

WHEREAS, the U.S. Department of Housing and Urban Development is conducting a demonstration program that allows the conversion of public housing subsidy; and

WHEREAS, the conversion of the public housing subsidy will allow for financing opportunities; and

WHEREAS, the Parc Grove Commons II site located at 2674 E. Clinton Avenue, Fresno, CA 93703 (the Property) remains in part a Low Income Public Housing site; and

WHEREAS, staff has performed an evaluation process of the Agency's existing public housing stock in the City of Fresno, CA and the Property fits with the intended demonstration program goals; and

WHEREAS, staff has been conducting updates and informational sessions with residents who will be affected by conversion;

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Fresno, hereby authorize the submission of a Rental Assistance Demonstration (RAD) application to the U.S. Department of Housing and Urban Development for the Parc Grove Commons II site (City AMP CA006000007), and authorizes Preston Prince, the Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee to execute all contracts and ancillary documents in connection therewith..

PASSED AND ADOPTED THIS 17<sup>th</sup> DAY OF November 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners

## BOARD MEMO

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Fresno, California 93721  
TTY (800) 735-2929

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#	#	
<b>TO:</b>	Boards of Commissioners Fresno Housing Authority	<b>DATE:</b> November 12, 2020 <b>BOARD MEETING:</b> November 17, 2020
<b>FROM:</b>	Preston Prince CEO/Executive Director	<b>AGENDA ITEM:</b> 5d <b>AUTHOR:</b> Angie Nguyen
<b>SUBJECT:</b> Ratification of the Acceptance of U.S. Department of Housing and Urban Development Veteran Affairs Supportive Housing Vouchers		

### Executive Summary

The U.S. Department of Housing and Urban Development (HUD) along with the Department of Veteran Affairs (VA) invited Fresno Housing (FH) to accept ninety (90) additional vouchers in the Veterans Supportive Housing (VASH) program. This process began with submission of a Registration of Intent by FH along with a letter of support for additional VASH vouchers from the Fresno VA Medical Center (Fresno VAMC). HUD did not give indication of the number of vouchers to be allotted to Fresno through a formula based on three (3) metrics: Point in Data data, number of contacts with Veterans experiencing homeless as reported by Fresno VAMC and performance data from both FH and the local VA. HUD responded to the request with an additional ninety (90) vouchers.

VASH vouchers are intended to provide housing and supportive services to Veterans and their families who are experiencing homelessness. As the program is overseen by both HUD and the VA, responsibility for administration of tenant based rental assistance falls to FH, while referral to VASH and supportive services to Veterans are provided by the Fresno VAMC. To date, FH has been awarded 446 VASH vouchers; in February 2020 an additional seventy-two (72) vouchers were awarded. The 2020 Point in Time indicated there were 377 sheltered and unsheltered Veterans; a 60% increase from the 2019 Point in Time.

### Recommendation

It is recommended that the Board of Commissioners of the Housing Authority of the City of Fresno and the Board of Commissioners of the Housing Authority of Fresno County adopt the attached resolutions authorizing: (a) ratification of acceptance of U.S. Department of Housing and Urban Development Veteran Affairs Supportive Housing Program vouchers; (b) execution, by the Executive Director, or his designee, of any resulting contract(s), and association amendments.

**Fiscal Impact**

The number of VASH vouchers awarded is decided by HUD and the VA. As awarded, the new vouchers would increase the current VASH voucher allotment and add to funds available for both housing assistance to Veterans and administrative fees. During the initial year of a new HUD-VASH voucher allocation, HUD distributes sufficient funds to allow for additional housing assistance payments and program administration costs. Current staffing levels are supported by the Administrative Fees received and we do not anticipate any staffing changes necessary to administer the new HUD-VASH vouchers. This program has no match requirement.

**Background Information**

Fresno Housing and Fresno VAMC have collaborated in the VASH program since 2009. Fresno VAMC is responsible for both referral to VASH and provision of supportive services to Veterans. VASH has continued to struggle to achieve full utilization primarily due to lack of referrals from Fresno VAMC along with instability in their staffing; at present VASH lease up is at 71%. While impediments due to COVID-19 has been a factor since receiving the additional 72 vouchers in February, FH and VA staff have discussed the need to dramatically increase utilization in light of an increase in Veterans experiencing homelessness as well as vulnerability to COVID-19. Like many organizations, the VA is not open to the public and performing tele-appointments for all facets of the VASH application and subsequent housing search. In addition, as the community has found; housing vacancy rates are extremely low in Fresno at this time. Despite these challenges, the VA is determined to come up with innovative ways to increase utilization of VASH; both organizations will be meeting to strategize in the coming weeks.

RESOLUTION NO. \_\_\_\_\_

BEFORE THE BOARDS OF COMMISSIONERS OF THE

HOUSING AUTHORITY OF THE CITY OF FRESNO

**RESOLUTION AUTHORIZING RATIFICATION OF THE ACCEPTANCE OF U.S.  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT VETERAN AFFAIRS  
SUPPORTIVE HOUSING VOUCHERS**

WHEREAS, the U.S. Department of Housing and Urban Development and the Department of Veteran Affairs has awarded Fresno Housing ninety (90) additional Veteran Affairs Supportive Housing (VASH) vouchers; and,

WHEREAS, Fresno Housing is responsible for administration of tenant based rental assistance for VASH and the Department of Veteran Affairs is responsible for referral to VASH and provision of supportive services to Veterans; and,

WHEREAS, said program is intended to serve Veterans experiencing homelessness in Fresno County.

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Fresno, hereby authorize the Executive Director or his designee to proceed with negotiation and execute all ancillary documents in connection therewith for an agreement with the Department of Housing and Urban Development for administration of an additional ninety (90) Veteran Affairs Supportive Housing vouchers.

PASSED AND ADOPTED THIS 17<sup>th</sup> DAY OF November, 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Preston Prince, Secretary of the Boards of Commissioners

RESOLUTION NO. \_\_\_\_\_

BEFORE THE BOARDS OF COMMISSIONERS OF THE

HOUSING AUTHORITY OF FRESNO COUNTY

**RESOLUTION AUTHORIZING RATIFICATION OF THE ACCEPTANCE OF U.S.  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT VETERAN AFFAIRS  
SUPPORTIVE HOUSING VOUCHERS**

WHEREAS, the U.S. Department of Housing and Urban Development and the Department of Veteran Affairs has awarded Fresno Housing ninety (90) additional Veteran Affairs Supportive Housing (VASH) vouchers; and,

WHEREAS, Fresno Housing is responsible for administration of tenant based rental assistance for VASH and the Department of Veteran Affairs is responsible for referral to VASH and provision of supportive services to Veterans; and,

WHEREAS, said program is intended to serve Veterans experiencing homelessness in Fresno County.

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of Fresno County, hereby authorize the Executive Director or his designee to proceed with negotiation and execute all ancillary documents in connection therewith for an agreement with the Department of Housing and Urban Development for administration of an additional ninety (90) Veteran Affairs Supportive Housing vouchers.

PASSED AND ADOPTED THIS DAY OF, 17<sup>th</sup> DAY OF November, 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners



# BOARD MEMO

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**TO:** Boards of Commissioners  
Fresno Housing Authority

**DATE:** November 12, 2020

**BOARD MEETING:** November 17, 2020

**FROM:** Preston Prince  
CEO/Executive Director

**AGENDA ITEM:** 5e

**AUTHOR:** Dave Brenner

**SUBJECT:** Approval of Land Disposition to the City of Fresno for the  
Southwest Fresno Trail

## Executive Summary

As part of the Transformative Climate Communities program, a community based project planning process in Southwest Fresno, the City of Fresno (the "City") has proposed a pedestrian and bicycle trail. In mid-2021, the City intends to begin construction on a portion of the trail from the intersection of S. West Avenue and W. Florence Avenue northeast to the intersection of W. California Avenue and S. Thorne Avenue. This section crosses several small parcels of vacant land owned by the Housing Authority of the City of Fresno, California ("HACF"). The purpose of this memo is to request approval for the sale of three small parcels and one portion of a larger parcel to the City of Fresno. The four parcels total 1.3 acres.

APN	Size (acres)	Acquisition Price
477-040-20T	0.03 acres	\$ 4,800.00
477-040-51T	0.47 acres	\$ 42,000.00
477-040-69	0.40 acres	\$ 38,000.00
477-040-73T (portion)	0.45 acres	\$ 40,000.00

When complete, the Southwest Fresno Trail will provide a great amenity for residents of Yosemite Village, Mariposa Meadows and Sierra Pointe. The trail will include tree cover, attractive vegetation, and pedestrian scale lighting. The sale of these small parcels will not preclude future development on the remaining parcels. Should the HACF decide to develop housing on the remaining land, staff intends to direct the architect to incorporate the trail into the design.

Three of the parcels (477-040-20T, 477-040-51T, and 477-040-73T) maintain restrictions from the United States Department of Housing and Urban Development ("HUD"). If the Board approves the transfer of these parcels to the City of Fresno, Staff will work with HUD's Special Applications Center to submit an application for disposition that will allow for removal of these restrictions.

**Recommendation**

It is recommended that the Board of Commissioners of the Housing Authority of the City of Fresno, CA approve the transfer of three parcels of land (477-040-20T, 477-040-51T, and 477-040-69) and the portion of a fourth parcel (477-040-73T, portion) to the City of Fresno for the construction of the Southwest Fresno Trail and authorize Preston Prince, Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee to execute any and all ancillary documents connected herewith.

**Fiscal Impact**

The proposed purchase price for the four parcels of land (1.3 acres) is \$124,800.

**Background Information**

The Southwest Fresno Trail will be built along a former dirt road (known as Snake Road) and an underground irrigation canal. The Housing Authority acquired three small parcels (0.03 acres, 0.47 acres, and 0.40 acres) of land in this area during the Yosemite Village HOPE VI reconstruction project. The City will also be acquiring two small parcels from Better Opportunities Builder. The final piece of land (0.45 acres), owned by the Housing Authority, is a portion of a larger parcel which once held Low-Income Public Housing and now contains a community garden and urban farm. All of the land in question is vacant.

RESOLUTION NO. \_\_\_\_\_

BEFORE THE BOARDS OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF THE CITY OF FRESNO, CALIFORNIA

RESOLUTION APPROVING THE SALE OF LAND TO THE CITY OF FRESNO (477-040-20T, 477-040-51T, 477-040-73T, AND 477-040-69) FOR THE CONSTRUCTION OF THE  
SOUTHWEST FRESNO PEDESTRIAN AND BICYCLE TRAIL

WHEREAS, the mission of the Housing Authority of the City of Fresno, CA (the Agency) includes the development of affordable housing and the creation of service amenities beneficial to the residents within these housing properties; and

WHEREAS, the City of Fresno intends to build a pedestrian and bicycle trail through Southwest Fresno, adjacent to two properties owned by the Agency, namely Yosemite Village and Mariposa Commons, and the proposed route would cross land owned by the Agency; and

WHEREAS, the subject parcels (477-040-20T, 477-040-51T, 477-040-73T, and a portion of 477-040-73T) total 1.3 acres of vacant un-utilized land; and

WHEREAS, the Agency does not envision development of the parcels into affordable housing and therefore determines a pedestrian trail to be the highest and best use; and

WHEREAS, the Agency intends to support the development of the Southwest Fresno Trail by accepting the purchase offers from the City of Fresno for \$4,800, \$42,000, \$38,000 and \$40,000 respectively; and

WHEREAS, prior to sale of the parcels the Agency will seek approval from the United States Department of Housing and Urban Development's Special Applications Center to remove affordable housing restrictions; and

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Fresno, hereby authorizes entering into purchase and sale agreements with the City of Fresno and the sale of the subject parcels (477-040-20T, 477-040-51T, 477-040-73T, and a portion of 477-040-73T) for a total purchase price of \$124,800, and authorizes Preston Prince, the Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee to execute all contracts and ancillary documents in connection therewith.

PASSED AND ADOPTED THIS 17<sup>th</sup> DAY OF November 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners

## BOARD MEMO

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**TO:** Boards of Commissioners  
 Fresno Housing  
**FROM:** Preston Prince  
 CEO/Executive Director

**DATE:** 12/10/2020

**BOARD MEETING:** 12/10/2020

**AGENDA ITEM:** 1

**AUTHOR:** Emily De La Guerra

**SUBJECT:** Update on 2021 Agency Budget Process and 2020 Financial Projections

### Executive Summary

The purpose of this memo is to update the Boards of Commissioners on the Agency's 2021 budget development process. Included in the Board Packet is a second draft of the 2021 Agency Operating Budget.

Staff will be presenting additional information at the Boards of Commissioners meeting with information pertaining to the general budgetary context within which the Agency operates, including year-end financial projections for 2020, unrestricted reserve levels, current investments in on-going strategic goals and an update on the federal budget.

### Recommendation

This item is informational only. No action is necessary.



# Update on the 2021 Operating Budget

*Board of Commissioners Meeting*

*November 17, 2020*



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



# Overview

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- 2020 Financial Projections
- 2020 Strategic Priorities
- 2021 Federal Budget Update
- 2021 Operating Budget – 2<sup>nd</sup> Draft
- Unrestricted Reserves

# 2020 Year-End Financial Projections

	Fresno Housing		
	2020 Budget	2020 YE Projections	Variance
<b>OPERATING BUDGET</b>			
TOTAL INCOME	44,702,882	43,438,122	(1,264,760)
TOTAL EXPENSES	41,945,895	38,575,363	(3,370,532)
<b>NET OPERATING INCOME</b>	<b>2,756,987</b>	<b>4,862,759</b>	<b>2,105,772</b>
TOTAL NON-OPERATING EXPENSES	1,951,123	1,628,476	(322,647)
<b>NET INCOME</b>	<b>805,864</b>	<b>3,234,283</b>	<b>2,428,419</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(14,874)</b>	<b>1,397,396</b>	<b>1,412,270</b>

- 2020 Budget was approved with net income of \$806k and unrestricted reserve utilization of \$15k
- Projections for year-end are showing net income of \$3.2m and unrestricted reserve additions of \$1.4m
- Variance is mainly due to expense reductions across the Agency



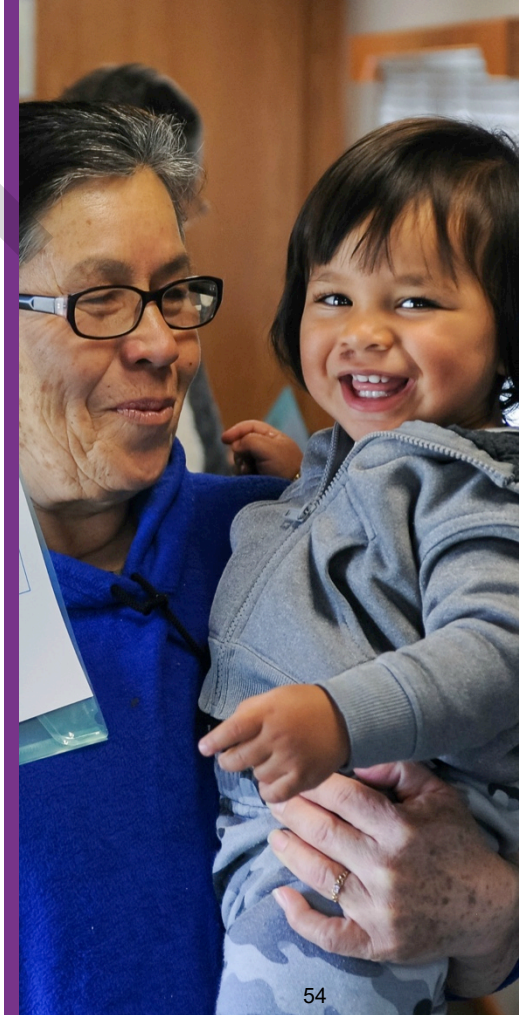
# 2020 Strategic Priorities

	2019 Expenditures	2020 Commitment	Proj 2020 Expenditures	2020 Budget Remaining
<b>Housing Choice Voucher</b>				
Landlord Outreach Program	47,031	200,000	200,000	-
<b>Resident Empowerment Services</b>				
Workforce Development Pilot	177,411	175,000	165,000	10,000
Mobility Pilot	104,502	100,000	85,000	15,000
Resident Services Program Analysis	16,667	50,000	39,000	11,000
<b>Homeless Programs</b>				
Street 2 Home Initiative	-	100,000	-	100,000
<b>Planning &amp; Development</b>				
Neighborhood Programs & Analysis	42,411	100,000	100,000	-
SW Fresno Planning/CAN	155,420	210,000	160,000	50,000
<b>Administrative Services</b>				
Lobby & Board Room Refresh	23,000	25,000	21,000	4,000
Data & Program Evaluation	99,602	200,000	150,000	50,000
Public Relations & Communication Efforts	274,651	225,000	360,000	(135,000)
Resident Safety Program	-	75,000	75,000	-
<b>Unrestricted Programs Total</b>	<b>1,030,020</b>	<b>1,460,000</b>	<b>1,355,000</b>	<b>105,000</b>

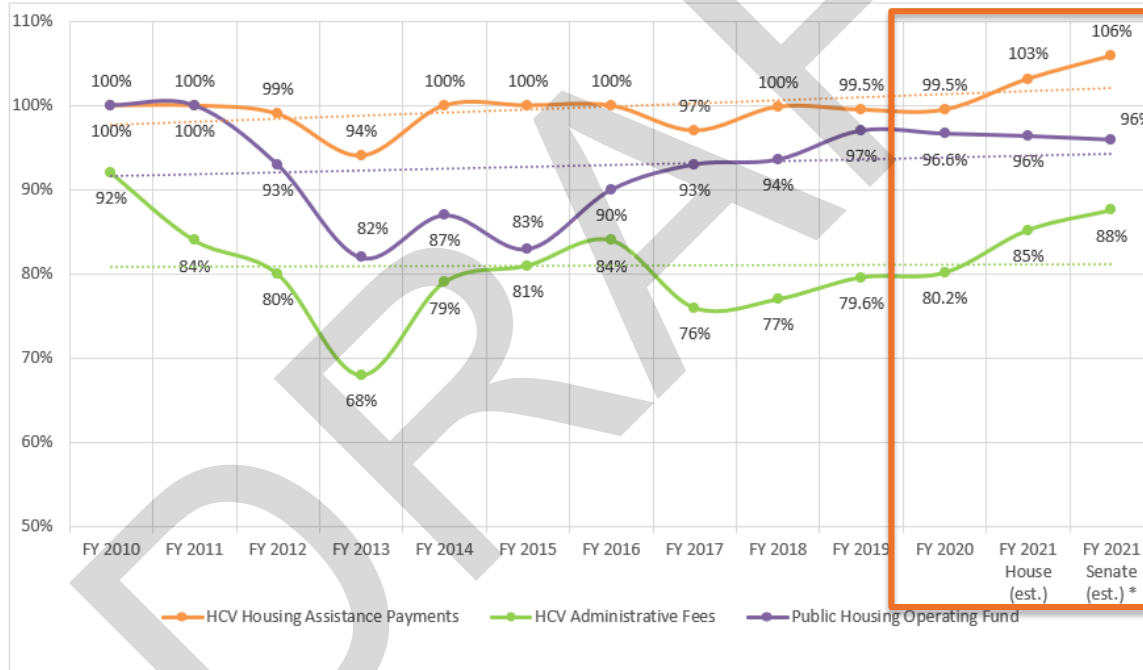
# 2021 Federal Budget Update

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- Current Continuing Resolution (CR) expires on Dec. 11<sup>th</sup>
- Senate released their 2021 budget on 11/10
- House and Senate have signaled their desire to pass spending bills



# 2021 Federal Budget Projections



# 2021 Operating Budget – 2<sup>nd</sup> Draft

	Core	RED	Housing Choice Voucher	RES	Homeless Initiatives	Housing Management	2021 Draft Budget
NET TENANT INCOME	-	-	-	-	-	7,835,391	7,835,391
TOTAL INTEREST INCOME	50,000	800,000	-	-	-	-	850,000
TOTAL OTHER INCOME	504,200	350,000	-	704,346	445,086	402,867	2,406,499
TOTAL ADMIN & MANAGEMENT FEE INCOME	8,416,079	80,000	-	-	-	-	8,496,079
TOTAL DEVELOPER FEE INCOME	-	3,550,054	-	-	-	-	3,550,054
TOTAL HUD GRANT INCOME	-	-	9,991,071	260,655	2,293,586	4,314,643	16,859,955
TOTAL OTHER GRANT INCOME	-	-	-	-	83,025	1,290,191	1,373,216
<b>TOTAL INCOME</b>	<b>8,970,279</b>	<b>4,780,054</b>	<b>9,991,071</b>	<b>965,001</b>	<b>2,821,697</b>	<b>13,843,092</b>	<b>41,371,194</b>
TOTAL PAYROLL EXPENSES	7,079,993	1,836,524	5,990,267	929,647	705,762	2,939,623	19,481,817
TOTAL ADMINISTRATIVE EXPENSES	2,874,882	1,072,330	4,474,978	280,589	420,499	2,213,899	11,337,177
TOTAL TENANT SERVICES EXPENSES	50,000	5,000	-	25,000	2,207,502	338,222	2,625,724
TOTAL UTILITY EXPENSES	175,487	-	-	-	-	2,120,177	2,295,664
TOTAL MAINTENANCE EXPENSES	585,518	5,000	81,969	5,600	4,420	2,899,664	3,582,171
TOTAL TAXES & INSURANCE EXPENSES	50,788	10,100	7,353	-	-	524,416	592,657
<b>TOTAL EXPENSES</b>	<b>10,816,668</b>	<b>2,928,954</b>	<b>10,554,567</b>	<b>1,240,836</b>	<b>3,338,183</b>	<b>11,036,001</b>	<b>39,915,210</b>
<b>NET OPERATING INCOME</b>	<b>(1,846,389)</b>	<b>1,851,100</b>	<b>(563,496)</b>	<b>(275,835)</b>	<b>(516,486)</b>	<b>2,807,091</b>	<b>1,455,984</b>
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	1,829,739	1,829,739
<b>NET INCOME</b>	<b>(1,846,389)</b>	<b>1,851,100</b>	<b>(563,496)</b>	<b>(275,835)</b>	<b>(516,486)</b>	<b>977,352</b>	<b>(373,755)</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(1,846,389)</b>	<b>1,212,150</b>	<b>-</b>	<b>(275,835)</b>	<b>(516,486)</b>	<b>577,777</b>	<b>(848,783)</b>

- Major changes from 1<sup>st</sup> Draft:
  - Refinement of payroll expenses across Agency
  - Reduced Administrative Costs including Travel & Training, Professional Contracts, and Interfunds
  - Update income & expenses in RES & HI

# 2021 Staffing Proposals

- 2021 Budget (2<sup>nd</sup> Draft) = 238 FTE's
  - Proposing to add ~15 replacement positions, ~10 new positions

	Management	Non-Management	Total
Core	2.25	4.25	6.50
RED	0.50	1.00	1.50
HCV	1.00	7.75	8.75
RES	0.00	0.75	0.75
HI	0.00	2.50	2.50
HMD	0.00	5.00	5.00
<b>Total</b>	<b>3.75</b>	<b>21.25</b>	<b>25.00</b>

# Unrestricted Reserves

Unrestricted Reserves	\$ Change	Balance
2013 Financial Results	1,570,359	1,570,359
2014 Financial Results	1,368,730	2,939,089
2015 Financial Results	153,228	3,092,317
2016 Financial Results	261,439	3,353,756
2017 Financial Results	920,239	4,273,995
2018 Financial Results	1,545,106	5,819,101
2019 Financial Results	197,958	6,017,059
2020 <i>Projected Results</i>	1,397,396	7,414,455
2021 <i>Budget</i>	(848,783)	6,565,671
<b>Total Unrestricted Reserves</b>	<b>6,565,671</b>	

- Projecting to end 2020 with \$7.41m in unrestricted reserves
- Current budget draft shows utilization of \$849k during 2021, taking unrestricted reserves to \$6.56m by 2021 YE







Questions or Comments?

	Core	RED	Housing Choice Voucher	RES	Homeless Initiatives	Housing Management	Total 2020 Budget		Core	RED	Housing Choice Voucher	RES	Homeless Initiatives	Housing Management	2020 Projected Results
NET TENANT INCOME	-	-	-	-	-	7,835,391	7,835,391		-	-	-	-	-	8,144,486	8,144,486
TOTAL INTEREST INCOME	90,000	800,000	-	-	-	-	890,000		57,557	500,000	1,567	-	-	-	559,124
TOTAL OTHER INCOME	950,000	170,000	800	704,346	195,086	402,867	2,423,099		495,789	268,138	2,499	722,833	214,665	758,111	2,462,036
TOTAL ADMIN & MANAGEMENT FEE INCOME	8,539,951	80,000	-	-	-	-	8,619,951		8,514,927	11,117	-	-	-	-	8,526,044
TOTAL DEVELOPER FEE INCOME	-	5,903,245	-	-	-	-	5,903,245		-	5,425,969	-	-	-	-	5,425,969
TOTAL HUD GRANT INCOME	-	-	9,909,331	575,916	2,808,090	4,314,643	17,607,980		-	-	10,257,237	219,712	1,718,850	4,300,662	16,496,461
TOTAL OTHER GRANT INCOME	-	-	50,000	-	83,025	1,290,191	1,423,216		-	-	21,449	1,423	675,089	1,126,044	1,824,004
TOTAL INCOME	9,579,951	6,953,245	9,960,131	1,280,262	3,086,201	13,843,092	44,702,882		9,068,273	6,205,224	10,282,752	943,968	2,608,604	14,329,302	43,438,122
TOTAL PAYROLL EXPENSES	7,457,856	1,669,232	6,145,105	1,217,801	720,216	3,079,029	20,289,240		6,444,124	1,769,816	5,256,504	1,043,401	613,088	2,826,733	17,953,667
TOTAL ADMINISTRATIVE EXPENSES	3,697,510	1,122,042	4,367,866	331,834	419,254	2,213,899	12,152,405		3,301,249	896,125	4,061,523	238,353	405,088	2,353,393	11,255,731
TOTAL TENANT SERVICES EXPENSES	50,504	5,000	-	25,000	2,750,198	338,222	3,168,924		40,876	1,250	85	25,000	2,285,437	237,805	2,590,452
TOTAL UTILITY EXPENSES	172,145	-	-	-	-	2,120,177	2,292,322		172,129	-	87,646	-	-	2,175,471	2,435,246
TOTAL MAINTENANCE EXPENSES	459,118	5,000	81,969	5,600	4,420	2,899,664	3,455,771		593,447	40,770	135,449	12,533	8,869	2,977,197	3,768,266
TOTAL TAXES & INSURANCE EXPENSES	40,364	15,100	7,353	-	-	524,416	587,233		39,326	11,041	7,208	1,717	-	512,709	572,001
TOTAL EXPENSES	11,877,497	2,816,374	10,602,293	1,580,235	3,894,088	11,175,407	41,945,895		10,591,152	2,719,003	9,548,415	1,321,004	3,312,482	11,083,308	38,575,363
NET OPERATING INCOME	(2,297,546)	4,136,871	(642,162)	(299,973)	(807,887)	2,667,685	2,756,987		(1,522,879)	3,486,221	734,337	(377,036)	(703,878)	3,245,994	4,862,759
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	1,951,123	1,951,123		-	-	-	-	-	1,628,476	1,628,476
NET INCOME	(2,297,546)	4,136,871	(642,162)	(299,973)	(807,887)	716,562	805,864		(1,522,879)	3,486,221	734,337	(377,036)	(703,878)	1,617,518	3,234,282
UNRESTRICTED NET INCOME	(2,297,546)	3,497,921	(642,162)	(299,973)	(807,887)	534,774	(14,874)		(1,522,879)	3,341,447	-	(377,036)	(703,878)	659,742	1,397,396



	Core	RED	Housing Choice Voucher	RES	Homeless Initiatives	Housing Management	Total 2020 Budget		Core	RED	Housing Choice Voucher	RES	Homeless Initiatives	Housing Management	2021 Draft Budget
NET TENANT INCOME	-	-	-	-	-	7,835,391	7,835,391	-	-	-	-	-	-	7,835,391	7,835,391
TOTAL INTEREST INCOME	90,000	800,000	-	-	-	-	890,000	50,000	800,000	-	-	-	-	-	850,000
TOTAL OTHER INCOME	950,000	170,000	800	704,346	195,086	402,867	2,423,099	504,200	350,000	-	704,346	445,086	402,867	-	2,406,499
TOTAL ADMIN & MANAGEMENT FEE INCOME	8,539,951	80,000	-	-	-	-	8,619,951	8,416,079	80,000	-	-	-	-	-	8,496,079
TOTAL DEVELOPER FEE INCOME	-	5,903,245	-	-	-	-	5,903,245	-	3,550,054	-	-	-	-	-	3,550,054
TOTAL HUD GRANT INCOME	-	-	9,909,331	575,916	2,808,090	4,314,643	17,607,980	-	-	9,991,071	260,655	2,293,586	4,314,643	-	16,859,955
TOTAL OTHER GRANT INCOME	-	-	50,000	-	83,025	1,290,191	1,423,216	-	-	-	-	83,025	1,290,191	-	1,373,216
TOTAL INCOME	9,579,951	6,953,245	9,960,131	1,280,262	3,086,201	13,843,092	44,702,882	8,970,279	4,780,054	9,991,071	965,001	2,821,697	13,843,092	-	41,371,194
TOTAL PAYROLL EXPENSES	7,457,856	1,669,232	6,145,105	1,217,801	720,216	3,079,029	20,289,240	7,079,993	1,836,524	5,990,267	929,647	705,762	2,939,623	-	19,481,817
TOTAL ADMINISTRATIVE EXPENSES	3,697,510	1,122,042	4,367,866	331,834	419,254	2,213,899	12,152,405	2,874,882	1,072,330	4,474,978	280,589	420,499	2,213,899	-	11,337,177
TOTAL TENANT SERVICES EXPENSES	50,504	5,000	-	25,000	2,750,198	338,222	3,168,924	50,000	5,000	-	25,000	2,207,502	338,222	-	2,625,724
TOTAL UTILITY EXPENSES	172,145	-	-	-	-	2,120,177	2,292,322	175,487	-	-	-	-	2,120,177	-	2,295,664
TOTAL MAINTENANCE EXPENSES	459,118	5,000	81,969	5,600	4,420	2,899,664	3,455,771	585,518	5,000	81,969	5,600	4,420	2,899,664	-	3,582,171
TOTAL TAXES & INSURANCE EXPENSES	40,364	15,100	7,353	-	-	524,416	587,233	50,788	10,100	7,353	-	-	524,416	-	592,657
TOTAL EXPENSES	11,877,497	2,816,374	10,602,293	1,580,235	3,894,088	11,175,407	41,945,895	10,816,668	2,928,954	10,554,567	1,240,836	3,338,183	11,036,001	-	39,915,210
NET OPERATING INCOME	(2,297,546)	4,136,871	(642,162)	(299,973)	(807,887)	2,667,685	2,756,987	(1,846,389)	1,851,100	(563,496)	(275,835)	(516,486)	2,807,091	-	1,455,984
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	1,951,123	1,951,123	-	-	-	-	-	1,829,739	-	1,829,739
NET INCOME	(2,297,546)	4,136,871	(642,162)	(299,973)	(807,887)	716,562	805,864	(1,846,389)	1,851,100	(563,496)	(275,835)	(516,486)	977,352	-	(373,755)
UNRESTRICTED NET INCOME	(2,297,546)	3,497,921	(642,162)	(299,973)	(807,887)	534,774	(14,874)	(1,846,389)	1,212,150	-	(275,835)	(516,486)	577,777	-	(848,783)

## BOARD MEMO

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#	#	
<b>TO:</b>	Boards of Commissioners	<b>DATE:</b> November 12, 2020
	Fresno Housing	<b>BOARD MEETING:</b> November 17, 2020
<b>FROM:</b>	Preston Prince	<b>AGENDA ITEM:</b> 6b
	CEO/Executive Director	<b>AUTHOR:</b> Emily De La Guerra
<b>SUBJECT:</b>	Update on Housing Relinquished Fund Corp. (HRFC) Reserves	

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### Executive Summary

Staff will be presenting an update on the Housing Relinquished Fund Corporation (HRFC) cash reserves. The analysis will include actual inflows and outflows as of September 31, 2020, as well as current commitments

### Recommendation

No action is necessary. This item is informational only.



# Update on HRFC Reserves

*Boards of Commissioners Meeting*

*November 17, 2020*



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



# HRFC Reserves

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- The Housing Relinquished Fund (HRFC) reserves allow for the expansion of affordable housing
- Reserves have accumulated from various sources including:
  - Proceeds and loan repayments from development projects
  - Interest income from loans
  - Sales of properties
- HRFC reserves can be restricted by the Boards or agreements with HUD

# Current HRFC Reserves

<b>Cash Balance as of 12/31/2019</b>	<b>6.46</b>
<b>2020 Cash Inflow (Outflow):</b>	
Pre-development Reimbursement (January-June)	(1.49)
Pre-development Reimbursement- Solivita, Broadway, Paragon	0.16
Pre-development Reimbursement- Monarch at Chinatown	1.57
Loan to Monarch at Chinatown	(0.59)
Silvercrest Payment for Solivita Pre-development Expenses	1.61
Econo Inn North Reimburse Acquisition	0.05
Management Fee to FHA	(0.04)
Kingsburg Linnaea Loan	(0.08)
Kingsburg Linnaea Predev Reimbursement	0.23
Roosevelt Apt. Purchase	(0.41)
Villages at Broadway Predev Reimbursement	2.28
Firebaugh Gateway 2019 Waterfall Payment	0.04
H Street/Iron Bird Loan Payment from BOB	0.03
Parc Grove Parking Lot Reimbursement	0.50
Misc Operating Revenue/Expenses	0.07
<b>Cash Balance as of 09/30/2020</b>	<b>10.39</b>

- This list includes the major transactions that have occurred in 2020
- Cash balance as of 09/30/2020 is \$10.39 million



# Potential Cash Inflows

## **Potential Inflows**

<i>Magill Construction Loan Repayments</i>	<i>0.30</i>
<i>City of Clovis Reimbursement - Solivita</i>	<i>1.00</i>
<i>Waterfall Payments</i>	<i>0.65</i>
<i>The California Endowment Funding</i>	<i>5.00</i>
<b>Total</b>	<b>6.95</b>

- Staff conservatively estimates that HRFC will receive an estimated \$6.95 million in additional cash during 2020-2021
- Total amounts shown may change based on final calculations





# Outflows from HRFC

	Total Commitment 09/30/2020	Total Expenditures through 09/30/2020	Remaining Commitment
<b>Current Commitments</b>			
West Fresno Planning/CA Triangle	1.57	1.10	0.47
Chinatown	2.00	1.52	0.48
* Chestnut/Alluvial Property	2.90	-	2.90
General Pre-Development	0.60	0.41	0.19
<i>RAD Pre-developments</i>			
Blackstone/Simpson	3.00	1.61	1.39
Blackstone/Barstow	1.30	1.28	0.02
Other RAD Pre-Development	0.25	0.16	0.09
<i>Other Commitments</i>			
* HomeKey Commitment	0.50	-	0.50
Choice Neighborhoods Planning (CNI) Grant	0.02	-	0.02
466 N. Roosevelt	0.78	0.41	0.37
Parc Grove Phase IV & Parking Lot	0.70	0.60	0.10
<b>Total Commitments</b>	<b>13.62</b>	<b>7.09</b>	<b>6.53</b>

- Table above shows current commitments, total expenditures as of 09/30/20, and remaining commitments
- Items highlighted are pending approval from the Boards of Commissioners



# Cash Flow Projections

<b>Current Cash Balance as of 09/30/2020</b>	<b>10.39</b>
Potential Inflows	6.95
Remaining Commitments	(6.53)
<b>Uncommitted Cash</b>	<b>10.81</b>

- Total cash at 09/30/2020 is \$10.39 million
- Staff is conservatively estimating inflows of \$6.95 million and \$6.53 million in remaining commitments
- This leaves about \$10.81 million in uncommitted funds







Questions or  
Comments ?

## BOARD MEMO

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#  
**TO:** Boards of Commissioners

Fresno Housing Authority

**FROM:** Preston Prince

CEO/Executive Director

**DATE:** November 12, 2020

**BOARD MEETING:** November 17, 2020

**AGENDA ITEM:** 6c

**AUTHOR:** Lyric Aguigam

**SUBJECT:** Update on Moving to Work Demonstration Program & Application

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### Executive Summary

The purpose of this memo is to inform the Boards of Commissioners that a public hearing will be held at the regularly, scheduled board meeting on November 17, 2020. This is an opportunity for the public, residents and staff to provide feedback on FH's draft MTW application. Staff will also take this opportunity to present informational material to the Boards of Commissioners on MTW and hear any comments or feedback from the Boards on the draft application. The MTW application can be found on FH's website at [fresnohousing.org/mtw](http://fresnohousing.org/mtw).

### Background Information

The Moving to Work Demonstration Program began in 1996, and currently includes 39 MTW housing authorities nationwide. In 2016, an MTW Expansion Statute was passed, which requires HUD to increase the MTW Demonstration Program by one hundred PHAs over seven years. PHAs must be High Performers in either SEMAP or PHAS, represent geographic diversity across the country, and administer HCV's only, public housing only or both HCV's and public housing.

On March 14, 2019, HUD issued PIH Notice 2019-04, which offered eligible PHA's the opportunity to express interest in admission to the MTW program under Cohort #2, which would test rent reform policies and their impacts on families. Interested PHA's that met the eligibility criteria must have submitted a Letter of Interest package to HUD by June 12, 2019, which both the Housing Authority of the City of Fresno and the Housing Authority of Fresno County did.

On August 28, 2020, the Agency received PIH Notice 2020-21 from HUD, which requests MTW application submissions under Cohort #2 from eligible PHAs. In May 2019, the Boards approved the submission of a Letter of Intent to HUD stating the Agency's desire to obtain MTW status under the program expansion. In December 2019, the Agency received notification from HUD that our Letter of Intent was accepted under Cohort #2, which focuses on rent reform. Based on the material submitted, the Agency was deemed eligible to participate in the full application process. The Agency's MTW application timeline goes as follows:

- **October 1, 2020** – Notices sent to FH residents/program participants of the Agency’s intent to participate in the MTW Demonstration Program.
- **October 14, 2020** – Resident/program participant meeting
- **November 2, 2020** – Resident/program participant meeting
- **November 3, 2020** – Draft MTW Application available for public inspection (30-day public comment period begins)
- **November 17, 2020** – Public Hearing at FH Board of Commissioners Meeting
- **December 3, 2020** – Public Comment period ends
- **December 15, 2020** – FH Board of Commissioners asked to consider MTW plan
- **January 8, 2021** – MTW Application is due to HUD





# Moving to Work Demonstration Program

*Boards of Commissioners Meeting*

*November 17th, 2020*

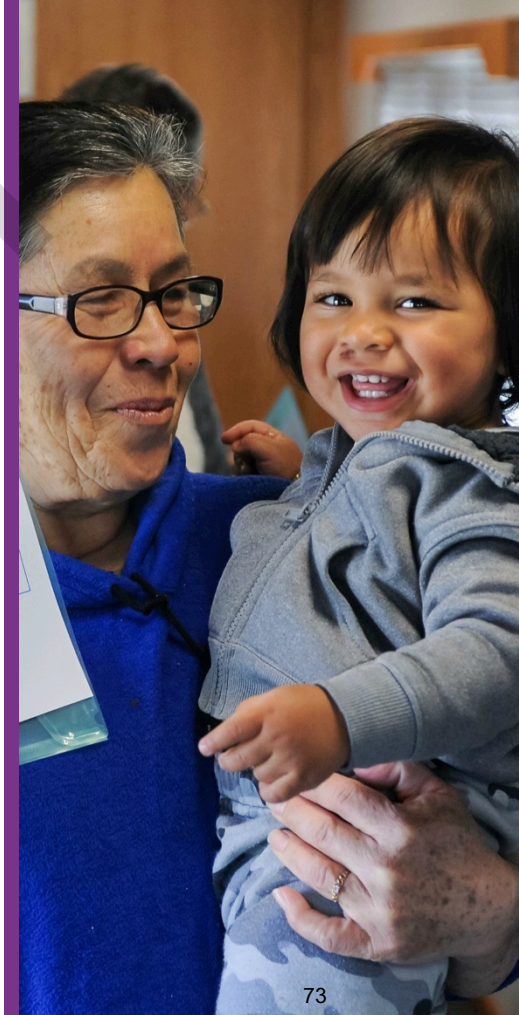


**FRESNO** VIBRANT  
COMMUNITIES  
QUALITY HOUSING **HOUSING** ENGAGED  
RESIDENTS



# What is Moving to Work? (MTW)

- Demonstration program established by HUD in 1996
- Offers Public Housing Agencies (PHAs) the opportunity to plan and test innovative, locally-designed housing and self-sufficiency strategies
- Gives PHAs flexibility to establish more cost-effective program administration
- Allows PHAs exceptions to certain Public Housing and Housing Choice Voucher (Section 8) rules and to use funds flexibly



# Our MTW Goals

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In alignment with our Strategic Plan, FH's MTW Goals include:

- Developing and maintaining quality affordable housing for low-income residents, giving them more **housing choice** along the entire spectrum of the housing continuum.
- Designing, implementing, and sustaining exceptional programs that invest in residents to become **self-sufficient** through an array of educational, employment, and economic platforms.
- Developing and promoting policies that increase **cost-effectiveness**, shifting our focus from paper to people and from outputs to outcomes.

# MTW Expansion – Rent Reform

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- Currently, PHAs are required to use the Brooke Amendment rent model (household rent payments are based on 30% of income)
  - This model includes complicated calculations for rent and adjustment gross income
  - Family rents increase as incomes increase
- Highlights of the Current Rent Policy:
  - A minimum rent of \$50
  - Household share of rent is based on adjusted annual income and includes a utility allowance
    - *Adjustments to annual income include number of dependents, childcare expenses, and unreimbursed medical expenses*
  - Requires households to pay at least 30% of adjusted annual income towards rent
  - Household income certification occurs at least every year



# Rent Reform Requirements & Goals

- Goals of the alternative rent model include:
  - Increase self-sufficiency
  - Operate more cost-effective programs
  - Increase housing choice
- FH would test the following alternative rent model on treatment group:
  - Test Rent #3: PHA can propose an alternative Rent Model
    - *Must be a tiered or stepped rent system*
    - *Must have a sample of at least 4,000 non-elderly/disabled households*





# Proposed Rent Policy

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- Highlights of the Proposed Rent Policy:
  - A minimum rent of \$75
  - Household share of rent is based on gross annual income and includes a utility allowance
  - Household share of rent is based on a Tiered Rent Schedule, which includes:
    - *Income-based tiers of \$5,000 increments*
    - *Within those tiers, rent is based on 28.5% of gross income at the midpoint of the tier*
    - *All households within a tier have the same rent*
  - Triennial recertification

# Proposed Rent Policy Structure

Tier	Tier Income minimum	Tier Income maximum	Tiered Rent
1	\$0	\$4,999	\$75
2	\$5,000	\$9,999	\$178
3	\$10,000	\$14,999	\$297
4	\$15,000	\$19,999	\$416
5	\$20,000	\$24,999	\$534
6	\$25,000	\$29,999	\$653
7	\$30,000	\$34,999	\$772
8	\$35,000	\$39,999	\$891
9	\$40,000	\$44,999	\$1,009
10	\$45,000	\$49,999	\$1,128
11	\$50,000	\$54,999	\$1,247
12	\$55,000	\$59,999	\$1,366
13	\$60,000	\$64,999	\$1,484
14	\$65,000	\$69,999	\$1,603

# Proposed Rent Policy Benefits

## Benefits of the Proposed Rent Policy:

- Income and Rent Calculations are simplified
- Household income certifications occur every 3 years
- Families are incentivized to increase their income
- Unlike the current policy, families are not “taxed” for annual income increases (mirrors the private market)
- Household Rents are relatively stable for 3 years
- Hardship Policy will provide protections for households experiencing significant losses of income or increases in expenses.

Tier	Tier Income minimum	Tier Income maximum	Tiered Rent	Rent Burden @ Minimum Income	Rent Burden @ Maximum Income	Rent Burden Reduction Potential
1	\$0	\$4,999	\$75	100%	18%	82%
2	\$5,000	\$9,999	\$178	43%	21%	22%
3	\$10,000	\$14,999	\$297	36%	24%	12%
4	\$15,000	\$19,999	\$416	33%	25%	8%
5	\$20,000	\$24,999	\$534	32%	26%	6%
6	\$25,000	\$29,999	\$653	31%	26%	5%
7	\$30,000	\$34,999	\$772	31%	26%	5%
8	\$35,000	\$39,999	\$891	31%	27%	4%
9	\$40,000	\$44,999	\$1,009	30%	27%	3%
10	\$45,000	\$49,999	\$1,128	30%	27%	3%
11	\$50,000	\$54,999	\$1,247	30%	27%	3%
12	\$55,000	\$59,999	\$1,366	30%	27%	3%
13	\$60,000	\$64,999	\$1,484	30%	27%	3%
14	\$65,000	\$69,999	\$1,603	30%	27%	3%

# Eligible/Excluded Households

- Eligible for alternative rent model:
  - Residents in both the PH and HCV programs
  - Existing assisted households and new households admitted during the enrollment period
- Excluded from alternative rent model:
  - Elderly and disabled households
    - *Families with a head of household, co-head and/or spouse aged 55 and above are also excluded.*
  - Households with special purpose and homeownership vouchers
  - Households paying a PH flat rent or ceiling rent
  - Households already participating in the Family Self-Sufficiency program
  - Households whose properties operate under PBRA/RAD program
  - Households who choose to move to another jurisdiction (portability)

*Note: Eligible and excluded households are subject to change prior to the enrollment period.*



# Rent Policies

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- The Current Rent Policy will continue to apply to excluded households
- During the enrollment period, all newly admitted and currently Eligible households will be randomly assigned, most likely via a lottery system, to either:
  - The Control Group – The Current Rent Policy will continue to apply to these households
  - The Treatment Group – The Alternative Rent Policy will apply to these households

# Proposed Rent Policy – Hardship Policy

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- Initial Hardship

- During the enrollment period, Fresno Housing will not expect any household to experience a more than 10% increase in rent
- Households that would experience a rent increase of more than 10% will be granted a hardship for at least 12 months
- These households will be placed in an appropriate rent tier that ensures that their rent increase is no more than 10%
- After 12 months, the household will be placed into the appropriate rent tier unless they apply for an ongoing hardship

- Ongoing Hardship

- After the enrollment period, If the household experiences a hardship (i.e. a significant loss of income or increase in medical expenses), an interim income certification is performed to adjust the family's tiered rent for a period of at least 6 months
- After 6 months, the household will be placed into the appropriate rent tier unless they re-apply for a hardship

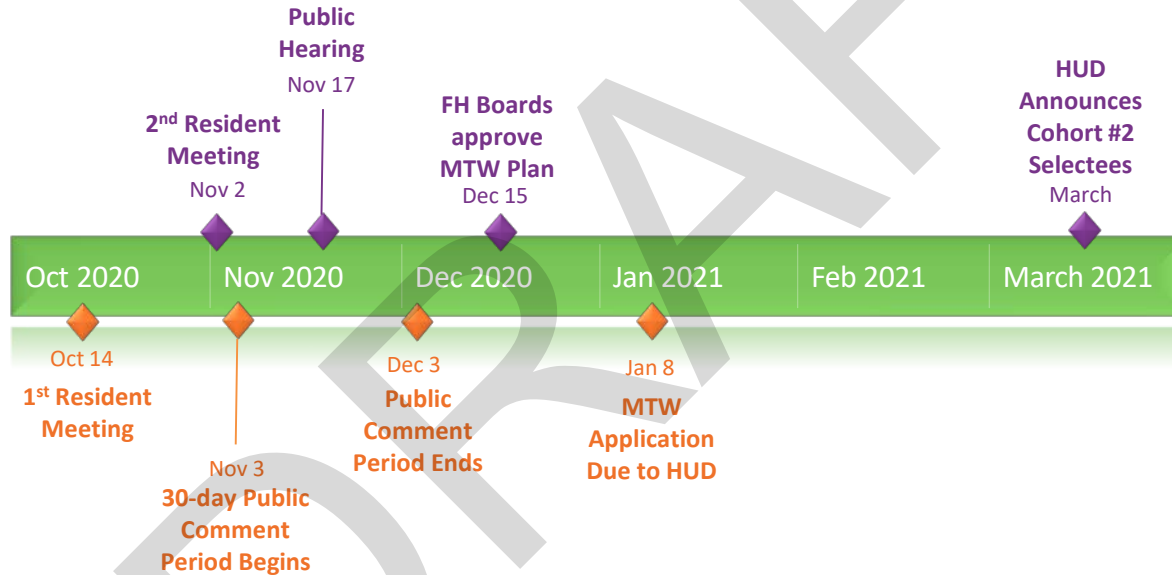
# Conclusion

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- If selected, HUD anticipates 6-12 months before policies are implemented
- Once Enrollment Period begins:
  - Households are randomly assigned to control or treatment group
  - Households undergo a regular income examination
  - HUD expects enrollment period to last approximately one year
- The study is expected to last 6 years after enrollment period is concluded

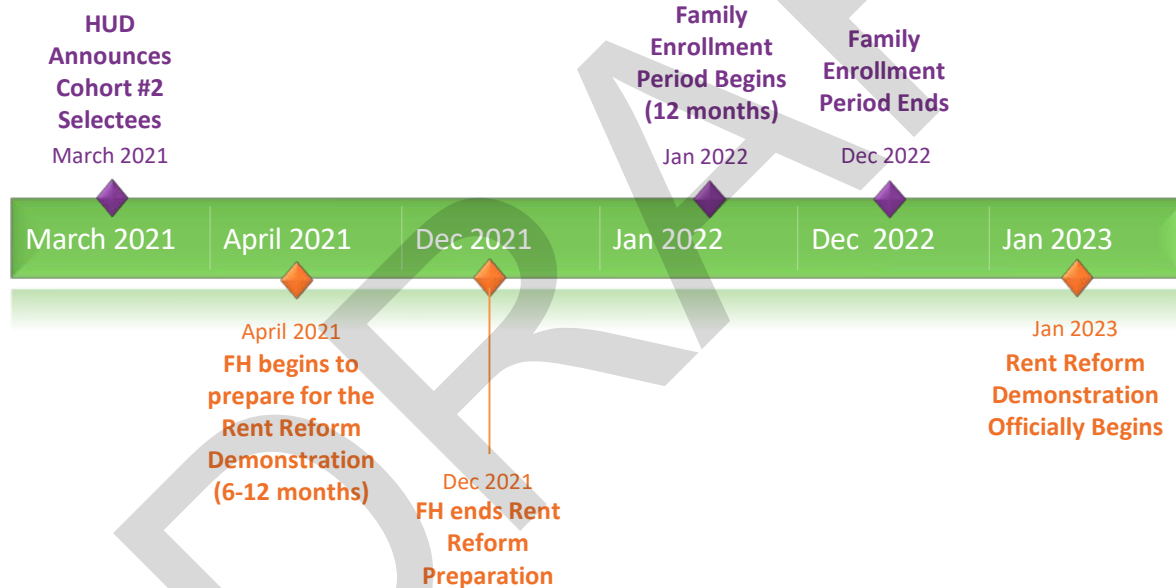


# MTW Demonstration Timeline

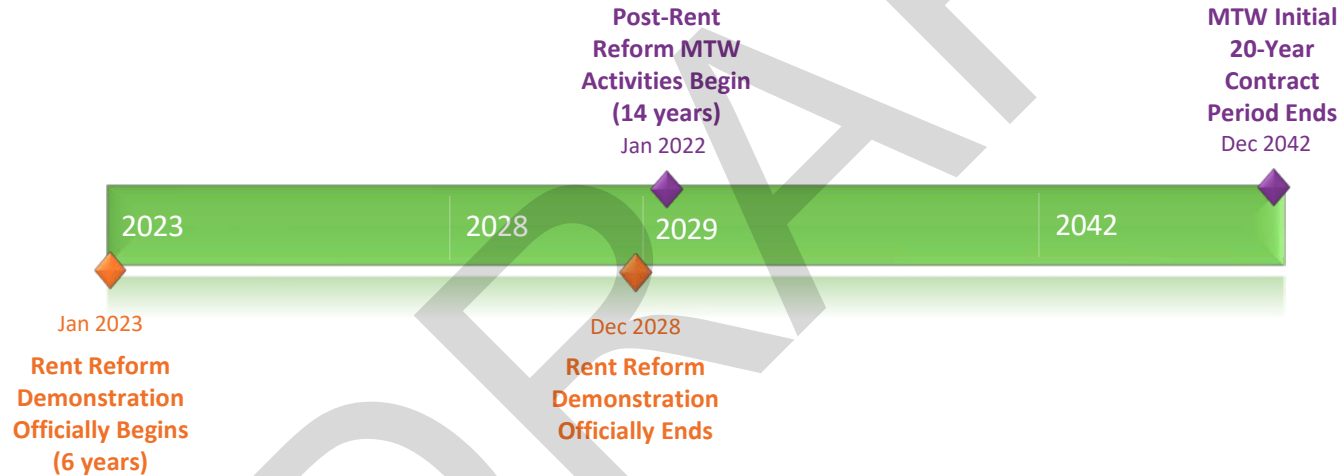




# MTW Demonstration Timeline cont.



# MTW Demonstration Timeline cont.



# Questions or Comments?

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*Email [mtw@fresnohousing.org](mailto:mtw@fresnohousing.org) with  
other questions or comments*

## BOARD MEMO

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**TO:** Boards of Commissioners

Fresno Housing

**FROM:** Preston Prince

CEO/ Executive Director

**DATE:** November 12, 2020

**BOARD MEETING:** November 17, 2020

**AGENDA ITEM:** 8a

**AUTHOR:** Lela Schwartz

**SUBJECT:** Approval of Omnibus Resolution for Homekey Project – Motel 99

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### Executive Summary

On August 25, 2020, the Boards of Commissioners approved ratification of the Motel 99 purchase and sale agreement (1240 Crystal Avenue, APN 449-232-01, 449-232-02) and submission of an application to the State of California Department of Housing and Community Development (HCD) Homekey program. On September 21, 2020, the governor's office announced a funding award for the Motel 99 project.

The purpose of this memo is to assign the Purchase and Sale Agreement (PSA) for Motel 99 to Silvercrest, Inc., authorize Silvercrest Inc. to execute the PSA and complete the acquisition, and delegate execution of Homekey program documents to staff, including but not limited to the Standard Agreement.

On October 15, 2020, HCD notified FH that the Agency is a candidate for additional operations funding for Homekey projects. New funding was made available through philanthropic donations from Kaiser Permanente and Blue Shield/Blue Cross and will be administered by Enterprise Community Partners, Inc. (Enterprise). Staff is also requesting that the Boards authorize entering into a grant agreement with Enterprise in preparation to accept additional operations funding.

Homekey uses federal Coronavirus Relief Fund (CRF) money to acquire under-utilized hotels, motels or other available properties. The source of funding mandates that the State and successful awardees spend all funds by December 31, 2020. Once acquired, Homekey properties will provide refuge for individuals or families that are experiencing homelessness or are at risk of homelessness and who are at high risk for serious illness and are impacted by COVID-19.

### Fiscal Impact

The California Department of Housing and Community Development (HCD) intends to award \$7,273,809 to the Housing Authority of the City of Fresno, CA for the Motel 99 site. This includes funding for the acquisition of the property, initial repairs, and operations subsidy.

Project	Acquisition Amount	Repairs & Soft Costs	Operations Subsidy	Homekey Award
Motel 99	\$4,425,000	\$834,125	\$2,014,684	\$7,273,809

### Recommendation

It is recommended that the Board of Commissioners of the Fresno Housing Authority approve the acquisition of the property and the delegation of activities associated with the Homekey program, and authorize Preston Prince, CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee, to negotiate and execute documents in connection with the approved actions:

1. Approve the assignment of the Purchase and Sale Agreement (PSA) to Silvercrest, Inc., and authorize Silvercrest, Inc. to acquire real property at 1240 Crystal Avenue, (APN 449-232-01, 449-232-02), referred to as "Motel 99," in the City of Fresno, CA for \$4,425,000, and execution of documents in connection with the transfer;
2. Authorize the undertaking of all necessary actions by FH and/or Silvercrest, Inc. associated with the execution of Homekey program documents for Motel 99, including the Standard Agreement with HCD and the Grant Agreement with Enterprise Community Partners;
3. Provide for other matters related thereto.

RESOLUTION NO. \_\_\_\_\_

BEFORE THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF CITY OF FRESNO, CALIFORNIA

RESOLUTION APPROVING THE ASSIGNMENT TO AND AUTHORIZATION BY  
SILVERCREST, INC. FOR THE ACQUISITION OF REAL PROPERTY LOCATED AT 1240  
CRYSTAL AVENUE, FRESNO, CA 93728 (APN: 449-232-02, 449-232-01) FROM ADINATH  
HOSPITALITY; ENTRANCE INTO GRANT AGREEMENT WITH ENTERPRISE  
COMMUNITY PARTNERS, INC.

WHEREAS, the Housing Authority of the City of Fresno, California (the “Agency”) desires to support housing opportunities for low and moderate income households within a variety of neighborhoods and to improve under-invested neighborhoods; and

WHEREAS, on August 25, 2020, the Board of Commissioners ratified entry into a Purchase and Sale Agreement (PSA) with Adinath Hospitality (“the Seller”) to acquire real property located at 1240 Crystal Avenue (APN: 449 232 01 and 449 232 02) (the “Property”) in the City of Fresno, for \$4,425,000; and

WHEREAS, on August 25, 2020, the Board of Commissioners approved the submission of an application to the California Department of Housing and Community Development’s Homekey program (hereafter “HCD”) and execution of documents related thereto; and

WHEREAS, Staff has completed all inspections and reports necessary to close on the acquisition of the property; and

WHEREAS, on September 21, 2020, HCD announced an award of Homekey funds for the Motel 99 project;

WHEREAS, execution of an HCD Standard Agreement must occur prior to acquisition of the property,

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Fresno, California hereby authorizes Preston Prince, the CEO/Executive

Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee, to undertake the following actions needed to move forward with the Motel 99 project (APN: 449-232-01, 449-232-02):

1. Approve the assignment of the Purchase and Sale Agreement (PSA) to Silvercrest, Inc., and authorize Silvercrest, Inc. to acquire real property at 1240 Crystal Avenue, Fresno, CA (APN 449-232-01, 449-232-02), referred to as "Motel 99," from Adinath Hospitality for \$4,425,000, and execution of documents in connection with the transfer.
2. Approve the undertaking of all necessary actions by FH and/or Silvercrest, Inc. associated with the execution of Homekey program documents for Motel 99, including the Standard Agreement with HCD and the Grant Agreement with Enterprise Community Partners.
3. Provide for other matters related thereto.

PASSED AND ADOPTED THIS 17<sup>th</sup> DAY OF NOVEMBER 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners

# BOARD MEMO

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#

**TO:** Boards of Commissioners

Fresno Housing

**FROM:** Preston Prince

CEO/ Executive Director

**DATE:** November 12, 2020

**BOARD MEETING:** November 17, 2020

**AGENDA ITEM:** 8b

**AUTHOR:** Lela Schwartz

**SUBJECT:** Approval to Assign to and Authorize Silvercrest Inc. in the Acquisition of Day's Inn and Execution of Homekey Documents; Entrance into Grant Agreement with Enterprise

## Executive Summary

On August 25, 2020, the Boards of Commissioners approved ratification of the Day's Inn (1101 N. Parkway Drive, APN 449-270-41) purchase and sale agreement and submission of applications to the Homekey program. On October 28, 2020, the governor's office announced the funding award for the Day's Inn. The award included funding for acquisition, repairs, and soft costs.

The purpose of this memo is to assign the Purchase and Sale Agreement (PSA) for the Day's Inn to Silvercrest, Inc., authorize Silvercrest Inc. to execute the PSA and complete the acquisition, and delegate execution of Homekey program documents to staff, including but not limited to the Standard Agreement.

On October 15, 2020, the State of California Department of Housing and Community Development (HCD) notified FH that the Agency is a candidate for additional operations funding for Homekey projects through philanthropic donations. The Homekey Award on October 28, 2020 did not include any additional funding for operations. HCD has indicated that this additional operations funding may become available in the coming months, therefore staff is also requesting that the Boards authorize entering into a grant agreement with Enterprise in preparation to accept additional operations funding, should that funding become available and the Day's Inn project is selected for award.

Homekey uses federal Coronavirus Relief Fund (CRF) money to acquire under-utilized hotels, motels or other available properties. The source of funding mandates that the State and successful awardees are required to spend all funds by December 31, 2020. Once acquired, Homekey properties will provide refuge for individuals or families that are experiencing homelessness or are at risk of homelessness and who are at high risk for serious illness and are impacted by COVID-19.

## Fiscal Impact

The California Department of Housing and Community Development (HCD) intends to award \$5,858,779 to the Housing Authority of the City of Fresno, CA



for the Day's Inn site. This includes funding for the acquisition of the property and initial repairs.

Project	Acquisition Amount	Repairs & Soft Costs	Homekey Award
Day's Inn	\$4,790,000	\$1,068,779	\$5,858,779

### **Recommendation**

It is recommended that the Board of Commissioners of the Fresno Housing Authority approve the acquisition of the property and the delegation of activities associated with the Homekey program, and authorize Preston Prince, CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee, to negotiate and execute documents in connection with the approved actions:

1. Approve the assignment of the Purchase and Sale Agreement (PSA) to Silvercrest, Inc., and authorize Silvercrest, Inc. to acquire real property at 1101 N. Parkway Drive, (APN 449-270-41), referred to as "Day's Inn," in the City of Fresno for \$4,790,000, and execution of documents in connection with the transfer;
2. Authorize the undertaking of all necessary actions associated with the execution of Homekey program documents for Day's Inn, including the Standard Agreement with HCD and the Grant Agreement with Enterprise Community Partners;
3. Provide for other matters related thereto.

RESOLUTION NO. \_\_\_\_\_

BEFORE THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF CITY OF FRESNO, CALIFORNIA

RESOLUTION APPROVING THE ASSIGNMENT TO AND AUTHORIZATION BY SILVERCREST, INC. FOR THE ACQUISITION OF REAL PROPERTY LOCATED AT 1101 N. PARKWAY DRIVE, FRESNO, CA 93728 (APN: 449-270-41) FROM THE DAY'S INN OF FRESNO PARTNERSHIP; EXECUTION OF DOCUMENTS FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT; AND ENTRANCE INTO A GRANT AGREEMENT WITH ENTERPRISE COMMUNITY PARTNERS, INC.

WHEREAS, the Housing Authority of the City of Fresno, California (the "Agency") desires to support housing opportunities for low and moderate income households within a variety of neighborhoods and to improve under-invested neighborhoods; and

WHEREAS, on August 25, 2020, the Board of Commissioners ratified entry into a Purchase and Sale Agreement (PSA) with the Day's Inn of Fresno Partnership ("the Seller") to acquire real property located at 1101 N. Parkway Drive, Fresno, California (APN: 449-270-41) in the City of Fresno, for \$4,790,000; and

WHEREAS, on August 25, 2020, the Board of Commissioners approved the submission of an application to the California Department of Housing and Community Development's Homekey program (hereafter "HCD") and execution of documents related thereto; and

WHEREAS, Staff has completed all inspections and reports necessary to close on the acquisition the property; and

WHEREAS, on October 28, 2020, HCD announced an award of Homekey funds for the Day's Inn project; and

WHEREAS, execution of an HCD Standard Agreement must occur prior to acquisition of the property; and

WHEREAS, operations funding may become available through philanthropic donations, administered through Enterprise Community Partners, Inc.; and

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Fresno, California hereby authorizes Preston Prince, the CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee, to undertake the following actions needed to move forward with the Day's Inn project (APN: 449-270-41):

1. Approve the assignment of the Purchase and Sale Agreement (PSA) to Silvercrest, Inc., and authorize Silvercrest, Inc. to acquire real property at 1101 N. Parkway Drive, Fresno, CA (APN 449-270-41), referred to as "Day's Inn," from the Day's Inn Fresno Partnership for \$4,790,000, and execution of documents in connection with the transfer;
2. Authorize the undertaking of all necessary actions associated with the execution of Homekey program documents for Day's Inn, including the Standard Agreement with HCD and the Grant Agreement with Enterprise Community Partners;
3. Provide for other matters related thereto.

PASSED AND ADOPTED THIS 17<sup>th</sup> DAY OF NOVEMBER 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners

## BOARD MEMO

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**TO:** Boards of Commissioners

Fresno Housing

**FROM:** Preston Prince

CEO/ Executive Director

**DATE:** November 12, 2020

**BOARD MEETING:** November 17, 2020

**AGENDA ITEM:** 8c

**AUTHOR:** Lela Schwartz

**SUBJECT:** Approval to Assign to and Authorize Silvercrest Inc. in the Acquisition of Parkside Inn and Execution of Homekey Documents; Entrance into Grant Agreement with Enterprise

### Executive Summary

On August 25, 2020, the Boards of Commissioners approved ratification of the Parkside Inn (1415 W. Olive Avenue, APN 449-270-56) purchase and sale agreement and submission of application to the Homekey program. On October 28, 2020, the governor's office announced funding awards for the Parkside Inn. The award included funding for acquisition, repairs, and soft costs.

The purpose of this memo is to assign the Purchase and Sale Agreement (PSA) for Parkside Inn to Silvercrest, Inc., authorize Silvercrest Inc. to execute the PSA and complete the acquisition, and delegate execution of Homekey program documents to staff, including but not limited to the Standard Agreement.

On October 15, 2020, the State of California Department of Housing and Community Development (HCD) notified FH that the Agency is a candidate for additional operations funding for Homekey projects through philanthropic donations. The Homekey Award on October 28, 2020 did not include any additional funding for operations. HCD has indicated that this additional operations funding may become available in the coming months, therefore staff is also requesting that the Boards authorize entering into a grant agreement with Enterprise in preparation to accept additional operations funding, should that funding become available and the Parkside Inn project is selected for award.

Homekey uses federal Coronavirus Relief Fund (CRF) money to acquire under-utilized hotels, motels or other available properties. The source of funding mandates that the State and successful awardees are required to spend all funds by December 31, 2020. Once acquired, Homekey properties will provide refuge for individuals or families that are experiencing homelessness or are at risk of homelessness and who are at high risk for serious illness and are impacted by COVID-19.

### Fiscal Impact

The California Department of Housing and Community Development (HCD) intends to award \$3,759,124 to the Housing Authority of the City of Fresno, CA

for the Parkside Inn site. This includes funding for the acquisition of the property and initial repairs.

Project	Acquisition Amount	Repairs & Soft Costs	Homekey Award
Parkside Inn	\$3,000,000	\$759,124	\$3,759,124

### **Recommendation**

It is recommended that the Board of Commissioners of the Fresno Housing Authority approve the acquisition of the property and the delegation of activities associated with the Homekey program, and authorize Preston Prince, CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee, to negotiate and execute documents in connection with the approved actions:

1. Approve the assignment of the Purchase and Sale Agreement (PSA) to Silvercrest, Inc., and authorize Silvercrest, Inc. to acquire real property at 1415 W. Olive Avenue, (APN 449-270-56), referred to as "Parkside Inn," in the City of Fresno for \$3,000,000, and execution of documents in connection with the transfer;
2. Authorize the undertaking of all necessary actions associated with the execution of Homekey program documents for Parkside Inn, including the Standard Agreement with HCD and the Grant Agreement with Enterprise Community Partners;
3. Provide for other matters related thereto.

**RESOLUTION NO. \_\_\_\_\_**

**BEFORE THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF CITY OF FRESNO, CALIFORNIA**

**RESOLUTION APPROVING THE ASSIGNMENT TO AND AUTHORIZATION BY  
SILVERCREST, INC. FOR THE ACQUISITION OF REAL PROPERTY LOCATED AT 1415  
W. OLIVE AVENUE, FRESNO, CA 93728 (APN: 449-270-56) FROM AKSHAR, INC. AND  
EXECUTION OF DOCUMENTS FROM THE CALIFORNIA DEPARTMENT OF HOUSING  
AND COMMUNITY DEVELOPMENT; ENTRANCE INTO A GRANT AGREEMENT WITH  
ENTERPRISE COMMUNITY PARTNERS, INC.**

WHEREAS, the Housing Authority of the City of Fresno, California (the “Agency”) desires to support housing opportunities for low and moderate income households within a variety of neighborhoods and to improve under-invested neighborhoods; and

WHEREAS, on August 25, 2020, the Board of Commissioners ratified entry into a Purchase and Sale Agreement (PSA) with Akshar, Inc. (“the Seller”) to acquire real property located at 1415 W. Olive Avenue, Fresno, California (APN: 449-270-56) in the City of Fresno, for \$3,000,000; and

WHEREAS, on August 25, 2020, the Board of Commissioners approved the submission of an application to the California Department of Housing and Community Development’s Homekey program (hereafter “HCD”) and execution of documents related thereto; and

WHEREAS, Staff has completed all inspections and reports necessary to close on the acquisition the property; and

WHEREAS, on October 9, 2020, HCD announced an award of Homekey funds for the Parkside Inn project; and

WHEREAS, execution of an HCD Standard Agreement must occur prior to acquisition of the property; and

WHEREAS, operations funding may become available through philanthropic donations, administered through Enterprise Community Partners, Inc.; and

WHEREAS, the Agency is authorized, among other things, to enter into partnership agreements and to make loans to partnerships to finance, plan, undertake, construct, acquire and operate housing projects;

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Fresno, California hereby authorizes Preston Prince, the CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee, to undertake the following actions needed to move forward with the Parkside Inn project (APN: 449-270-56):

1. Approve the assignment of the Purchase and Sale Agreement (PSA) Silvercrest, Inc., and Authorize Silvercrest, Inc. to acquire real property at 1415 W. Olive Avenue, Fresno, CA (APN 449-270-56), referred to as "Parkside Inn," from Akshar, Inc. for \$3,000,000, and execution of documents in connection with the transfer;
2. Authorize the undertaking of all necessary actions associated with the execution of Homekey program documents for Parkside Inn, including the Standard Agreement with HCD and the Grant Agreement with Enterprise Community Partners;
3. Provide for other matters related thereto.

PASSED AND ADOPTED THIS 17<sup>th</sup> DAY OF NOVEMBER 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners

## BOARD MEMO

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Fresno, California 93721  
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#

**TO:** Boards of Commissioners  
Fresno Housing  
**FROM:** Preston Prince  
CEO/ Executive Director

**DATE:** November 12, 2020

**BOARD MEETING:** November 17, 2020

**AGENDA ITEM:** 8d

**AUTHOR:** Lela Schwartz

**SUBJECT:** Approval to Assign to and Authorize Silvercrest Inc. in the Acquisition of Welcome Inn and Execution of Homekey Documents; Entrance into Grant Agreement with Enterprise

### Executive Summary

On August 25, 2020, the Boards of Commissioners approved ratification of the Welcome Inn (777 N. Parkway Drive, APN 449-335-19, 449-342-01) purchase and sale agreement and submission of application to the Homekey program. On October 28, 2020, the governor's office announced a funding award for the Welcome Inn. The award included funding for acquisition, repairs, and soft costs.

The purpose of this memo is to assign the Purchase and Sale Agreement (PSA) for the Welcome Inn to Silvercrest, Inc., authorize Silvercrest Inc. to execute the PSA and complete the acquisition, and delegate execution of Homekey program documents to staff, including but not limited to the Standard Agreement.

On October 15, 2020, the State of California Department of Housing and Community Development (HCD) notified FH that the Agency is a candidate for additional operations funding for Homekey projects through philanthropic donations. The Homekey Award on October 28, 2020 did not include any additional funding for operations. HCD has indicated that this additional operations funding may become available in the coming months, therefore staff is also requesting that the Boards authorize entering into a grant agreement with Enterprise in preparation to accept additional operations funding, should that funding become available and the Welcome Inn project is selected for award.

Homekey uses federal Coronavirus Relief Fund (CRF) money to acquire under-utilized hotels, motels or other available properties. The source of funding mandates that the State and successful awardees are required to spend all funds by December 31, 2020. Once acquired, Homekey properties will provide refuge for individuals or families that are experiencing homelessness or are at risk of homelessness and who are at high risk for serious illness and are impacted by COVID-19.



### **Fiscal Impact**

The California Department of Housing and Community Development (HCD) intends to award \$5,306,163 to the Housing Authority of the City of Fresno, CA for the Welcome Inn site. This includes funding for the acquisition of the property and initial repairs.

Project	Acquisition Amount	Repairs & Soft Costs	Homekey Award
Welcome Inn	\$4,400,000	\$906,163	\$5,306,163

### **Recommendation**

It is recommended that the Board of Commissioners of the Fresno Housing Authority approve the acquisition of the property and the delegation of activities associated with the Homekey program, and authorize Preston Prince, CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee, to negotiate and execute documents in connection with the approved actions:

1. Approve the assignment of the Purchase and Sale Agreement (PSA) to Silvercrest, Inc., and authorize Silvercrest, Inc. to acquire real property at 777 N. Parkway Drive, Fresno, CA (APN 449-335-19, 449-342-01), referred to as "Welcome Inn," for \$4,400,000, and execution of documents in connection with the transfer;
2. Authorize the undertaking of all necessary actions associated with the execution of Homekey program documents for Welcome Inn, including the Standard Agreement with HCD and the Grant Agreement with Enterprise Community Partners;
3. Provide for other matters related thereto.

**RESOLUTION NO. \_\_\_\_\_**

**BEFORE THE BOARD OF COMMISSIONERS OF THE**

**HOUSING AUTHORITY OF CITY OF FRESNO, CALIFORNIA**

**RESOLUTION APPROVING THE ASSIGNMENT TO AND AUTHORIZATION BY SILVERCREST, INC. FOR THE ACQUISITION OF REAL PROPERTY LOCATED AT 777 N. PARKWAY DRIVE, FRESNO, CA 93728 (APN: 449-335-19, 449-342-01) FROM SHRIGI, INC. AND EXECUTION OF DOCUMENTS FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT; ENTRANCE INTO A GRANT AGREEMENT WITH ENTERPRISE COMMUNITY PARTNERS, INC.**

WHEREAS, the Housing Authority of the City of Fresno, California (the “Agency”) desires to support housing opportunities for low and moderate income households within a variety of neighborhoods and to improve under-invested neighborhoods; and

WHEREAS, on August 25, 2020, the Board of Commissioners ratified entry into a Purchase and Sale Agreement (PSA) with Shrigi, Inc. (“the Seller”) to acquire real property located at 777 N. Parkway Drive, Fresno, California (APN: 449-335-19, 449-342-01) in the City of Fresno, for \$4,400,000; and

WHEREAS, on August 25, 2020, the Board of Commissioners approved the submission of an application to the California Department of Housing and Community Development’s Homekey program (hereafter “HCD”) and execution of documents related thereto; and

WHEREAS, Staff has completed all inspections and reports necessary to close on the acquisition of the property; and

WHEREAS, on October 28, 2020, HCD announced an award of Homekey funds for the Welcome Inn project; and

WHEREAS, execution of an HCD Standard Agreement must occur prior to acquisition of the property; and

WHEREAS, operations funding may become available through philanthropic donations, administered through Enterprise Community Partners, Inc.; and

WHEREAS, the Agency is authorized, among other things, to enter into partnership agreements and to make loans to partnerships to finance, plan, undertake, construct, acquire and operate housing projects;

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Fresno, California hereby authorizes Preston Prince, the CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee, to undertake the following actions needed to move forward with the Welcome Inn project (APN: 449-335-19, 449-342-01):

1. Approve the assignment of the Purchase and Sale Agreement (PSA) to Silvercrest, Inc., and authorize Silvercrest, Inc. to acquire real property at 777 N. Parkway Drive, Fresno, CA (APN 449-335-19, 449-342-01), referred to as "Welcome Inn," from Shrigi, Inc. for \$4,400,000, and execution of documents in connection with the transfer;
2. Authorize the undertaking of all necessary actions associated with the execution of Homekey program documents for Welcome Inn, including the Standard Agreement with HCD and the Grant Agreement with Enterprise Community Partners;
3. Provide for other matters related thereto.

PASSED AND ADOPTED THIS 17<sup>th</sup> DAY OF NOVEMBER 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners

## BOARD MEMO

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 Fresno, California 93721  
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**TO:** Boards of Commissioners

Fresno Housing Authority

**FROM:** Preston Prince

CEO/Executive Director

**DATE:** November 12, 2020

**BOARD MEETING:** November 17, 2020

**AGENDA ITEM:** 8e

**AUTHOR:** Tracewell Hanrahan

**SUBJECT:** Commitment of Funding for the Interim Housing Operations of Homekey Motels (Day's Inn, Motel 99, Welcome Inn, Parkside Inn)

### Summary

On October 29, 2020, the California Department of Housing and Community Development (HCD) announced the final awards of Homekey projects for Fresno Housing. In total, the agency received four awards in the City of Fresno totaling \$22,197,875. After the grant award and the acquisitions are complete, FH will retain \$16,615,000 in assets for future redevelopment.

Project HomeKey Funding: Development and Op Subsidy (Yr 1-2)					10.29.20
	# of Doors	Acquisition	Repairs & Soft Costs	Op Subsidy	Total
Days Inn	98	\$ 4,790,000	\$ 1,068,779	\$ -	\$ 5,858,779
Motel 99	99	\$ 4,425,000	\$ 834,125	\$ 2,014,684	\$ 7,273,809
Parkside Inn	50	\$ 3,000,000	\$ 759,124	\$ -	\$ 3,759,124
Welcome Inn	80	\$ 4,400,000	\$ 906,163	\$ -	\$ 5,306,163
TOTAL	327	\$ 16,615,000	\$ 3,568,191	\$ 2,014,684	\$ 22,197,875

As part of the requirement to secure this funding and these assets, Sponsors must be able to document the capacity to provide operating funds for the projects for five years of interim housing, regardless of when the Sponsor/Developer plans to convert the units into permanent housing during that five year period. Staff developed and submitted five-year interim housing operating budgets for the four Homekey Projects located in the City of Fresno. Final budgets were reviewed and approved by HCD. These budgets show the following combined operational and services expenses.

Five Year Operational Expenses - HomeKey Motels					
Year 1	Year 2	Year 3	Year 4	Year 5	Total
3,705,191	3,834,873	3,969,093	4,108,011	4,251,792	\$ 19,868,960

Since FH intends to convert several of these motels to permanent housing before the end of the five year term, these expense budgets should be considered a maximum for interim operations.

Staff has worked diligently with the City of Fresno and other key partners, including Turning Point of Central California, the County of Fresno, Live Again Fresno, Enterprise Community Partners, and others to secure operational support. In total, Staff has secured commitments for \$12,382,788 worth of operating support. This commitment covers all five years at Parkside Inn, the first two years at Motel 99, Welcome Inn and Days Inn and partial support for operations during years 3-5 for Motel 99, Welcome Inn and Days Inn. Specific commitments are listed below:

- City of Fresno: \$6,842,138
- Turning Point of California \$3,025,966
- Project HomeKey (Enterprise) \$2,014,684
- County of Fresno (DSS) \$ 500,000

The remaining operations commitment required for Fresno Housing to secure the total Homekey Funding of \$22,197,875 is \$5,743,482, net of rents and commitments. The annual estimated maximum commitment from Fresno Housing assuming that none of these motels convert to permanent housing until after Year 5 is currently is listed below.

<b>Five Year FH Operating Commitments - HomeKey Motels</b>					
<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
0	0	1,632,194	1,937,852	2,173,436	\$ 5,743,482

Staff is developing a plan for the conversion of each of the motels into permanent housing between year 2 and year 5 of the operations commitment, and therefore a maximum obligation for FH during the interim phase. Once converted, the projects will operate sustainably and no longer require operating support from the Housing Authority as operations will be incorporated into the development planning, as usual, and operating reserves will be capitalized as necessary. As an example, if Motel 99 is converted to permanent housing by Year 3, the overall expenses for the portfolio could be reduced by as much as \$3.5 million.

Again, despite conversion plans and likely expense reductions, HCD requires Fresno Housing to provide the operating guarantee for the full five years. HCD does not, however, require the agency to specify the source of the future funding. Staff has compiled a variety of sources from which this funding could come in Years 3-5 based on current sources of funding regularly available. Sources of funding could include the following:

- FH Operating Reserves \$7.2 million (estimated 12/31/2020)
- HRFC Reserves \$10.8 million (as of 11/30/2020)
- Waterfall Payments \$1.5 million (average annual estimate)
- CoC/Rapid Rehousing \$650 thousand (annual estimate)
- HOME TBRA \$600 thousand (annual estimate)

Staff will continue to work with various partners to secure additional funding sources for operations and supportive services to reduce the overall commitment of Fresno Housing. Staff will provide the Boards of Commissioners with semi-annual operations reports and include the specific funding requests during the annual operating budget process for the agency for Years 3 (2023), 4 (2024), and 5 (2025). In addition, the

Boards of Commissioners will be updated regularly during the next five years regarding the real estate development plans that will include the conversion to permanent housing for each of these sites. Financial commitments from HRFC and other gap financing for the permanent conversions will be included in those development discussions, as well as the anticipated reduction of the operations guarantee for each of the motel sites while they remain in the interim housing phase.

### **Fiscal Impact**

The potential fiscal impact could be up to \$5,743,482 coming from various sources across the agency during the five year guarantee period.

This amount covers five years of full operating expense coverage at full capacity for the properties as they operate as interim housing, even if those costs are unlikely to ever be incurred. Staff is continuing to work diligently to secure additional operational support from key partners.

### **Recommendation**

It is recommended that the Boards of Commissioners adopt a resolution providing an operational commitment of up to \$5,743,482 for five years for the Homekey Properties. Should operational funding be needed for any of the HomeKey Properties, funding can be allocated from a variety of sources available to the agency as described in this memo.

Attachments: Exhibit A – Days Inn 5-Year Cash Flow  
Exhibit B – Motel 99 5-Year Cash Flow  
Exhibit C – Parkside Inn 5-Year Cash Flow  
Exhibit D – Welcome Inn 5-Year Cash Flow  
Exhibit E - Portfolio 5-Year Cash Flow

**RESOLUTION NO. \_\_\_\_\_**

**BEFORE THE BOARD OF COMMISSIONERS OF THE**

**HOUSING AUTHORITY OF THE CITY OF FRESNO**

**RESOLUTION TO APPROVE A COMMITMENT OF FUNDING FOR INTERIM HOUSING  
OPERATIONS OF UP TO \$5,743,482 FOR FIVE YEARS FOR THE HOMEKEY MOTEL  
PROJECTS**

**WHEREAS**, the Housing Authority of the City of Fresno (Agency), California seeks to expand the availability of affordable rental housing and to low income persons within the City of Fresno; and

**WHEREAS**, the Agency intends to facilitate the redevelopment, rehabilitation, and operation of various motels within the City of Fresno according to the guidelines of the State of California's Department of Housing and Community Development's (HCD) Homekey program; and

**WHEREAS**, Homekey uses federal Coronavirus Relief Fund (CRF) money to acquire under-utilized hotels, motels, or other available properties to provide refuge for individuals or families that are experiencing homelessness or are at risk of homelessness and who are at high risk for serious illness and are impacted by COVID-19; and

**WHEREAS**, HCD requires that all successful awardees are required to spend all funds by December 30, 2020; and

**WHEREAS**, the Agency must demonstrate to HCD the ability to provide operational funding support to the Homekey projects in an amount not to exceed \$5,743,482; and

**WHEREAS**, the Agency has a variety of sources from which this funding could be obtained in Years 3-5 that include Agency operating reserves, Housing Relinquished Fund Corporation reserves, waterfall payments, HOME TBRA, limited preference vouchers, and CoC Rapid Rehousing funds; and

**WHEREAS**, the Agency expects to secure additional operations funding for years one through five of the Homekey projects' operations;

**NOW THEREFORE, BE IT RESOLVED** that the Board of Commissioners of the Housing Authority of the City of Fresno do hereby authorize a funding commitment for up to \$5,743,482 for interim housing operations for five years related to the Homekey motel projects and authorize Preston Prince, CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee to negotiate and execute all related documents.



PASSED AND ADOPTED THIS 17<sup>th</sup> DAY OF NOVEMBER, 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners

**RESOLUTION NO. \_\_\_\_\_**

**BEFORE THE BOARD OF COMMISSIONERS OF THE**

**HOUSING AUTHORITY OF FRESNO COUNTY**

**RESOLUTION TO APPROVE A COMMITMENT OF FUNDING FOR INTERIM HOUSING  
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PROJECTS**

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**WHEREAS**, the Agency must demonstrate to HCD the ability to provide operational funding support to the Homekey projects in an amount not to exceed \$5,743,482; and

**WHEREAS**, the Agency has a variety of sources from which this funding could be obtained in Years 3-5 that include Agency operating reserves, Housing Relinquished Fund Corporation reserves, waterfall payments, HOME TBRA, limited preference vouchers, and CoC Rapid Rehousing funds; and

**WHEREAS**, the Agency expects to secure additional operations funding for years one through five of the Homekey projects' operations;

**NOW THEREFORE, BE IT RESOLVED** that the Board of Commissioners of the Housing Authority of Fresno County do hereby authorize a funding commitment for up to \$5,743,482 for interim housing operations for five years related to the Homekey motel projects and authorize Preston Prince, CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee to negotiate and execute all related documents.

PASSED AND ADOPTED THIS 17<sup>th</sup> DAY OF NOVEMBER, 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners

# Exhibit A

## 5 Year Cash Flow Projections : Days Inn

Total Number of Homekey Assisted Units: 98

Total Number of Units: 98

INCOME FROM HOUSING UNITS		Inflation	Year 1	Year 2	Year 3	Year 4	Year 5
Proposed Homekey Assisted Unit Rents		2.5%	\$ 180,000	\$ 184,500	\$ 189,113	\$ 193,840	\$ 198,686
Tenant Assistance Payments							
Program:	FHA (HK) Operating Subsidy	2.5%	\$ -	\$ -			
Program:	City of Fresno Operating Subsidy	2.5%	\$ 806,455	\$ 840,688	\$ 340,000	\$ -	\$ -
Program:	FHA Operating Subsidy	2.5%	\$ -		\$ 526,053	\$ 898,365	\$ 931,224
Other: (specify)		2.5%	\$ -	\$ -	\$ -	\$ -	\$ -
<b>GROSS POTENTIAL INCOME - HOUSING</b>			<b>\$ 986,455</b>	<b>\$ 1,025,188</b>	<b>\$ 1,055,166</b>	<b>\$ 1,092,205</b>	<b>\$ 1,129,910</b>
<b>VACANCY ASSUMPTIONS</b>							
Restricted Units Rent		5.0%	\$ 9,000	\$ 9,225	\$ 9,456	\$ 9,692	\$ 9,934
Operating Subsidy		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL VACANCY LOSS</b>			<b>\$ 9,000</b>	<b>\$ 9,225</b>	<b>\$ 9,456</b>	<b>\$ 9,692</b>	<b>\$ 9,934</b>
<b>EFFECTIVE GROSS INCOME</b>			<b>\$ 977,455</b>	<b>\$ 1,015,963</b>	<b>\$ 1,045,710</b>	<b>\$ 1,082,513</b>	<b>\$ 1,119,976</b>
<b>OP. EXP. &amp; RESERVE DEPOSITS</b>		Inflation					
Residential Operating Expenses		3.5%	\$ 555,955	\$ 575,413	\$ 595,553	\$ 616,397	\$ 637,971
Supportive Services Costs		3.5%	\$ 420,000	\$ 434,700	\$ 449,915	\$ 465,662	\$ 481,960
HCD Required Replacement Reserve		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
HCD Required Other Reserve Deposits		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OPERATING EXPENSES &amp; RESERVES</b>			<b>\$ 975,955</b>	<b>\$ 1,010,113</b>	<b>\$ 1,045,467</b>	<b>\$ 1,082,059</b>	<b>\$ 1,119,931</b>
<b>NET OPERATING INCOME</b>			<b>\$ 1,500</b>	<b>\$ 5,850</b>	<b>\$ 242</b>	<b>\$ 455</b>	<b>\$ 45</b>

Budget Estimates as of 11/12/2020

# Exhibit B

## 5 Year Cash Flow Projections : Motel 99

Total Number of Homekey Assisted Units: 99

Total Number of Units: 99

<b>INCOME FROM HOUSING UNITS</b>		<b>Inflation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Proposed Homekey Assisted Unit Rents		2.5%	\$ 176,400	\$ 180,810	\$ 185,330	\$ 189,964	\$ 194,713
<b>Tenant Assistance Payments</b>							
Program:	FHA (HK) Operating Subsidy	2.5%	\$ 989,267	\$ 1,025,417			
Program:	City of Fresno Operating Subsidy	2.5%	\$ -	\$ -	\$ -	\$ 175,000	\$ 1,065,700
Program:	FHA Operating Subsidy	2.5%			\$ 1,065,700	\$ 927,628	\$ 77,200
Other: (specify)		2.5%	\$ -	\$ -	\$ -	\$ -	\$ -
<b>GROSS POTENTIAL INCOME - HOUSING</b>			<b>\$ 1,165,667</b>	<b>\$ 1,206,227</b>	<b>\$ 1,251,030</b>	<b>\$ 1,292,592</b>	<b>\$ 1,337,613</b>
<b>VACANCY ASSUMPTIONS:</b>							
Restricted Units Rent		5.0%	\$ 8,820	\$ 9,041	\$ 9,267	\$ 9,498	\$ 9,736
Operating Subsidy		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL VACANCY LOSS</b>			<b>\$ 8,820</b>	<b>\$ 9,041</b>	<b>\$ 9,267</b>	<b>\$ 9,498</b>	<b>\$ 9,736</b>
<b>EFFECTIVE GROSS INCOME</b>			<b>\$ 1,156,847</b>	<b>\$ 1,197,187</b>	<b>\$ 1,241,764</b>	<b>\$ 1,283,093</b>	<b>\$ 1,327,877</b>
<b>OP. EXP. &amp; RESERVE DEPOSITS</b>		<b>Inflation</b>					
Residential Operating Expenses (w/o Supportive Services Costs)		3.5%	\$ 661,847	\$ 685,012	\$ 708,987	\$ 733,801	\$ 759,485
Supportive Services Costs		3.5%	\$ 495,000	\$ 512,325	\$ 530,256	\$ 548,815	\$ 568,024
HCD Required Replacement Reserve Deposits		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
HCD Required Other Reserve Deposits		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OPERATING EXPENSES &amp; RESERVES</b>			<b>\$ 1,156,847</b>	<b>\$ 1,197,337</b>	<b>\$ 1,239,243</b>	<b>\$ 1,282,617</b>	<b>\$ 1,327,508</b>
<b>NET OPERATING INCOME</b>			<b>\$ 0</b>	<b>\$ (150)</b>	<b>\$ 2,520</b>	<b>\$ 477</b>	<b>\$ 369</b>

Budget Estimates as of 11/12/2020

# Exhibit C

## 5 Year Cash Flow Projections : Parkside Inn

Total Number of Homekey Assisted Units: 50

Total Number of Units: 50

INCOME FROM HOUSING UNITS		Inflation	Year 1	Year 2	Year 3	Year 4	Year 5
Proposed Homekey Assisted Unit Rents		2.5%	\$ -	\$ -	\$ -	\$ -	\$ -
Tenant Assistance Payments							
Program:	Turning Point Operating Subsidy	2.5%	\$ 564,056	\$ 583,687	\$ 604,680	\$ 625,947	\$ 647,596
Program:	City of Fresno Operating Subsidy	2.5%					
Program:	FHA Operating Subsidy	2.5%	\$ -	\$ -	\$ -	\$ -	\$ -
Other: (specify)		2.5%	\$ -	\$ -	\$ -	\$ -	\$ -
GROSS POTENTIAL INCOME - HOUSING			\$ 564,056	\$ 583,687	\$ 604,680	\$ 625,947	\$ 647,596
VACANCY ASSUMPTIONS							
Restricted Units Rent		5.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Subsidy		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL VACANCY LOSS			\$ -	\$ -	\$ -	\$ -	\$ -
EFFECTIVE GROSS INCOME			\$ 564,056	\$ 583,687	\$ 604,680	\$ 625,947	\$ 647,596
OP. EXP. & RESERVE DEPOSITS							
		Inflation					
Residential Operating Expenses		3.5%	\$ 320,456	\$ 331,672	\$ 343,280	\$ 355,295	\$ 367,731
Supportive Services Costs		3.5%	\$ 240,000	\$ 248,400	\$ 257,094	\$ 266,092	\$ 275,406
HCD Required Replacement Reserve		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
HCD Required Other Reserve Deposits		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING EXPENSES & RESERVES			\$ 560,456	\$ 580,072	\$ 600,374	\$ 621,388	\$ 643,136
NET OPERATING INCOME			\$ 3,600	\$ 3,615	\$ 4,306	\$ 4,559	\$ 4,460
Budget Estimates as of 11/12/2020							

# Exhibit D

## 5 Year Cash Flow Projections : Welcome Inn

Total Number of Homekey Assisted Units: 80

Total Number of Units: 80

INCOME FROM HOUSING UNITS		Inflation	Year 1	Year 2	Year 3	Year 4	Year 5
Proposed Homekey Assisted Unit Rents		2.5%	\$ -	\$ -	\$ -	\$ -	\$ -
Tenant Assistance Payments							
Program:	Fresno County Operating Subsidy	2.5%	\$ 500,000				
Program:	City of Fresno Operating Subsidy	2.5%	\$ 512,133	\$ 1,047,581	\$ 1,043,723	\$ 1,010,858	\$ -
Program:	FHA Operating Subsidy	2.5%	\$ -	\$ -	\$ 40,441	\$ 111,859	\$ 1,165,012
Other: (specify)		2.5%	\$ -	\$ -	\$ -	\$ -	\$ -
<b>GROSS POTENTIAL INCOME - HOUSING</b>			<b>\$ 1,012,133</b>	<b>\$ 1,047,581</b>	<b>\$ 1,084,164</b>	<b>\$ 1,122,717</b>	<b>\$ 1,165,012</b>
<b>VACANCY ASSUMPTIONS</b>							
Restricted Units Rent		5.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Subsidy		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL VACANCY LOSS</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EFFECTIVE GROSS INCOME</b>			<b>\$ 1,012,133</b>	<b>\$ 1,047,581</b>	<b>\$ 1,084,164</b>	<b>\$ 1,122,717</b>	<b>\$ 1,165,012</b>
<b>OP. EXP. &amp; RESERVE DEPOSITS</b>		Inflation					
Residential Operating Expenses		3.5%	\$ 531,933	\$ 550,551	\$ 569,820	\$ 589,764	\$ 610,405
Supportive Services Costs		3.5%	\$ 480,000	\$ 496,800	\$ 514,188	\$ 532,185	\$ 550,811
HCD Required Replacement Reserve		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
HCD Required Other Reserve Deposits		0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OPERATING EXPENSES &amp; RESERVES</b>			<b>\$ 1,011,933</b>	<b>\$ 1,047,351</b>	<b>\$ 1,084,008</b>	<b>\$ 1,121,948</b>	<b>\$ 1,161,216</b>
<b>NET OPERATING INCOME</b>			<b>\$ 200</b>	<b>\$ 230</b>	<b>\$ 156</b>	<b>\$ 769</b>	<b>\$ 3,796</b>
Budget Estimates as of 11/12/2020							

# Exhibit E

<b>5 Year Cash Flow Summary - Homekey Portfolio</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
<b>Sources of Funding</b>						
Rents	\$ 356,400	\$ 365,310	\$ 374,443	\$ 383,804	\$ 393,399	\$ 1,873,355
Housing Authority	\$ -	\$ -	\$ 1,632,194	\$ 1,937,852	\$ 2,173,436	\$ 5,743,482
Fresno County	\$ 500,000					\$ 500,000
City of Fresno	\$ 1,318,588	\$ 1,888,269	\$ 1,383,723	\$ 1,185,858	\$ 1,065,700	\$ 6,842,138
Turning Point of California	\$ 564,056	\$ 583,687	\$ 604,680	\$ 625,947	\$ 647,596	\$ 3,025,966
Homekey Operations (Enterprise)	\$ 989,267	\$ 1,025,417				\$ 2,014,684
<b>Total Sources of Funding</b>	<b>\$ 3,728,311</b>	<b>\$ 3,862,683</b>	<b>\$ 3,995,040</b>	<b>\$ 4,133,461</b>	<b>\$ 4,280,131</b>	<b>\$ 19,999,625</b>
<b>Uses/Expenses</b>						
Motel 99	\$ 1,156,847	\$ 1,197,337	\$ 1,239,243	\$ 1,282,617	\$ 1,327,508	\$ 6,203,552
Days Inn	\$ 975,955	\$ 1,010,113	\$ 1,045,467	\$ 1,082,059	\$ 1,119,931	\$ 5,233,525
Welcome Inn	\$ 1,011,933	\$ 1,047,351	\$ 1,084,008	\$ 1,121,948	\$ 1,161,216	\$ 5,426,456
Parkside Inn	\$ 560,456	\$ 580,072	\$ 600,374	\$ 621,388	\$ 643,136	\$ 3,005,426
<b>Total Expenses</b>	<b>\$ 3,705,191</b>	<b>\$ 3,834,873</b>	<b>\$ 3,969,093</b>	<b>\$ 4,108,011</b>	<b>\$ 4,251,792</b>	<b>\$ 19,868,960</b>
<b>Net Operating Income</b>	<b>\$ 23,120</b>	<b>\$ 27,810</b>	<b>\$ 25,947</b>	<b>\$ 25,449</b>	<b>\$ 28,339</b>	<b>\$ 130,666</b>

as of 11/12/2020



## BOARD MEMO

O (559) 443-8400  
F (559) 457-4294

1331 Fulton Mall  
Fresno, California 93721  
TTY (800) 735-2929

[www.fresnohousing.org](http://www.fresnohousing.org)

**TO:** Boards of Commissioners  
Fresno Housing Authority  
**FROM:** Preston Prince  
CEO/Executive Director

**DATE:** November 12, 2020  
**BOARD MEETING:** November 17, 2020  
**AGENDA ITEM:** 8f  
**AUTHOR:** Michael Duarte

**SUBJECT:** Request for Housing Relinquished Fund Corporation Pre-Development Loan – Homekey Projects

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### Executive Summary

The purpose of this memo is to request a Housing Relinquished Fund Corporation (HRFC) pre-development loan for Homekey Projects.

On October 29, 2020, the California Department of Housing and Community Development announced the final awards of Homekey projects. In total, the agency received four awards in the City of Fresno totaling \$22,197,875.

Staff is requesting the Boards approve an HRFC loan of up to \$500,000 as part of necessary financing for soft costs incurred prior to the grant disbursement. Pre-development expenses include a variety of costs related to the Homekey projects, such as the cost of environmental reports, appraisals, appliances, etc. When the grant funds are disbursed, the pre-development expenses will be reimbursed and the HRFC loan will be fully repaid. The grant disbursement is anticipated to occur in late November/early December 2020 and HRFC should be fully repaid by the end of December 2020.

### Recommendation

It is recommended that the Boards adopt the attached resolution approving a loan from the Housing Relinquished Fund Corporation for up to \$500,000 for the Homekey projects relating to pre-development activities and due diligence and authorize Preston Prince, CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee to negotiate and execute documents related to this action.

### Fiscal Impact

The fiscal impact will be up to \$500,000 of HRFC funds requested for the completion of due diligence and other pre-development activities for the Homekey projects. The pre-development loan will be fully repaid from HCD Homekey grant funds, which are anticipated to be disbursed in late November/early December 2020.

**Background Information**

In late 2019, Staff began working with the City of Fresno to evaluate potential motel acquisitions along Parkway Drive. In August, 2020, Staff submitted four (4) applications to the California Department of Housing and Community Development (“HCD”) Project Homekey program for motels along the corridor and on October 29, 2020, staff received notification of the final awards. The four motels include Motel 99, Parkside Inn, Day’s Inn, and Welcome Inn. Grant funds are anticipated to be disbursed in late November/early December 2020 and must be fully expended by December 30, 2020.

**RESOLUTION NO. \_\_\_\_\_**

**BEFORE THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF THE CITY OF FRESNO**

**RESOLUTION APPROVING THE HOUSING AUTHORITY OF THE CITY OF  
FRESNO TO AUTHORIZE PRE-DEVELOPMENT FUNDING UP TO \$500,000 FROM  
HOUSING RELINQUISHED FUND CORPORATION FOR HOMEKEY PROJECTS**

WHEREAS, the Housing Authority of the City of Fresno, CA, (the “Authority”) seeks to expand the development and availability of low-income housing to residents in the City of Fresno (the “City”); and

WHEREAS, the goals of the Housing Relinquished Fund Corporation (HRFC) include the financing of the development and provision of affordable housing units within Fresno County boundaries; and

WHEREAS, the HRFC desires to provide support to housing opportunities for low and moderate-income households within a variety of neighborhoods, and

WHEREAS, the Housing Authority of the City of Fresno and the Housing Authority of Fresno County desire to continue to investigate feasibility of new affordable housing developments; and

WHEREAS, the Housing Authority of the City of Fresno has been awarded \$22,197,875 from the California Department of Housing and Community Development Homekey program for four Homekey projects, to include Motel 99, Parkside Inn, Day’s Inn, and Welcome Inn; and

WHEREAS, the Authority now desires a predevelopment loan from HRFC up to \$500,000 to assist in due diligence activities until the time of grant disbursement; and

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Fresno hereby authorizes a predevelopment loan from Housing Relinquished Fund Corporation for up to \$500,000 for the Homekey projects and authorizes Preston Prince, the CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee to negotiate and execute all agreements and ancillary documents in connection therewith.

PASSED AND ADOPTED THIS 17TH DAY OF NOVEMBER, 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Preston Prince, Secretary of the Boards of Commissioners

**RESOLUTION NO. \_\_\_\_\_**

**BEFORE THE BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF FRESNO COUNTY**

**RESOLUTION APPROVING THE HOUSING AUTHORITY OF FRESNO COUNTY  
TO AUTHORIZE PRE-DEVELOPMENT FUNDING UP TO \$500,000 FROM HOUSING  
RELINQUISHED FUND CORPORATION FOR HOMEKEY PROJECTS**

WHEREAS, the Housing Authority of Fresno County, CA, (the "Authority") seeks to expand the development and availability of low-income housing to residents in the City of Fresno (the "City"); and

WHEREAS, the goals of the Housing Relinquished Fund Corporation (HRFC) include the financing of the development and provision of affordable housing units within Fresno County boundaries; and

WHEREAS, the HRFC desires to provide support to housing opportunities for low and moderate-income households within a variety of neighborhoods, and

WHEREAS, the Housing Authority of the City of Fresno and the Housing Authority of Fresno County desire to continue to investigate feasibility of new affordable housing developments; and

WHEREAS, the Housing Authority of the City of Fresno has been awarded \$22,197,875 from the California Department of Housing and Community Development Homekey program for four Homekey projects, to include Motel 99, Parkside Inn, Day's Inn, and Welcome Inn; and

WHEREAS, the Authority now desires a predevelopment loan from HRFC up to \$500,000 to assist in due diligence activities until the time of grant disbursement; and

NOW THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of Fresno County hereby authorizes a predevelopment loan from Housing Relinquished Fund Corporation for up to \$500,000 for the Homekey projects and authorizes Preston Prince, the CEO/Executive Director, Tracewell Hanrahan, Deputy Executive Director, and/or their designee to negotiate and execute all agreements and ancillary documents in connection therewith.

PASSED AND ADOPTED THIS 17TH DAY OF NOVEMBER, 2020. I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the governing body with the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Preston Prince, Secretary of the Boards of Commissioners

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 Fresno, California 93721  
 TTY (800) 735-2929

[www.fresnohousing.org](http://www.fresnohousing.org)

## EXECUTIVE DIRECTOR'S REPORT

**TO:** Boards of Commissioners  
 Fresno Housing

**FROM:** Preston Prince

CEO/Executive Director

**DATE:** November 12, 2020

**BOARD MEETING:** November 17, 2020

**AGENDA ITEM:** 10

**AUTHOR:** Staff

**SUBJECT:** November 2020 Executive Director's Report

### Executive Summary

The Boards of the Fresno Housing Authority have established the four strategic goals as: Place, People, Public, and Partnership. In addition, the following have been outlined as the management goals: Sustainability, Structure, and Strategic Outreach. The following report demonstrates the efforts of the Executive Leadership and Staff to progress towards the realization of these goals.

### PLACE

#### Overview

*Fresno Housing seeks to develop and expand the availability of quality affordable housing options throughout the City and County of Fresno by growing and preserving appropriate residential assets and increasing housing opportunities for low-income residents.*

The matrix below outlines the Development Pipeline and status of each project.

#### Development Project Overview

Name of Property	Status/Type	Address	Total Units	Percent Complete

The Villages at Paragon	Under Construction	4041 Plaza Drive West, Fresno, CA	28	55%
Linnaea Villas	Under Construction	2530 Sierra Street, Kingsburg, CA	47	63%
Solivita Commons	Under Construction	725 W Alluvial Avenue, Clovis, Ca	60	68%
The Villages at Broadway	Under Construction	1828 Broadway Street, Fresno, CA	26	35%
The Monarch @ Chinatown	Under Construction	1101 F Street, Fresno, CA	57	6%
Alegre Commons (fka Barstow Commons/The Villages at Barstow)	Pre-Development NPLH funds awarded TCAC Award Received December 2020 Closing	130 W Barstow Avenue, Fresno, CA	42	N/A
The Arthur @ Blackstone (fka Blackstone/Simpson)	Pre-Development 2020 NPLH, IIG Awarded HOME Award Pending	3039 N Blackstone Avenue, Fresno, CA	41	N/A
Esperanza Commons (fka Mendota Farm Labor)	Pre-Development	241 Tuft Street, Mendota, CA	60	N/A
Corazón del Valle Commons (fka Huron RAD)	Pre-Development MHP Application Pending	Fresno and 12 <sup>th</sup> Street, Huron, CA	61	N/A
La Joya Commons (fka Firebaugh Family)	Pre-Development	1501 Clyde Fannon Road, Firebaugh, CA	68	N/A
Avalon Commons (fka Chestnut/Alluvial)	Pre-Development	Chestnut and Alluvial Avenues, Fresno, CA	105	N/A
Elderberry at Bethel	Year 15 Investor Buyout (December 2020)	2505 Fifth Street, Sanger, CA	74	N/A
California Avenue Neighborhood	Pre-Development Planning CNI Application Pending	Southwest Fresno - TBD	TBD	N/A

### Construction Project Updates



## The Villages at Paragon





## Solivita Commons



## The Monarch @ Chinatown





## The Villages at Broadway



## PUBLIC

### Overview

*Fresno Housing seeks to build support for housing as a key component of vibrant, sustainable communities through public information, engagement, and advocacy that promotes affordable housing and supports the advancement of Fresno's low-income residents.*

Efforts are ongoing and we will report on those items as outcomes are achieved.

## PARTNERSHIP

### Overview

*Fresno Housing seeks to collaborate to strengthen its ability to address the challenges facing Fresno communities.*

Fresno Housing is exploring several partnerships in the course of pre-development activities.

Project	Organization	Role
844 S. Chance Avenue	Habitat for Humanity Fresno City College	Partner in the rehabilitation of a former Neighborhood Stabilization Program (NSP) property to provide a homeownership opportunity for a low-income family
The Villages at Paragon	Fresno County Department of Behavioral Health	Partner in application to the No Place Like Home program to provide housing and services to homeless populations
The Villages at Broadway	Fresno County Department of Behavioral Health	Partner in application to the No Place Like Home program to provide housing and services to homeless populations
Alegre Commons ( <i>fka Barstow Commons/The Villages at Barstow</i> )	Fresno County Department of Behavioral Health	Partner in application to the No Place Like Home program to provide housing and services to homeless populations
The Arthur @ Blackstone ( <i>fka Blackstone/Simpson</i> )	Fresno County Department of Behavioral Health	Partner in application to the No Place Like Home program to provide housing and services to homeless populations

## MANAGEMENT GOALS

*The goals of management include our efforts to stabilize, focus, and extend activities to meet the mandate of our mission through good decisionmaking related to Sustainability (staffing, finances, effectiveness, evaluation, technology, facilities); Structure (governance); and Strategic Outreach (communications, image, visibility, public affairs, policy).*

### Sustainability

*Build and maintain an innovative, engaged, visible, and sustainable organization, committed to its mission of providing housing for low-income populations.*

### Information Technology and Information Systems

The Information Technology (IT) department continues to make enhancements to support our staff working from home and aide in communicating with residents who might not able to visit the offices at this time. During the month of November, the IT department will implement infrastructure that will provide a more robust and secure way for staff to stay connected while working from home. In addition, the IT staff began evaluating an online appointment and an enhanced visitor check in system. These systems that will ensure the Agency's reopening will be safe but also leverage technology to build on the level of service the Agency provided to residents prior to COVID.

### **Administrative Services & Procurement**

Procurement has been working on several projects ranging from simple solicitations such as "three quote projects" to more complex solicitations such as "Requests for Proposals" (RFPs).

Procurement's most recent "three quote" projects include the following:

1. **Homekey Motel** rehab services such as roofing, cleaning, flooring, HVAC, etc.
2. **USWellness:** Services to help the Agency implement a leave management system

Procurement's most recent Quotes for Small Purchases (QSP) include the following:

1. **Maldonado Plaza Sidewalk Replacement and Demolition project:** The contract was awarded to Seal Rite Paving & Grading on August 28, 2020. The start date has been delayed due to acquiring permits for the job.

Procurement's complex solicitations such as Requests for Proposals (RFP) and Invitation for Bids (IFB) include the following:

1. **Youth Education & Enrichment Services for Resident Services (RFP):** Agency is currently discussing evaluations with HA Board members.
2. **Unarmed Security Guard Services:** The Agency awarded the contract to American Guard Services on September 8, 2020. The Agency anticipates a December 7<sup>th</sup>, 2020 start date.
3. **Temporary Staffing and Direct Placement Services for Human Resources (RFP):** Procurement awarded the following staffing firms – Apple One Employment Agency, Express Employment Professionals, Tryfacta, 22<sup>nd</sup> Century Technologies, and Robert Half. All contracts have been executed.
4. **Audit Services (RFP):** The solicitation for Independent Audit Services, Tax Credit CPA Services, and Annual Audits was posted on September 17, 2020 and closed on October 22, 2020. The Agency is currently evaluating the 10 proposals received.
5. **Solar on Multifamily Affordable Housing (SOMAH) Program (RFP):** The solicitation was posted on October 23, 2020. A pre-proposal conference call is scheduled for November 17<sup>th</sup>, 2020.
6. **Monte Vista Roof Replacement and HVAC Conversion (IFB):** Roof Replacement Contractor was awarded to On Top Roofing on September 10, 2020. HVAC Conversion contractor was awarded to STW Contractors on September 9, 2020.

In addition, Procurement has been working on Piggyback and Non-Competitive Justification contracts for the following companies and services:

1. **Planning Coordinator Services for HUD Housing Choice Neighborhood Grant:** The Agency piggybacked HACLA's contract with EJP Consulting Group. The Board of Commissioners approved the contract amount in August, 2020. Procurement is currently working on the contract execution.
2. **Human Resource Consultant Services:** The Agency has gathered procurement documents from Biloxi Housing Authority for Human Resource Consultant Services. The Agency executed a contract with Human Capital Initiatives on October 1<sup>st</sup>, 2020.
3. **Utility Allowance Services:** The Agency has gathered procurement documents from The Housing Authority of Paducah, KY for utility allowance services. The Agency executed a contract with Nelrod. The Agency executed a contract with Nelrod on October 12<sup>th</sup>, 2020.
4. **Remote Recertifications:** The Agency has gathered procurement documents from the Housing Authority of the City of Alameda for remote recertification services. The Agency executed a contract with Quadel Consulting & Training on September 23<sup>rd</sup>, 2020.
5. **Yardi Services for Enterprise Management System:** The Agency plans on continuing Yardi's services by procuring a new contract through a Non-Competitive Justification process. The NCJ was approved by the Board of Commissioners in July. Contract has been created, and is currently being reviewed.

## Human Resources

During the month of October, the Training and Development department coordinated and facilitated two New Hire Orientations for three new employees, as well as five COVID Survey classes for all employees, four Paylocity/Timekeeper trainings for new hires and Managers and two performance evaluation process trainings for Supervisors and Managers. A total of 94 employees attended these trainings. The department also assisted in the creation of two new videos for the Inspections department.

Aysha Hills, Human Resources Manager, attended the three day SHRM Inclusion virtual conference held October 19th-21st. This conference provided information to build a playbook of implementable strategies to transform a workplace culture into one of real inclusion - where all people can thrive. The three-day virtual event gathers diversity, equity and inclusion leaders to address the importance of building inclusive workplace cultures and creating collaborative networks.

The Human Resources Department is excited to announce the following new hires:

- Hogan Louie, Fiscal Services Coordinator
- Kham Sivongxay, Accountant

The Human Resources department is actively recruiting for positions within the Property Management Department, Real Estate Development Department, Housing Choice Department and Administrative Services.



## **Structure**

*Maintain a committed, active, community-based Boards of Commissioners.*

Efforts are ongoing and we will report on those items as outcomes are achieved.

## **Strategic Outreach**

*Heighten agency visibility, facilitate community dialogue about housing solutions; and build support for the agency and quality affordable housing.*

Efforts are ongoing and we will report on those items as outcomes are achieved.



# Real Estate Development Update

*November 17, 2020*

*Boards of Commissioners Meeting*



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



# Presentation Outline

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- Overview of Homekey
  - Immediate Goal and Long-term Vision
  - Motel Portfolio
- Timeline
  - Homekey Deadlines
  - 5 Year Strategy
- Funding for Interim Housing
  - Interim Operations
  - Fresno Housing Guarantee
- Future Permanent Conversion
  - Costs and Funding
- Risks and Opportunities

*DRAFT*

# Project HomeKey Overview

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- Convert assets to temporary housing for homeless population during COVID crisis with longer term conversion to permanent affordable housing
- Rehabilitate underutilized hotels, motels, vacant apartment buildings, or other buildings
- Funding is associated with CARES and Corona Relief Funds and expenditures must be made before December 31, 2020
- \$836 million total funding to 48 jurisdictions for 93 projects and 6,055 units in CA
- Fresno Housing has been awarded over \$22 million in Homekey funding to support approximately 320 doors

## *The Immediate Opportunity*

*Fresno Housing would receive and utilize over \$20 million in funding from the State Home Key Program for the purchase of a portfolio of motels to house and protect our most vulnerable individuals and families during the pandemic and provide them permanent housing*

## *The “Once in a Generation” Opportunity*

*Fresno Housing would leverage \$16 million in assets, partner with the City of Fresno, Fresno County, Fresno Unified, community-based organizations, residents and other developers and participate in the creation of a transformation plan for the neighborhood. Following the transformation plan, FH would renovate, convert and rebuild those assets into high-quality housing and community amenities for a variety of incomes, adding to the vibrancy of the Jane Addams neighborhood.*

# Fresno Housing Motel Portfolio

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

*DRAFT*

# Parkway Drive Motels Map





# Project Homekey Timeline

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NOFA release	July 16, 2020
Stakeholder Call	July 16, 2020
Stakeholder Webinar	July 24, 2020
Pre-application consultations and the priority application period	July 16 – August 13, 2020
Final application due date	September 29, 2020
Award announcements	Rolling (Starting August 2020)
Final awards issued	October 2020
Standard agreements mailed	Upon submittal of required information and documentation
The Department redeploys unutilized funds	November 2020
CRF expenditure deadline	December 30, 2020

# Timeline: Fresno Housing Portfolio

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- **Sep. 21, 2020** - Motel 99 Awarded
- **Oct. 29, 2020** - Balance of FH Portfolio Awarded
- **Nov. 17, 2020** – FH Board Meeting to Consider Homekey Project Approvals
- **Nov. 18-30, 2020\*** - Execute Homekey Agreements
- **Nov. 23-Dec. 7, 2020\*** - Homekey Funding Received
- **Nov. 23-Dec. 31, 2020\*** - Repairs, Maintenance and Installation of New Furniture/Appliances
- **Jan. – Mar. 2021** – Initial Lease Up Period

\* estimates

# Jane Adams Neighborhood Vision

## *Phase I: Years 1-2 (Interim Housing/Planning)*

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- The near term vision is to utilize Homekey funding to house and keep safe homeless individuals, families and children and those at risk of homelessness impacted by the pandemic
- Services will be made available through partnerships with the appropriate experienced providers
- FH staff will prepare a permanent housing plan during the interim housing period
- Creation, in partnership, of a neighborhood strategy regarding the conversion of 2-3 of the highest quality hotels in addition to improved neighborhood infrastructure

# Jane Adams Neighborhood Vision

## *Phase II: Years 3-5 (Hybrid of Interim and Permanent)*

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- Implementation of permanent housing conversion plans of the selected motels
- Further permanent housing conversion planning for remaining motels, which may include demolition for the design of new multi-family housing or neighborhood amenities, like community centers
- Further development of a transformative neighborhood strategy to allow for street improvements, parks, community space, and appropriate retail amenities
- All Phase I Homekey residents will be provided housing choices during the conversion process in order to avoid displacement

# Jane Adams Neighborhood Vision

## *Phase III: Years 5-8*

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- Final build out of the remaining new construction housing, retail and community space
- Partnership with private developers to create retail centers and market rate housing interlaced with affordable housing
- Transformative neighborhood strategy will be implemented in partnership with the community, residents, partners, private developers, and the City of Fresno

# Homekey Funding: Interim Housing

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- *Interim (Phases I and II)*

- Acquisition: \$16.6 million
- Repairs and Maintenance \$ 3.6 million
- Operation and Services \$ 2.0 million
- Total Homekey Funds \$22.2 million

# HK Portfolio Operations Funding Sources

- *Interim Phase – up to 5 years*
  - Rental Income \$ 1,873,355
  - Turning Point \$ 3,025,966
  - Fresno County \$ 500,000
  - City of Fresno \$ 6,842,138
  - Homekey \$ 2,014,684
  - Fresno Housing \$ 5,743,482
  - Total \$19,999,625

# Cash Flow Summary

*Conversion before year 5 reduces expenses across portfolio*

5 Year Cash Flow Summary - Homekey Portfolio	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Sources of Funding</b>						
Rents	\$ 356,400	\$ 365,310	\$ 374,443	\$ 383,804	\$ 393,399	\$ 1,873,355
Housing Authority	\$ -	\$ -	\$ 1,632,194	\$ 1,937,852	\$ 2,173,436	\$ 5,743,482
Fresno County	\$ 500,000					\$ 500,000
City of Fresno	\$ 1,318,588	\$ 1,888,269	\$ 1,383,723	\$ 1,185,858	\$ 1,065,700	\$ 6,842,138
Turning Point of California	\$ 564,056	\$ 583,687	\$ 604,680	\$ 625,947	\$ 647,596	\$ 3,025,966
Homekey Operations (Enterprise)	\$ 989,267	\$ 1,025,417				\$ 2,014,684
<b>Total Sources of Funding</b>	<b>\$ 3,728,311</b>	<b>\$ 3,862,683</b>	<b>\$ 3,995,040</b>	<b>\$ 4,133,461</b>	<b>\$ 4,280,131</b>	<b>\$ 19,999,625</b>
<b>Uses/Expenses</b>						
Motel 99	\$ 1,156,847	\$ 1,197,337	\$ 1,239,243	\$ 1,282,617	\$ 1,327,508	\$ 6,203,552
Days Inn	\$ 975,955	\$ 1,010,113	\$ 1,045,467	\$ 1,082,059	\$ 1,119,931	\$ 5,233,525
Welcome Inn	\$ 1,011,933	\$ 1,047,351	\$ 1,084,008	\$ 1,121,948	\$ 1,161,216	\$ 5,426,456
Parkside Inn	\$ 560,456	\$ 580,072	\$ 600,374	\$ 621,388	\$ 643,136	\$ 3,005,426
<b>Total Expenses</b>	<b>\$ 3,705,191</b>	<b>\$ 3,834,873</b>	<b>\$ 3,969,093</b>	<b>\$ 4,108,011</b>	<b>\$ 4,251,792</b>	<b>\$ 19,868,960</b>
<b>Net Operating Income</b>	<b>\$ 23,120</b>	<b>\$ 27,810</b>	<b>\$ 25,947</b>	<b>\$ 25,449</b>	<b>\$ 28,339</b>	<b>\$ 130,666</b>

as of 11/12/2020



# Fresno Housing Funding Guarantee

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- Max five year guarantee of \$5.7 million
- Potential sources include the following
  - FH Operating Reserves \$7.2 million (est. 12/31/2020)
  - HRFC Reserves \$10.8 million (as of 11/30/2020)
  - Waterfall Payments \$1.5 million (avg. annual est.)
  - CoC/Rapid Rehousing \$650 thousand (annual est.)
  - HOME TBRA \$600 thousand (annual est.)

# Permanent Conversions

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- Conversions will be a mix of rehab and new construction
- Conversions will happen starting late in year two
- Conversions will use a variety of funding sources including tax credits, HOME Funds, MHP, among others
- Initial planning could see the following conversion schedule (preliminary)
  - Year 2: Motel 99
  - Year 3: Days Inn
  - Year 4: Welcome Inn
  - Year 5: Parkside Inn

# Example of Permanent Housing Plan – Motel 99

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## Assumptions:

- 4% LIHTCs
- 50 units total comprised of studio – 2-bedrooms
- ~\$100k of rehab/unit
- Mixed income affordable housing
- State permanent housing resources available
- Permanent housing conversion in years 2-3

# Example of Permanent Housing Plan – Motel 99

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- \$13 million est. total development costs
- Potential funding sources:
  - Property Value (Homekey): \$4.5 million
  - 4% LIHTCs: \$4.2 million
  - State Gap Financing: \$4.3 million
- Developer fee projected \$950k
- Conversion to perm housing prior to year 5 will reduce need for operating contributions

# Risk Considerations

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- City of Fresno funding commitment is subject to annual appropriations
- Additional partners for interim operations funding are not secured and FH guarantee is required
- Permanent housing conversions are delayed
- Permanent housing conversions may need gap financing from HRFC depending on development plans

# Opportunities

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- Approx. 320 doors available to assist homeless and at risk of COVID
- FH gains assets valued at over \$16M
- Asset values can be used to leverage other permanent funding sources
- Transformation of Jane Adams Neighborhood

**Questions?**

# Fresno Housing Motel Portfolio

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- City of Fresno

- Motel 99

- Day's Inn

- Parkside Inn

- Welcome Inn

*DRAFT*

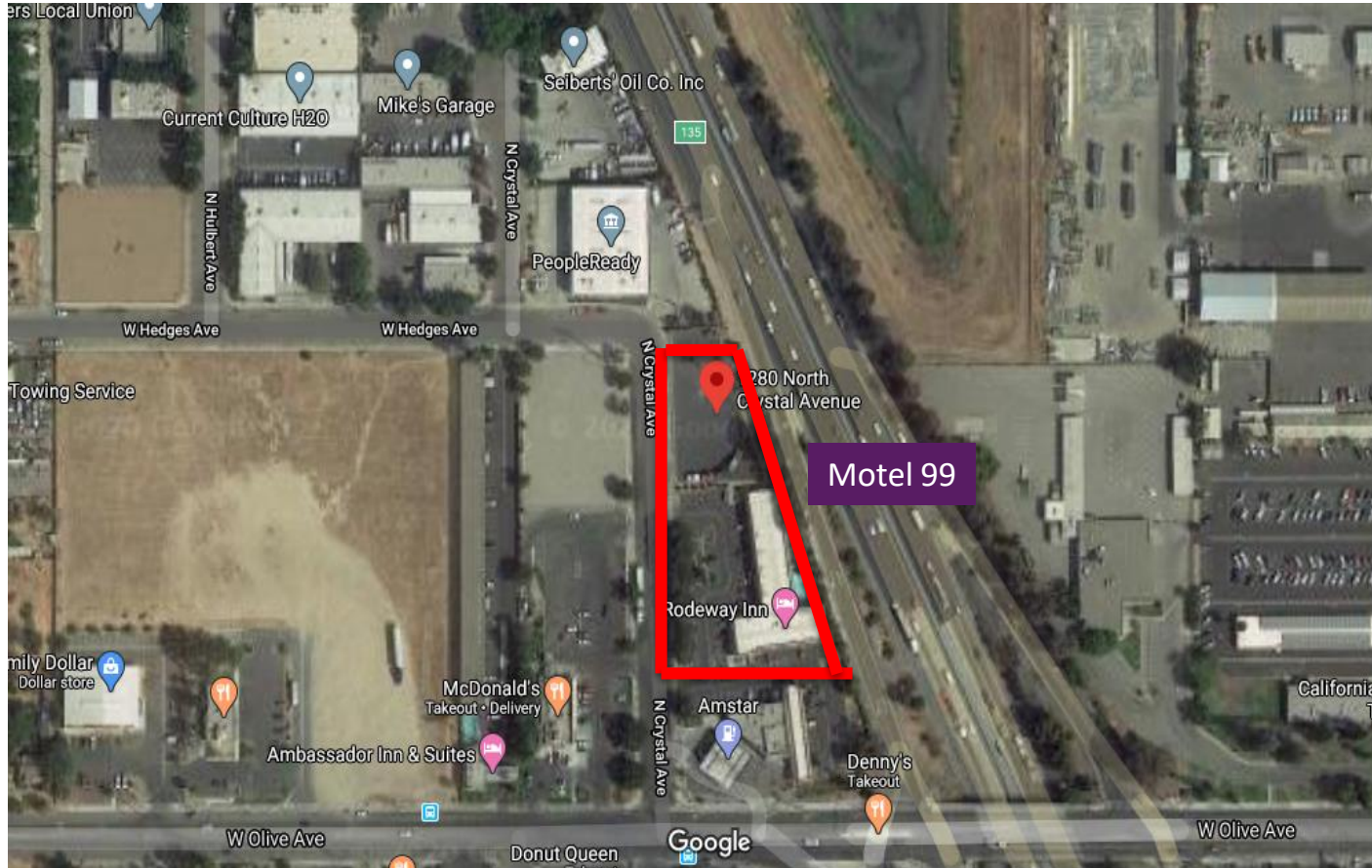


# Motel 99

- Located at 1240 & 1280 N. Crystal Ave, Fresno
- APNs: 449-232-02 & 449-232-01
- Motel currently has 99 Rooms
- Owner: Adinath Hospitality
- Purchase Price is \$4.425 million
- Estimated value \$5 million (appraisal pending)
- Board ratified Purchase and Sale Agreement on August 25, 2020
- On September 21, 2020 the governor's office released award notifications for the first round of applications, including Motel 99
- Staff applied to the City of Fresno for operating support



# Motel 99 (Fresno) Aerial







# Day's Inn

- Located at 1101 N Parkway Drive, Fresno
- APNs: 449-270-41
- Motel currently has 98 Rooms
- Owner: Day's Inn of Fresno Partnership
- Purchase Price is \$4.79 million
- Estimated value \$4.8 million (appraisal pending)
- Board ratified Purchase and Sale Agreement on August 25, 2020
- On October 9, 2020 the governor's office released award reservation notifications for the waitlisted applications, including Day's Inn
- Staff applied to the City of Fresno for operating support





**FRESNO HOUSING**

# Parkside Inn

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- Located at 1415 W. Olive Avenue, Fresno
- APNs: 449-270-56
- Motel currently has 48 Rooms
- Owner: Akshar, Inc.
- Purchase Price is \$3 million
- Estimated value \$3 million (appraisal pending)
- Board ratified Purchase and Sale Agreement on August 25, 2020
- On October 9, 2020 the governor's office released award reservation notifications for the waitlisted applications, including Day's Inn
- Staff applied to the City of Fresno for operating support







# Welcome Inn

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- Located at 777 N Parkway Drive, Fresno
- APNs: 449-335-19, 449-342-01
- Motel currently has 80 Rooms
- Owner: Shrigi, Inc.
- Purchase Price is \$4.4 million
- Estimated value \$4.4 million (appraisal pending)
- Board ratified Purchase and Sale Agreement on August 25, 2020
- On October 9, 2020 the governor's office released award reservation notifications for the waitlisted applications, including Day's Inn
- Staff applied to the City of Fresno for operating support







RECEIVED

Agenda Date: 10/29/2020  
Council Meeting

2020 OCT 28 P 1:37

CITY OF FRESNO  
CITY CLERK'S OFFICE

# FRESNO CITY COUNCIL



## Information Packet

### ITEM(S)

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

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

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

### **Item(s)**

#### **Supplemental Information:**

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

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

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

## **REPORT TO THE CITY COUNCIL**

**October 29, 2020**

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

LEE BRAND, Mayor  
Office of the Mayor & City Manager

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

### **SUBJECT**

..Title

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

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

..Body

### **RECOMMENDATION**

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

### **EXECUTIVE SUMMARY**

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

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

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

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

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

## **BACKGROUND**

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

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

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

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

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

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

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

## **ENVIRONMENTAL FINDINGS**

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

## **LOCAL PREFERENCE**

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

## **FISCAL IMPACT**

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

Attachments:

Attachment A – Memorandum of Understanding with the Fresno Housing Authority

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

Attachment C – Powerpoint Presentation

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

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

**RECITALS**

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

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

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

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

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

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

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

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

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

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

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

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

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

### **AGREEMENT**

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

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

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

3. Compensation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

6. Future Planning.

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

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

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

7. Intentionally Deleted.

8. Level of Skill; Subcontractors.

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

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

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

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

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

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

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

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

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

This Section shall survive termination or expiration of this Agreement.

10. Insurance.

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

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

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

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

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

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

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

11. Conflict of Interest and Non-Solicitation.

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

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

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

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

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

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

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

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

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

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

13. General Terms.

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

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

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

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

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

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

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

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

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

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

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

15. Independent Contractor.

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

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

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

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

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

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

18. Assignment.

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



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

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

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

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

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

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

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

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

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

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

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

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

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

[SIGNATURES FOLLOW ON THE NEXT PAGE.]

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

CITY OF FRESNO,  
a California municipal corporation

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

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

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

APPROVED AS TO FORM:  
DOUGLAS T. SLOAN  
City Attorney

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

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

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

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

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

ATTEST:  
YVONNE SPENCE, CRM MMC  
City Clerk

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

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

Addresses:

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

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

Attachments:

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

## **EXHIBIT A**

### **SCOPE OF SERVICES**

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

## **EXHIBIT B**

### **INSURANCE REQUIREMENTS**

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

Coverage shall be at least as broad as:

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

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

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

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

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

OR\*

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

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

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

4. **EMPLOYER'S LIABILITY:**

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

### **UMBRELLA OR EXCESS INSURANCE**

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

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

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

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

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

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

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

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

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

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

#### **VERIFICATION OF COVERAGE**

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

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

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

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

\_\_\_\_\_

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\_\_\_\_\_

☐ Additional page(s) attached.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Company

\_\_\_\_\_  
Address

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




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

2020 W. El Camino Avenue, Suite 670, 95833  
P.O. Box 952054  
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[www.hcd.ca.gov](http://www.hcd.ca.gov)



July 16, 2020

**MEMORANDUM FOR:** All Potential Applicants

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

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

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

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

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

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

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

# **Homekey Program**

## **2020 Notice of Funding Availability**



**State of California**

**Governor Gavin Newsom**

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

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

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

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

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

July 16, 2020

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## HOMEKEY PROGRAM

### NOTICE OF FUNDING AVAILABILITY

#### Article I – Program Overview

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

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

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

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

Each Homekey allocation has the following expenditure deadlines:

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

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

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

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

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



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

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

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

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

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

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

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

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

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

### Section 103. Program Timeline

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

Table 1: Anticipated timeline for Homekey applications

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

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

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

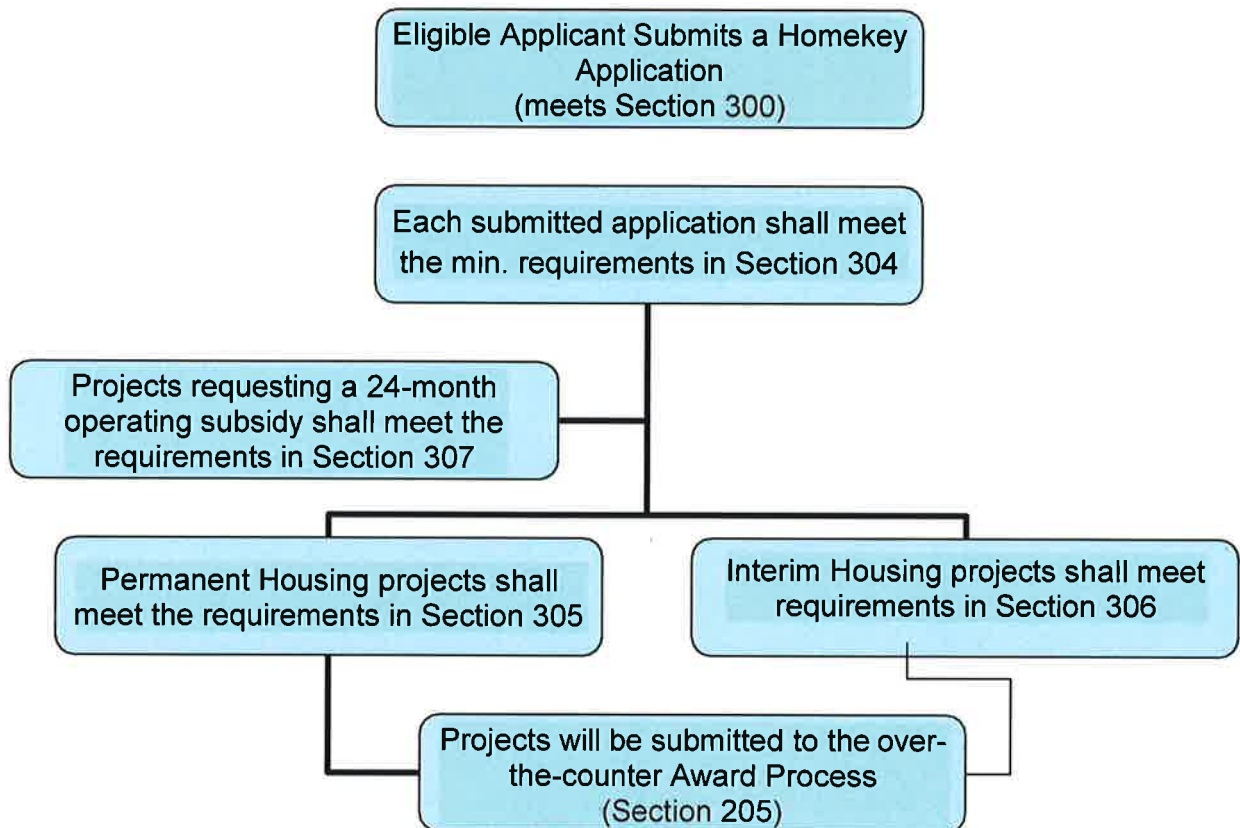
### Section 200. Application Process Overview

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

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

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

Chart 1: Homekey Application Process Flowchart



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

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

## Section 202. Geographic Distribution and Project Prioritization

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

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

Table 2: Homekey Counties by Region

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

Table 3: Estimated Homekey Allocations by Region

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



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

Table 4: Estimated Homekey Allocations

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

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

#### Tier One:

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

#### Tier Two:

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

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

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

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

Table 5: Anticipated Homekey Application Prioritization Timeline

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

### Section 203. Maximum Grant Amounts

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

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

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

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

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

Table 6: State contributions to projects

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

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

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

## Section 204. Application Scoring Criteria

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

Table 7: Homekey Application Scoring Criteria

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

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



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

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

#### Section 205. Application Submission

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

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

The application is a public record, which is available for public review pursuant to the California Public Records Act (CPRA) (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code). After final Homekey awards have been issued, the Department may disclose any materials provided by the Applicant to any person making a request under the CPRA. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

#### Section 206. Application Award Process

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

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

#### Section 207. Appeals

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

### **Article III Program Requirements**

#### Section 300. Eligible Applicants

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

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

#### Section 301. Eligible Uses

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

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

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

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

#### Section 302. Eligible Projects

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

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

#### Section 303. Match

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



Additionally, the following requirements apply to match contributions:

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

#### Section 304. General Program Requirements

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

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

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

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

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

#### Section 305. Permanent Housing Requirements

Permanent housing projects will be evaluated on the following requirements:

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

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

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

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

#### Section 306. Interim Housing Requirements

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

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

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

#### Section 307. Other Requirements

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

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

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

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

#### Section 309. Article XXXIV

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

#### Section 310. Housing First

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

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

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

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

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

#### Section 312 State Prevailing Wage

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

### **Article IV Program Operations**

#### Section 401. Program Oversight

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

#### Section 402. Reporting

Grantees shall submit the following data:

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



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

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

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

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

#### Section 403. Disbursement of Grant Funds

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

#### Section 404. Legal documents

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

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

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

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

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

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

#### Section 406. Defaults and Grant Cancellations

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

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

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

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

## **Article V. Definitions**

Below are the definitions for purposes of the Homekey program:

- i. "Applicant" or "Eligible Applicant" means a city, county, or other "local public entity," as that term is defined at the Health and Safety Code section 50079, applying to be a Development Sponsor either on its own or with another entity (such as a for-profit or nonprofit corporation, or another local public entity).
- ii. "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or the Department.
- iii. "Assisted Unit" means a residential housing unit that is subject to rent, occupancy or other restrictions associated with a Homekey site.
- iv. "At Risk of Homelessness" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.
- v. "City" means a city or city and county that is legally incorporated to provide local government services to its population. A city can be organized either under the general laws of this state or under a charter adopted by the local voters.
- vi. "Chronic Homelessness" means a person who is chronically homeless, as defined in 578.3 of Title 24 of the Code of Federal Regulations.
- vii. "Continuum of Care" means the same as defined by the United States Department of Housing and Urban Development at Section 578.3 of Title 24 of the Code of Federal Regulations.
- viii. "Department" means the Department of Housing and Community Development.
- ix. "Development Sponsor" or "Sponsor", as defined in Section 50675.2 of the Health and Safety Code and subdivision (c) of Section 50669 of the Health and Safety Code, means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, duly constituted governing body of an Indian reservation or rancheria, or other legal entity, or any combination thereof, certified by the Department as qualified to own, manage, and rehabilitate a rental housing development. A Development Sponsor may be organized for profit, limited profit or be nonprofit, and includes a limited partnership in which the Development Sponsor or an affiliate of the Development Sponsor is a general partner.
- x. "Environment Assessment – Phase 1" is a report that demonstrates whether the property is free from severe adverse environmental conditions.
- xi. "Grantee" means an Eligible Applicant that has been awarded funds under the program.
- xii. "Homeless" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

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

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

i. Commercial general liability

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

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

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

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

ii. Automobile liability

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

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

iii. Workers' Compensation and Employer's Liability

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

iv. Builder's risk/installation floater

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

v. Property insurance

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

vi. Self-insured

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



## HomeKey Program

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

*October 29, 2020*





# Presentation Overview

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





## The Addams/Parkway Neighborhood





## State of California's HomeKey Program

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





# Fresno Housing's Application

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



## City of Fresno's Partnership with FHA

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





# The Properties

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

# Parkway Drive Aerial



**FRESNO HOUSING**

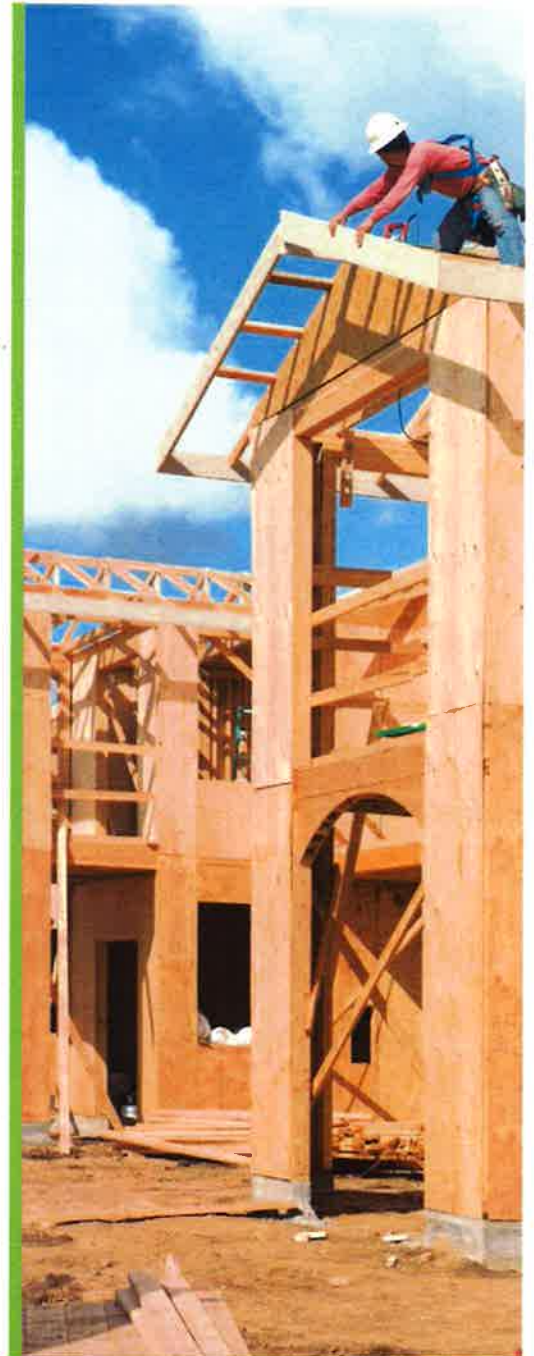


# Parkway Drive Motels Map



# Parkside Inn

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



FRESNO HOUSING

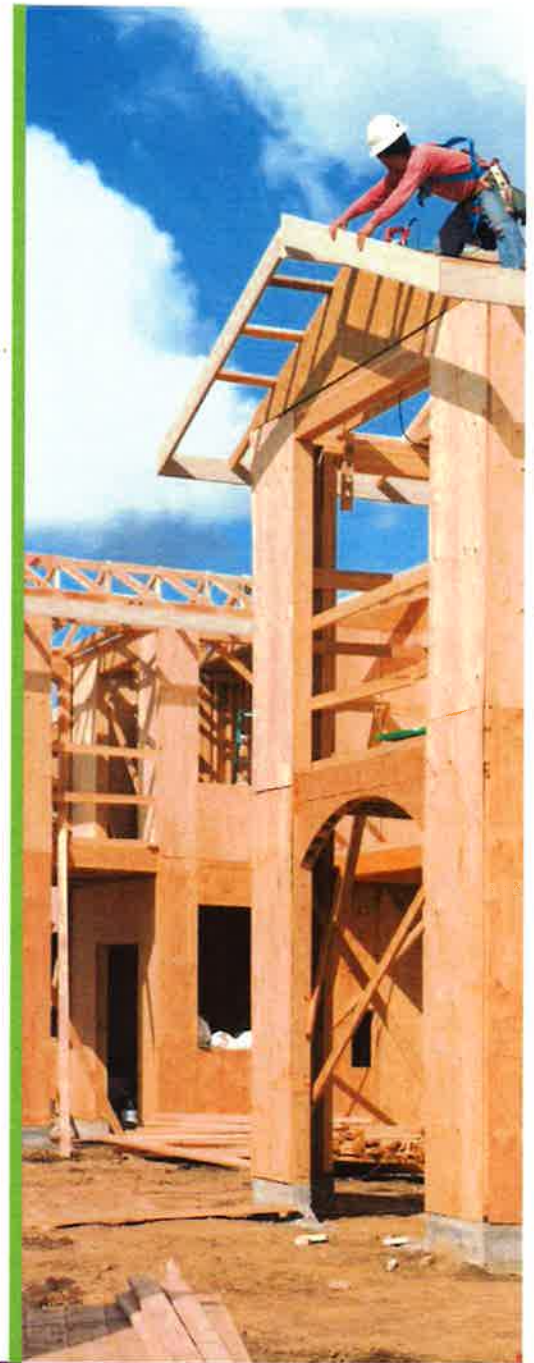




**FRESNO HOUSING**

## Day's Inn

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



FRESNO HOUSING



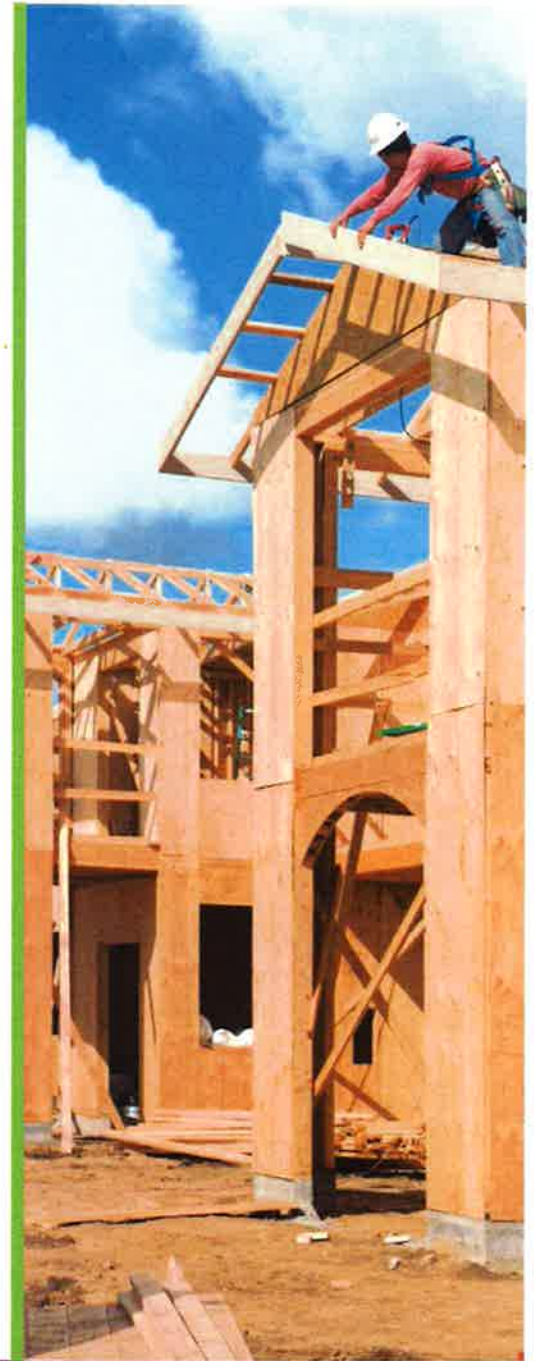


**FRESNO HOUSING**



# Welcome Inn

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



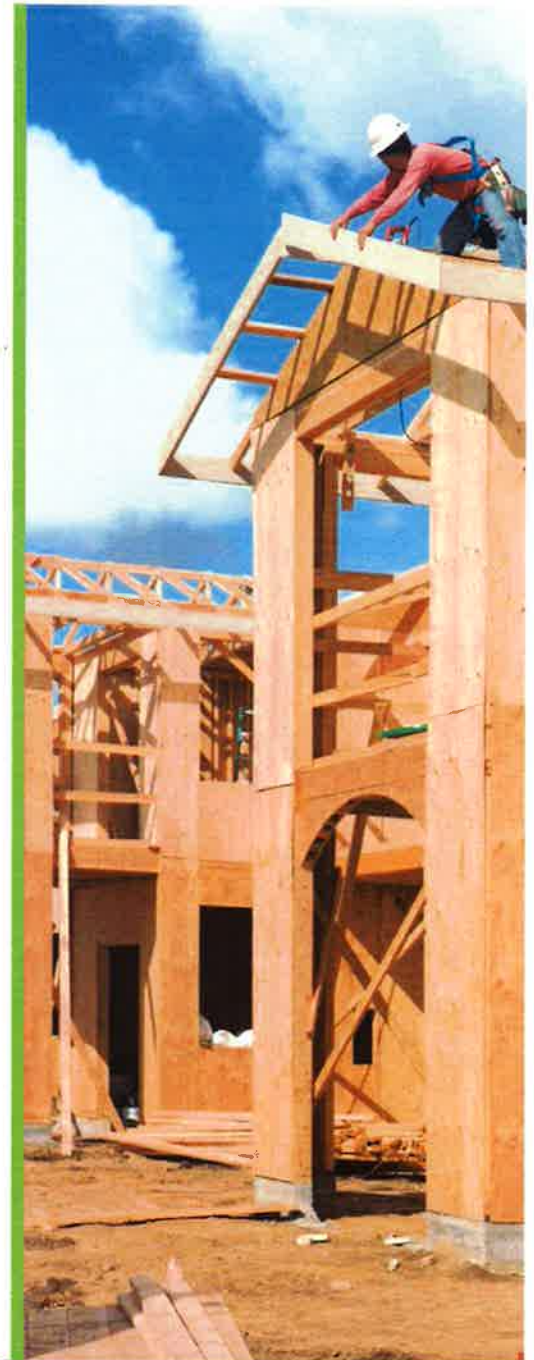
**FRESNO HOUSING**



**FRESNO HOUSING**

## Motel 99

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



FRESNO HOUSING





**FRESNO HOUSING**



## *Next Steps*

*Close Escrow by November*

*Occupancy by City of Fresno*

*Homeless - 90 days*

*Ongoing City/FHA Planning and  
Coordination*



**STANDARD AGREEMENT**

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

20-HK-00008

PURCHASING AUTHORITY NUMBER (If Applicable)

2240

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTOR NAME

Housing Authority of the City of Fresno

2. The term of this Agreement is:

START DATE

Upon approval by HCD

THROUGH END DATE

5 years from the effective date

3. The maximum amount of this Agreement is:

\$5,259,125.00

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

Exhibits	Title	Pages
Exhibit A	Authority, Purpose and Scope of Work	5
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C *	State of California General Terms and Conditions	
+ - + - Exhibit D	Homekey General Terms and Conditions	12
+ - Exhibit E	Project-Specific Provisions and Special Terms and Conditions	4

Items shown with an asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto.

These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

**CONTRACTOR**

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Housing Authority of the City of Fresno

CONTRACTOR BUSINESS ADDRESS

1331 Fulton Street

CITY

Fresno

STATE

CA

ZIP

93721

PRINTED NAME OF PERSON SIGNING

See Attached

TITLE

See Attached

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

See attached

**SCO ID:**

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES

**STANDARD AGREEMENT**

STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

20-HK-00008

PURCHASING AUTHORITY NUMBER (If Applicable)

2240

**STATE OF CALIFORNIA**

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS

2020 W. El Camino Ave, Suite 130

CITY

Sacramento

STATE

CA

ZIP

95833

PRINTED NAME OF PERSON SIGNING

TITLE

Contracts Manager,  
Business & Contract Services Branch

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

Exempt per: SCM Vol. 1 4.04.A.3 (DGS memo dated  
6/12/1981)

**CONTRACTOR**

---

**Housing Authority of the City of Fresno,**  
a California public body corporate and politic

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Preston Prince  
CEO/Executive Director

\_\_\_\_\_  
Address:  
1331 Fulton Street  
Fresno, CA 93721

**EXHIBIT A****AUTHORITY, PURPOSE AND SCOPE OF WORK****1. Authority**

Assembly Bill No. 83 (2019-2020 Reg. Sess.) added section 50675.1.1 and 50675.1.2 to the Multifamily Housing Program ("MHP") (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.1 is the statutory basis for the Homekey Program ("Homekey" or "Program"). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development ("Department" or "HCD") to administer MHP.

The Department issued a Notice of Funding Availability ("NOFA") for the Homekey Program on July 16, 2020. The NOFA incorporates by reference the MHP, as well as the MHP Final Guidelines ("MHP Guidelines"), dated June 19, 2019, both as amended and in effect from time to time. In addition, the NOFA states that Homekey grant funds are derived primarily from Coronavirus Relief Fund ("CRF") money received from the U.S. Department of the Treasury. The CRF was established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136).

This STD 213, Standard Agreement ("Agreement") is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Sponsor, as defined below, for funding under the Program (the "Grant"). As such, this Agreement shall be executed by the Sponsor. Where the Sponsor comprises a Local Public Entity (as defined below) and a private entity, both entities shall execute the Standard Agreement.

This Agreement hereby incorporates by reference the Application in its entirety. This Agreement is governed by the following (collectively, the "Program Requirements") and each of the following is incorporated hereto as if set forth in full herein:

- A. The above-referenced MHP statutory scheme;
- B. The NOFA issued on July 16, 2020, and as may be subsequently amended;
- C. The MHP Guidelines;
- D. The CARES Act and related federal guidance;
- E. The award letter issued by the Department to the Sponsor; and
- F. Any and all other applicable law.

**EXHIBIT A****2. Purpose**

The Homekey Program is intended to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic ("Target Population").

Sponsor applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Sponsor agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

**3. Definitions**

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. "Application"** means the application for Grant funds that was submitted in response to the Department's Homekey Program 2020 Notice of Funding Availability, issued on July 16, 2020.
- B. "CRF Covered Period"** means the time period running from **March 1, 2020 through December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred during this time period, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- C. "CRF Expenditure Deadline"** means **December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred on or before this date, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- D. "Designated Payee"** means the Co-Sponsor that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- E. "Development Sponsor"** has the same meaning as "**Sponsor**" below.
- F. "Eligible Uses"** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.1, subdivision (a).

**EXHIBIT A**

- G. “Interim Housing”** means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements.
- H. “Local Public Entity”** is defined at Health and Safety Code 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. In addition, and in accord with this Health and Safety Code definition, the term **“Local Public Entity”** also includes two or more local public entities acting jointly.
- I. “Performance Milestones”** means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Sponsor’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- J. “Permanent Housing”** means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of stay or restrict the tenant’s movements and where the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- K. “Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – F, above.
- L. “Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing or Interim Housing for the Target Population.
- M. “Scope of Work” or “Work”** means the work to be performed by the Sponsor to accomplish the Program purpose.
- N. “Sponsor”** is defined by MHP at Health and Safety Code section 50675.2, subdivision (g). (See also Health and Safety Code, section 50669, subd. (c).) **“Sponsor”** refers, both individually and collectively, to the private entity and/or the Local Public Entity that received a Homekey Grant after submitting an Application or a joint Application

**EXHIBIT A**

to the Department. When the Sponsor comprises two entities, each entity may be referred to as a **“Co-Sponsor.”** On the STD 213 portion of this Agreement, the Sponsor is identified as the Contractor.

- O. “State General Fund Expenditure Deadline”** means **June 30, 2022**. Grant expenses for capitalized 24-month operating subsidies, which are funded by the State General Fund, must be incurred on or before this date, or they will not be reimbursed.
- P. “Target Population”** means individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic.

**4. Eligible Uses**

Sponsor shall apply the Program Grant funds to one or more of the following uses. Sponsor’s use of the funds and scope of work (“Scope of Work” or “Work”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation of motels, hotels, or hostels.
- B. Master leasing of properties.
- C. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- D. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- G. Capitalized operating subsidies for units purchased, converted, or altered with funds provided under the Program.

**EXHIBIT A****5. Performance Milestones**

Sponsor shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each a "Milestone Completion Date"). Sponsor may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's sole and absolute discretion. In no event will the Department approve an extension request in the absence of Sponsor's demonstration of good cause for said extension, along with Sponsor's reasonable assurances that the extension will not result in Sponsor's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

**6. Reporting Requirements**

Sponsor shall comply with all reporting requirements set forth at Section 402 of the NOFA or in this Agreement, all in accordance with, without limitation, the deadline(s) set forth under Performance Milestones at Exhibit E of this Agreement.

**7. Department Contract Coordinator**

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Sponsor shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development  
Attention: Homekey Program (Homekey)  
Grant Management Section  
2020 West El Camino Avenue, Suite 400, 95833  
P. O. Box 952050  
Sacramento, CA 94252-2050

**8. Sponsor Contract Coordinator**

The Sponsor Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Sponsor Contract Coordinator at the address specified at Exhibit E of this Agreement.



**EXHIBIT B****BUDGET DETAIL AND PAYMENT PROVISIONS****1. Budget Detail**

Applicant has been awarded the Grant amount set forth in this Agreement.

**2. Conditions of Disbursement**

The Department will disburse the full amount of the Grant award to the Sponsor after this Agreement has been fully executed and after the Department receives the Sponsor's request for funds, with all required supporting documents appended thereto. The Sponsor shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comport with the Program's requirements (if the Sponsor has not already submitted same);
- C. Certification of compliance with California's prevailing wage law;
- D. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- E. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- F. A current title report (dated within 15 days of the request for funds);
- G. Any forms, certifications, or documentation required pursuant to Paragraph E—Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- H. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

**EXHIBIT B****3. Performance**

After disbursement of the funds, the Sponsor shall meet each Performance Milestone set forth at Exhibit E by the designated deadline. After satisfaction of each Performance Milestone, the Sponsor shall promptly report its progress, in writing, to the Department. Sponsor may apply to the Department for an extension of the Performance Milestone deadlines based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE SPONSOR TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO SPONSOR.

**4. Fiscal Administration**

- A. Sponsor shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any CRF Grant funds that have not been expended by the CRF Expenditure Deadline must be returned to the Department with accrued interest. Any State General Fund moneys that have not been expended by the State General Fund Expenditure Deadline must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development  
Accounting Division, Suite 300  
2020 W. El Camino Avenue  
Sacramento, California 95833

**EXHIBIT B**

**5. Duplication of Benefit**

Homekey funding is not required to be used as funding of last resort. However, Sponsor may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

EXHIBIT D

**HOMEKEY GENERAL TERMS AND CONDITIONS**

1. **Effective Date, Term of Agreement, Timing, and Deadlines**

- A. This Agreement is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "Effective Date").
- B. This Agreement shall terminate five (5) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "Expiration Date").
- C. Sponsor will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B. All Program funds must be disbursed by **December 30, 2020**.
- D. Grant expenses for CRF-funded Eligible Uses must be incurred from **March 1, 2020 through December 30, 2020** (the "CRF Covered Period"). **December 30, 2020** is the deadline for all such expenditures (the "CRF Expenditure Deadline" or "Expenditure Deadline"). CRF-funded Eligible Uses are those listed at Paragraph 4.A – F of Exhibit A.
- E. Grant expenses for capitalized 24-month operating subsidies (which are funded by the State General Fund) must be incurred by **June 30, 2022** (the "State General Fund Expenditure Deadline" or "Expenditure Deadline").
- F. Any expenses incurred prior to the CRF Covered Period, after the CRF Expenditure Deadline, or after the State General Fund Expenditure Deadline, respectively and as applicable, are not eligible for payment under the Program. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department.

2. **Termination**

The Department may terminate this Agreement for cause at any time by giving at least 14 days' advance written notice to the Sponsor. Upon such termination, Sponsor shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing,

**EXHIBIT D**

as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

Cause shall consist of Sponsor's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Sponsor's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified, by **December 30, 2020**.
- B. Sponsor's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Special Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Sponsor's violation of any of the Program Requirements.
- D. The Department's determination of the following:
  - 1) Any material fact or representation, made or furnished to the Department by the Sponsor in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
  - 2) Sponsor has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

Sponsor's failure to meet any applicable Expenditure Deadline shall result in the automatic termination of this Agreement, and Sponsor shall return all disbursed Grant funds to the Department within thirty (30) calendar days of the applicable Expenditure Deadline.

In the event of any other breach, violation, or default by the Sponsor, the Department may give written notice to the Sponsor to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department at its sole

## EXHIBIT D

and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

### 3. **Eligible Activities**

Grant funds awarded to the Sponsor shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

### 4. **Performance Milestones**

Sponsor shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

### 5. **Article XXXIV**

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

### 6. **Appraisals**

Sponsor shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

### 7. **Compliance with California's Prevailing Wage Law**

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

**EXHIBIT D**

**8. Environmental Conditions**

Sponsor shall provide a Phase I Environmental Site Assessment ("ESA") for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Sponsor desires to proceed with the Project, the Sponsor shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Sponsor shall also provide an asbestos assessment and a lead-based paint report for the Department's approval if the Project involves rehabilitation or demolition of existing improvements.

**9. Insurance**

Sponsor shall obtain the insurance coverages identified at Article VI of the NOFA; Sponsor shall maintain such insurance coverages for either the term of this Agreement or the term of any required use restriction or affordability covenant, whichever applicable term is longer. Sponsor shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Sponsor shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Sponsor is a Local Public Entity and is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Local Public Entity shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Local Public Entity abandons its self-insured status at any time after execution of this Agreement, the Local Public Entity shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

**EXHIBIT D**

**10. Operating Funds**

Sponsor shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Sponsor shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

**11. Relocation**

If there is or will be any residential or commercial displacement directly or indirectly caused by the Project, the Sponsor shall provide a relocation plan to the Department for review. The relocation plan must comply with the requirements of state law (Gov. Code, § 7260 et seq.) and the regulations adopted by the Department (Cal. Code Regs., tit. 25, § 6000 et seq.). The Project budget shall include enough funds to pay all costs of relocation benefits and assistance, as identified in the relocation plan accepted by the Department. If the Project will not cause any displacement, the Sponsor must provide corroborating documentation to the Department for approval. If there is separate federal funding of the Project, the Sponsor shall comply with federal Uniform Relocation Act requirements to the extent applicable.

**12. Site Control**

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Sponsor shall at all times have control of the property and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Sponsor's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.
- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.



**EXHIBIT D**

- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Sponsor, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Sponsor 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 duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Sponsor. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other forms of site control that give the Department assurance (equivalent to A-E above) that the Sponsor will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

**13. Adaptability and Accessibility**

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility in the design, construction and rehabilitation of residential projects for persons with disabilities.

**14. Title Report**

Sponsor shall provide a current title report for the real property on which the Project is located. If Sponsor's interest in the property is leasehold, then Sponsor shall provide a current title report for the leasehold interest and the fee interest.

**15. Title Insurance**

Sponsor shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department

**EXHIBIT D**

approval. The policy shall insure that Sponsor holds good and marketable title (fee simple or leasehold).

**16. Supportive Services Plan**

Where a project features on-site supportive services, Sponsor shall submit a supportive services plan to the Department for its review and approval. Such plan shall meet the Program Requirements.

**17. Non-Discrimination**

During Sponsor's performance under this Agreement, Sponsor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. Sponsor shall ensure that the evaluation and treatment of employees and applicants for employment are free from such discrimination and harassment. Sponsor shall comply with California's laws against discriminatory practices relating to specific groups: the California Fair Employment and Housing Act (FEHA) (Gov. Code, § 12900 et seq.); the regulations promulgated thereunder (Cal. Code Regs., tit. 2, § 11000 et seq.); and the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code, §§ 11135 - 11139.5). Sponsor shall give written notice of its obligations under this provision to labor organizations with which it has a collective bargaining or other agreement.

**18. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance**

Sponsor shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing or Permanent Housing. Sponsor is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development ("HUD"). Sponsor shall comply with all state and federal fair housing laws.

**EXHIBIT D**

**19. Sponsor Acknowledgment of the Pet Friendly Housing Act of 2017**

By executing this Agreement, Sponsor acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit, subject to applicable state laws and local governmental ordinances related to public health, animal control, and animal anticruelty.

**20. Final Certificate of Occupancy**

Sponsor shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

**21. Occupancy**

The units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Sponsor shall certify, upon occupancy, that it will employ the core components of Housing First (set forth at Health and Safety Code section 8255) as part of its property management and tenant selection practices.

**22. Reporting Requirements**

Sponsor shall submit expenditure and program reporting to the Department by **February 1, 2021**. Such reporting shall include the data outlined at Section 402 of the NOFA.

If Sponsor has received State General Fund moneys to fund a 24-month operating subsidy, Sponsor shall submit relevant expenditure reporting to the Department on **January 31, 2021; July 31, 2021; January 31, 2022; and July 31, 2022**. Such reporting shall include the data set forth at Section 402.i. – vi. of the NOFA.

**23. Use Restrictions and Affordability Covenants**

Either a use restriction or an affordability covenant shall be recorded against the Project real property, depending on the Project type. For Interim Housing Projects that will not result in permanent housing, the Department shall cause a 10-year use restriction to be recorded against the Project real property. For Interim Housing Projects that will ultimately result in permanent housing, the Local Public Entity shall

## EXHIBIT D

cause a 10-year use restriction to be recorded against the Project real property. For Permanent Housing Projects, the Local Public Entity shall cause a 55-year affordability covenant to be recorded against the Project real property.

All use restrictions and affordability covenants shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions and affordability covenants are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

### 24. **Restrictions on Sales, Transfers, and Encumbrances**

Sponsor 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.

### 25. **Retention, Inspection, and Audit of Records**

Sponsor is responsible for maintaining records which fully disclose the activities funded by the Grant. Sponsor shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. Sponsor shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent

## EXHIBIT D

auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Sponsor shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Sponsor in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Sponsor, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Sponsor shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

### 26. **Site Inspection**

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

### 27. **Compliance with State and Federal Laws, Rules, Guidelines, and Regulations**

Sponsor agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

### 28. **Updated Information**

If there is any change in the information that has been provided to the Department, Sponsor shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval.

**EXHIBIT D**

**29. Survival of Obligations**

The obligations of the Sponsor, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

**30. Litigation**

Sponsor shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

**31. Severability**

This Agreement constitutes the entire agreement between the Sponsor and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

**32. Waivers**

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Sponsor's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

**33. Disputes**

In the event of any conflict between this Agreement and any Sponsor documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

**EXHIBIT D**

**34. Consent**

The parties agree that wherever the consent or approval of the Department or Sponsor is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

**35. Sponsor Liability**

Sponsor shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Sponsor shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Sponsors' identification of a Designated Payee.

**36. Defense and Indemnification**

Sponsor agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Sponsor's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Sponsor shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

**37. Time Is of the Essence**

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

**EXHIBIT E**

**PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS**

**1. PROJECT-SPECIFIC PROVISIONS**

Motel 99 1240 Crystal Avenue, Fresno, CA 93728 Fresno County		APN: 449-232-01, 449-232-02	
Enter the number of doors by bedroom size and income level.			
# of Bedrooms	# of Doors	HK Restricted (Interim Housing)	Income Limit (% of AMI)
Studio	98	98	30% AMI
2	1	0	Manager's Unit
Total	99	98	

**A. Project Description**

- Grant Amount:** \$5,259,125.00
- Payee:** Housing Authority of the City of Fresno, a public body corporate and politic ("**Authority**")
- Eligible Use:** Acquisition and rehabilitation of a motel for Interim Housing; conversion to a Permanent Housing Project will be contemplated.
- Project Narrative:** Motel 99 will initially be operated as Interim Housing, and may later be converted to Permanent Housing. The Project will be occupied within 90 days of the acquisition date. During the initial Interim Housing period, the Authority will partner with Turning Point of Central California, Inc. (TPOCC) or another partner qualified to provide supportive services to the Target Population to operate the property. The Project will include and offer Permanent Housing opportunities utilizing a coordinated exit strategy



consistent with the local Continuum of Care, to support those Tenants transition into other Permanent Housing. To that end, Tenants will have access to onsite, housing-focused services, including diversion programs, housing placement, and/or referrals to community resources. The Project site is located within 1/3 of a mile of public bus stops. The Authority will ensure that a 10-year use restriction is recorded against the real property of the Project site.

## **5. Strategies to Promote Racial Equity and Accessibility:**

- a. The Sponsor shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.
- b. Sponsor shall ensure that the Project includes sensory accessible units and mobility accessible units in accordance with all relevant representations and descriptions in the Sponsor's Homekey Application (e.g., number of units, accessibility elements) and/or meets the minimum required accessible units as listed in the Homekey NOFA, to meet or exceed the greater of the two requirements.

### **B. Scope of Work**

The Authority will acquire a 99-room motel, perform some rehabilitation (e.g., ADA upgrades), and operate the facility initially as Interim Housing for households that are homeless or at risk of homelessness, and, because of that and for other reasons, are or have been impacted by the COVID-19 pandemic. The Authority may convert the facility to Permanent Housing at a later date.

During the Interim Housing period, the Authority will operate the Project in partnership with TPOCC or another partner qualified to provide supportive services to the Target Population, and will provide tenants with access to onsite services, such as diversion programs, housing placement, and/or referrals to community resources. Ultimately, the Authority will assist tenants in their transition to Permanent Housing, pursuant to a coordinated exit strategy adopted by the local Continuum of Care.

The Authority shall submit documentation of its compliance with California's relocation assistance law, in form and substance satisfactory to the Department, as required by Exhibit D of this Agreement.

As initial tenants are being successfully transitioned to Permanent Housing, the Authority intends to evaluate how the site can be converted to Permanent Housing. If feasible, the Authority may convert the site in phases to permanent affordable housing during the Interim Housing period, or it may convert fully to Permanent Housing. The precise development specifications of the Permanent Housing will be determined at a later date and subject to HCD approval.

During the Interim Housing period, the Authority shall ensure that a 10-year use restriction is recorded against the real property of the Project site in accordance with and as more fully specified and set forth in the Special Conditions below.

**C. Sponsor Contract Coordinator**

Authorized Representative Name:	Preston Prince
Authorized Representative Title:	CEO/Executive Director
Entity Name:	Housing Authority of the City of Fresno
Address:	1331 Fulton Street, Fresno, CA 93721
Phone No.:	(559) 443-8475
E-Mail Address:	pprince@fresnohousing.org

**D. Budget Detail**

Other funding sources will be capitalized as reserves to cover future shortfalls.

1. TPOCC/City of Fresno: \$2,832,375.00.

2. Authority: \$476,219.00.

3. The Authority will receive philanthropic funding for operating support in the amount of \$2,014,684.

**E. Additional Conditions Precedent to Disbursement**

Intentionally omitted.

**F. Performance Milestones**

<b>Performance Milestones</b>	<b>Date</b>
Completion of all necessary environmental clearances	11/15/2020
Satisfaction of all conditions of disbursement set forth at <u>Exhibit B</u> .	11/30/2020
Submission of documentation of compliance with California's relocation assistance law that has been expressly approved in writing by the Department.	11/30/2020
Program funds fully disbursed.	11/30/2020
Recordation of a 10-year use restriction by the Authority.	12/30/2020
Satisfaction of occupancy timeline.	2/28/2021
Submission of expenditure and program reporting	<b>Feb. 1, 2021</b>
Submission of expenditure reporting in connection with 24-month operating subsidy	<b>Jan. 31, 2021</b> <b>July 31, 2021</b> <b>Jan. 31, 2022</b> <b>July 31, 2022</b>

## 2. **SPECIAL TERMS AND CONDITIONS**

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

- A.** The Authority shall submit documentation of its compliance with California's relocation assistance law, in form and substance satisfactory to the Department, as required by Exhibit D of this Agreement. Such documentation shall be in finalized form and expressly approved by the Department in writing by the Performance Milestone date set forth herein.
- B.** The Authority shall cause a use restriction in accordance with the NOFA and Program Requirements ("**Covenant**") to be recorded against the real property of the Project site by the Performance Milestone date set forth herein. The Authority shall obtain the Department's express written approval of such Covenant prior to the Authority's recordation of same. Unless otherwise authorized by the prior and express written approval of the Department, the Covenant shall be recorded as a lien against the Project in first position, and shall remain in first position over all other Project agreements, covenants or other matters of record on the real property for the period of affordability required by the Program.