



# **REQUEST FOR PROPOSALS**

for

## **Qualified Teams**

to Support San Mateo County's

Applications for State Homekey 3.0 Funding

and for

## **Proposed Homekey 3.0 Opportunity Sites**

for

Permanent Supportive Housing

**Release Date: March 8, 2023**

**Responses must be received by 4 pm Pacific Time on March 31, 2023**

Applications can be found at <https://www.smcgov.org/housing/rfp-homekey-3>

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## I. EXECUTIVE SUMMARY

On behalf of the County of San Mateo ("County"), the County's Department of Housing ("DOH") intends to apply for state Homekey 3.0 funding for one or more Homekey opportunity sites approved by the County ("Opportunity Sites") to be developed, managed and operated as permanent supportive housing for people experiencing homelessness and others at risk of homelessness. Through this Request for Proposals (RFP), DOH seeks to identify qualified teams ("Teams") to support the County in the investigation, development and operation of Homekey 3.0 Opportunity Sites for permanent supportive housing. The RFP also solicits the proposal of specific Opportunity Sites for Homekey 3.0 funding.

Concurrently with this RFP, the County is assessing the feasibility of County-identified Opportunity Sites for Homekey 3.0 funding. Those sites are not identified or described in this RFP because they may not be feasible. Teams may apply to qualify for one or both of the following roles:

- Support the County's application for Homekey 3.0 funding for a County-identified Homekey Opportunity Site if one is found to be feasible.
- Act as a co-applicant for Homekey 3.0 funding for a Homekey Opportunity Site proposed by the Team and approved by the County.

For purposes of this RFP, a Team is defined as one or more entities that together have the capacity to develop, manage, and provide supportive services for a Homekey Opportunity Site proposed to be developed as permanent supportive housing. Teams must demonstrate the ability with **immediately available, qualified personnel** to:

- Support the County in completing a successful Homekey 3.0 application in a timely manner.
- Manage the acquisition, rehabilitation, construction and financing of properties that may have unknown conditions within a limited budget and on an accelerated construction schedule.
- Manage the property and provide on-site supportive services that enhance the housing stability of formerly homeless residents and other residents with significant needs referred by the Coordinated Entry System and other County and community partners.

The state's Homekey 3.0 NOFA is expected to be released in April 2023. The County has relied on the state's Homekey 2.0 application, guidelines, and forms to design this RFP. The Homekey 3.0 NOFA and guidelines may differ from the Homekey 2.0 guidelines. The Homekey program imposes significant scheduling and budgeting constraints that will eliminate from consideration many potential Opportunity Sites. Based on expected requirements of the Homekey 3.0 NOFA, the County has identified threshold requirements and competitive scoring both for Teams and for proposed Homekey Opportunity Sites.

Applications in response to this RFP must be submitted to the County by sending an email to Danita Robinson email [drobertson@smchousing.org](mailto:drobertson@smchousing.org) not later than 4 pm on March 31, 2023 with a Dropbox link and password to the completed cover letter, Part A of the application form, Part B of the application form (if proposing any Homekey Opportunity Sites) and all required and optional attachments.

Applications to qualify as a Team submitted after this deadline will *not* be accepted, but Teams selected by the County may continue to propose Homekey Opportunity Sites for the County's review on a rolling basis until the County determines that remaining time or matching funds are insufficient to assemble additional Homekey 3.0 proposals. The County reserves the right at any time to determine in its sole discretion not to respond to the state's Homekey 3.0 NOFA with an approved Team, for a specific Opportunity Site, or at all.

## II. RFP TIMELINE, PROCESS AND APPLICATION REQUIREMENTS

**Table 1 RFP Timeline**

March 8, 2023	RFP released
March 13, 2023 at 11AM	RFP TA Session Zoom Link posted on <a href="https://www.smcgov.org/housing/rfp-homekey-3">https://www.smcgov.org/housing/rfp-homekey-3</a>
March 15, 2023	Deadline for mandatory individual pre-application meetings
March 31, 2023 by 4 pm	RFP Deadline to Apply--Proposals due to County DOH by emailing the dropbox link and password to Danita Robertson at <a href="mailto:drobotson@smchousing.org">drobertson@smchousing.org</a>
Expected April 2023	State Homekey NOFA application released
April 18, 2023	DOH announces qualification of one or more Teams
April 30, 2023	DOH invites one or more qualified Teams to negotiate an agreement to develop a Homekey 3.0 application for a specific County-approved Opportunity Site (one identified by the County or one proposed by and approved by the Team)
Expected May 2023 and following on a rolling basis	DOH submits one or more Homekey 3.0 applications with one or more qualified Teams for County-approved Opportunity Sites for HCD Homekey funding

Teams are strongly encouraged to attend a TA Session via video conference, scheduled for March 13, 2023 at 11a – link the to video conference will be posted at <https://www.smcgov.org/housing/rfp-homekey-3>. DOH staff will review the application requirements and answer questions. An individual pre-application meeting with DOH staff is also required and may be scheduled by email to Babs Deffenderfer at [bdeffenderfer@smcgov.org](mailto:bdeffenderfer@smcgov.org). Applicants may submit written questions by email to Babs Deffenderfer at [bdeffenderfer@smcgov.org](mailto:bdeffenderfer@smcgov.org) and will receive an email reply. Questions and Answers will be posted from time to time on the County’s website.

Applications to demonstrate the qualifications of co-applicant Teams must be submitted by the deadline stated above. Teams are encouraged but not required to propose a Homekey Opportunity Site in this application. Qualified Teams that applied to the County by the deadline stated above may continue to propose Homekey Opportunity Sites to the County on a rolling basis after the deadline until the County determines that there is not sufficient time or matching funds remaining to support any further Homekey 3.0 applications to the state.

No funding commitment results from the County’s qualification of the Team or selection of an Opportunity Site for further investigation. The County will negotiate in good faith to agree on compensation of qualified Teams for development, property management and supportive services of a specific Homekey Opportunity Site from the County-approved development budget and operating budget for the Opportunity Site. Teams must be able to commit immediately available qualified personnel to work with the County on a Homekey 3.0 application without assurance that a proposed

Opportunity Site will move forward or will be selected by the state for Homekey 3.0 funding or that the time will be compensated.

Each Team's application in response to this DOH Request for Proposals shall include:

- A **Cover Letter** which names (a) each organizational member of the Team, their role, their address and website, and the lead responsible person representing that organization on the application; (b) the name and address (and current website if available) of each Opportunity Site proposed in the application (if any); and (c) the name, title, organization, email and telephone contact information of one individual authorized to communicate with the County about the proposal on behalf of the entire Team. The letter should state the Team's interest in negotiating the terms of developing, managing, and providing supportive services to (i) a County-identified Opportunity Site; (ii) an Opportunity Site proposed in the Team's application (if any); and ((iii) whether the Team is working on other sites that it may propose as an Opportunity Site at a later date.
- **Part A** of the Application (attached as a fillable PDF form) setting forth required information about the **Team's qualifications, as well as required and optional attachments.**
- **Part B** of the Application (attached as a fillable PDF form) setting forth required information about a **Homekey Opportunity Site proposed by the Team as permanent supportive housing, as well as required and optional attachments. Part B is not required.** Applicants may submit Part B of the Application template for more than one Opportunity Site but are encouraged to use available time and resources to develop the most thorough investigation and presentation of a single Opportunity Site.
- **All attachments checked in the Part A checklist and, if applicable, the Part B checklist,** with attachments in order and identified by the corresponding number and name on the completed attachment checklist. There is no page limit on Application Attachments, but Attachments must be clearly identified to correspond with the number and name checked in the checklist. A Team's application will be considered incomplete if it does not include all required Attachments or if Attachments are not clearly labelled with the identifying number and name.

RFP response documents are generally subject to disclosure pursuant to the California Public Records Act as set forth in California Government Code section 6250, et seq. All RFP response documents become the property of the County.

The County reserves the right, at any time before or after qualifying one or more co-applicant Teams or entering negotiations for an Opportunity Site, to decide, in its sole discretion not to respond to the state's Homekey 3.0 NOFA with a specific Team, for a specific Opportunity Site, or at all. The result is that a Team is at risk of not being compensated for its work to negotiate an agreement with the County, to investigate an Opportunity Site, or to assemble a response to the state's Homekey 3.0 NOFA.

### III. COUNTY CAPACITY AND RFP GOALS

San Mateo County is pursuing a Strategic Plan to End Homelessness and aims to make the experience of homelessness in San Mateo County rare, brief and non-recurring. The plan is available at <https://www.smcgov.org/hsa/center-homelessness>. One element of the County's plan is to increase the supply of permanent supportive housing for people experiencing homelessness and at risk of homelessness.

To implement its plan, the County in 2021 and 2022 successfully pursued funding under the state’s Homekey 1.0 NOFA, Homekey 2.0 NOFA and/or other federal and state funding programs to develop:

- Four non-congregate shelter (NCS) sites as interim housing with onsite supportive services, offering a private room and bath to each resident without a lease and without charging rent;
- Two permanent supportive housing (PSH) sites renting apartments that include both a bathroom and kitchenette with onsite supportive services.

These projects are summarized in Table 2 below:

**Table 2 San Mateo County Homekey Projects**

<b>Project</b>	<b>Formerly Known As</b>	<b>Location</b>	<b>Housing Type</b>	<b>Number of Units</b>
Pacific Shelter	Pacific Inn	Redwood City	NCS to convert to PSH	75
Coast House	Coastside Inn	Half Moon Bay	NCS	52
Shores Landing	TownPlace Suites	Redwood City	PSH	95
El Camino House	Stone Villa Inn	San Mateo	NCS to convert to PSH	44
Casa Esperanza	Comfort Inn	Redwood City	PSH	52
Navigation Center	NA (Modular)	Redwood City	NCS	240
<b>Total NCS units</b>				411 (119 to convert to PSH)
<b>Total PSH units</b>				147
<b>Grand Total</b>				558

Five of the six sites have been hotel/motel conversions, and the largest Homekey site, the Navigation Center, has incorporated modular construction to meet the demanding Homekey scheduling requirements. The County has completed construction and occupied its hotel/motel conversion projects within 12 months of acquiring the property. In four of the six sites, the County acted as the sole applicant and developer and subcontracted for property management and supportive services. In two of the six sites, the County contracted with an affordable housing developer to renovate the property and assemble and manage a team that included a property manager and a specialized homelessness service provider. In a seventh PSH project, the County is working with a nonprofit developer to add an additional 108 PSH housing units for people experiencing homelessness without Homekey funding.

The County seeks to deploy County matching funds to apply for state Homekey 3.0 funding with one or more qualified Teams, each of whom will develop, manage and provide supportive services at one or more new Homekey Opportunity Sites approved by the County for development as permanent supportive housing. The County seeks to increase the number of San Mateo County Opportunity Sites under consideration for Homekey 3.0 funding and thus encourages applications from developers with specific Opportunity Sites to propose to the County, as well as from developers who have not yet identified any Opportunity Sites but would like to act as co-applicant of a Homekey Opportunity Site identified or owned by San Mateo County or propose a specific Opportunity Site after the deadline for this RFP. Through this RFP, the County seeks to develop a robust pipeline of Opportunity Sites to house people experiencing homelessness or at risk of homelessness, taking advantage of the County’s available matching funds.

## IV. STATE HOMEKEY PROGRAM GUIDELINES

The County intends to apply for Homekey 3.0 funding for one or more Opportunity Sites selected through this RFP or identified by the County. The State has announced that the Homekey Program Notice of Funding Availability, Round 3 (State Homekey 3.0 NOFA) will be issued in Spring 2023, perhaps in early April 2023. The County expects that the Bay Area allocation of Homekey 3.0 funds will be highly competitive and that the Homekey 3.0 round will accept applications on a continuous, over-the-counter basis until available funds are exhausted, as was the case for Homekey 2.0. Until the Homekey 3.0 NOFA is posted by the state Homekey program, the County urges applicants to study Homekey 2.0 requirements and utilize HCD's *Property Evaluation and Design Guidelines* to investigate potential Homekey Opportunity Sites.

It is expected that the State Homekey 3.0 NOFA will include a California Environmental Quality Act (CEQA) exemption set forth at Health and Safety Code (HSC) section 50675.1.4 and the provision for land use consistency and conformity set forth at HSC section 50675.1.3, subdivision (i). Although the Homekey CEQA exemption is largely limited to existing buildings, the state Homekey program has identified alternate streamlining pathways for new construction projects which the County encourages Teams to explore.

State Homekey funds must be used to provide interim housing (for a term of 15 years) or permanent supportive housing (for a term of 55 years). Through this RFP, the County is *only* seeking Opportunity Sites that are feasible to develop as permanent supportive housing. The State will likely set-aside funds for housing serving Homeless Youth and Youth at risk of Homelessness.

The County's Homekey experience is primarily in acquiring and rehabilitating vacant motels and hotels, but the County welcomes proposals from qualified Teams for other eligible uses of Homekey funds. Eligible uses of Homekey 3.0 funds are expected to include:

- **Acquisition with or without rehabilitation** of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to housing.
- **Master leasing** of properties for non-congregate housing.
- **Conversion** of units from nonresidential to residential.
- **New construction** of dwelling units.
- The purchase of **affordability covenants** and restrictions for units.
- **Relocation costs** for individuals who are being displaced as a result of the Homekey project.
- **Capitalized operating subsidies** for Homekey units purchased, converted, constructed, or altered.

Homekey-assisted Units must house people experiencing homelessness or at risk of homelessness. The state Homekey NOFA provides significant competitive advantage for proposals that dedicate 51% or more of the Homekey units to people experiencing homelessness, 25% or more to Chronically Homeless people, or 25% or more to Homeless Youth or Youth at Risk of Homelessness. Leases are required for permanent supportive housing units, and the County expects to base rent for Homekey-assisted units on affordability at 30% of Area Median Income, using the Multi-Family Tax Subsidy Program (MTSP) Regular Income and Rent Limits as described in Tables 3 and 4:

<b>Table 3</b> <b>San Mateo County</b> <b>2022 MTSP Regular Income Limits</b> <b>effective April 1, 2022</b>					
<b>Household (HH) Size</b>	<b>1 person</b>	<b>2 persons</b>	<b>3 persons</b>	<b>4 persons</b>	<b>5 persons</b>
<b>Income Limit</b>	\$39,150	\$44,760	\$50,340	\$55,920	\$60,420

<b>Table 4</b> <b>San Mateo County</b> <b>2022 MTSP Regular Rent Limits</b> <b>(gross rent including utility allowance)</b> <b>effective April 1, 2022</b>					
<b>Bedroom Size</b>	<b>SRO</b>	<b>0 BR</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>
<b>Rent Limit</b>	n/a	\$978	\$1,048	\$1,258	\$1,454

Because County residents in the Coordinated Entry System typically have incomes well below Homekey income limits, the County seeks to identify appropriate sources of County matching funds that will enable Homekey Opportunity Sites to restrict rent to a lower Area Median Income (“AMI”) or to 30% of the tenant’s actual household income with very low or no minimum income requirements. Larger Opportunity Sites may also include non-Homekey-funded units for the target populations with rent affordable to households up to 50% or 60% of Area Median Income as allowed by program requirements of the County’s other capital subsidy sources.

The state’s Homekey program imposes demanding scheduling and budgeting limits which applicant Teams must carefully consider before proposing Homekey 3.0 Opportunity Sites for the County’s consideration:

- Evidence of site control is required as a condition of submitting a proposal to the state Homekey program.
- Homekey capital funds must be fully expended within 8 months of the state’s Homekey award date.
- Homekey projects must complete construction or rehab within 12 months of the state’s Homekey award date.
- Homekey capital funding is limited to \$150,000/door (or \$175,000 or \$200,000/door for certain unit sizes and populations) with up to an additional \$100,000/door Homekey capital match available for \$100,000/door of County matching capital funds.
- Homekey projects must achieve full occupancy within 90 days of completion of construction.
- Homekey may provide an operating subsidy award for up to three years in the amount of \$1,000/door/month or \$1400/door/month depending on population served if the County pledges to cover the balance needed to operate the property for up to four years.
- Homekey provides operating subsidy bonuses for early application submittals and expedited occupancy, but the County does not expect to qualify for those bonuses.

A qualified Team will prepare drafts of relevant Homekey 3.0 application materials for County review, and when approved, the County will finalize, upload and submit the application through the Homekey portal. If the County’s Homekey 3.0 application is selected for an award, the State will execute a



Standard Agreement with the County. The County’s Department of Housing will serve as the main point of contact with the state Homekey program for Homekey 3.0 applications, awards, and reporting.

The State requires the County to accept the Homekey funding as a recoverable grant and record a regulatory agreement against the Homekey Opportunity Site that will restrict rents and occupancy and enforce other Homekey requirements. This regulatory agreement must be in a first lien position and the minimum term is 55 years for permanent affordable housing projects.

For County-owned Homekey Opportunity Sites, the County expects to enter into a 55-year Ground Lease with the developer member of the Team, which must be approved by the Board of Supervisors and the state Homekey program. County-owned sites may be able to use the County Building Department to issue any required building permits, but other properties that require city building permits must allow adequate time to secure required building permits.

The County will negotiate how County matching funds from non-Homekey sources (both local and federal) for capital uses and for Capitalized Operating Subsidy Reserves will be secured against the property. The County expects that any such matching funds will be evidenced by a Promissory Note payable from residual receipts, a deed of trust and a regulatory agreement subordinate to the state Homekey program’s Regulatory Agreement, which must be in a first lien position.

The County will support Teams accessing CEQA and land use streamlining tools included in the State Homekey 3.0 NOFA and expects Teams to seek legal counsel in applying the exemptions and obligations to specific Homekey Opportunity Sites. Teams will also be responsible for compliance with the applicable Skilled and Trained Workforce and Prevailing Wage requirements of the Homekey program.

Teams may propose capital budgets for Opportunity Sites that include a developer fee, although a developer fee is not required. Higher developer fees may be considered for new construction project proposals on a case-by-case basis. Developer fees may be lower for Opportunity Sites with moderate rehabilitation required, at the County’s discretion. The amount and timing of a developer is subject to negotiation with the County based on the specific issues raised by an individual Opportunity Site.

## V. COUNTY CAPITAL AND OPERATING SUBSIDY MATCHING SOURCES

The County has identified possible local, state and federal funding sources for operating and capital uses that may be awarded as a County match to selected Homekey Opportunity Sites depending on the scoring of each proposal, each Opportunity Site’s fit with the specific financing program requirements, and any required Board of Supervisors’ approval or state Homekey waivers. The ability to use the County’s proposed sources of matching funds is a limiting factor for the total number of Homekey 3.0 applications which the County will submit. For this reason, there is more favorable scoring of Opportunity Site proposals submitted in response to this RFP that propose to leverage the more restrictive federal financing programs as a matching resource.

**Capital Subsidy:** Assuming (i) the base Homekey award of \$150,000, \$175,000, or \$200,000/door (depending on the number of bedrooms in the unit and the population served), (ii) the Homekey capital match of up to \$100,000/door, and (iii) a County capital pledge of at least \$100,000/door, **the total minimum capital funding** (both state Homekey and County) is expected to be **between \$350,000 and \$400,000 per “door”**. *(County funding for a Capitalized Operating Subsidy Reserve will not be counted in*

*evaluating the request for County capital subsidy but will be counted in evaluating the request for County operating subsidy funds.)* Proposed Opportunity Sites that are feasible with this minimum capital subsidy award will have a competitive advantage in the County's screening of Opportunity Sites to submit for state Homekey 3.0 funding. Proposals for Opportunity Sites may request a higher amount of County capital subsidy/door, but **not greater than a total estimated cost of \$500,000/door** (including both state Homekey and County matching funds). Teams should research the limitations and requirements of each County matching source and, in proposing specific Opportunity Sites for County consideration, may also propose other matching sources that may be feasible. Each of the County's possible capital subsidy matching sources is summarized below, but applicants are urged to read the program regulations and guidelines for each funding source to verify that the funding source is feasible for the specific Opportunity Site proposed by the Team:

- **HOME-ARP:** Subject to HUD's final approval of a pending HOME-ARP allocation plan, the County may award HOME-ARP funds for new permanent affordable units identified under this RFP that also meet HOME-ARP requirements. HOME-ARP funds may be used for capital costs or to fund a capitalized operating subsidy reserve (COSR). HOME-ARP rental units must have rent based on 30% of actual household income. HOME-ARP units must target four qualifying populations, although the County's HOME-ARP plan allows a preference for people experiencing homelessness. The other three HOME-ARP qualifying populations include (a) people at risk of homelessness, (b) people fleeing domestic violence, dating violence, sexual assault and human trafficking and (C) specific other populations identified as lacking housing stability. HOME-ARP funds can be coordinated with Homekey funding if the state Homekey program waives its requirement that Homekey units be filled from the Coordinated Entry System (a waiver which was granted on another County Homekey project with Redwood City HOME-ARP funds). HOME-ARP is subject to NEPA requirements and other federal requirements. HOME-ARP funds must be fully expended within four years of the funding agreement and not later than September 30, 2030. A funded HOME-ARP COSR may continue after September 30, 2030 subject to ongoing County monitoring. To learn more about HOME-ARP, review HUD's HOME-ARP notice CPD 21-10 (September 13, 2021) and the County's HOME-ARP allocation plan posted on the Department of Housing website at <https://www.smcgov.org/housing/home-arp-allocation-plan>.
- **HOME:** The County may award HOME funds for permanent supportive housing units selected under this RFP. HOME funds may be used for acquisition, new construction or rehabilitation costs. HOME-funded rental units must be affordable to households between 30% of AMI and 60% AMI (HOME Limit). HOME is subject to NEPA requirements and other federal requirements. To learn more about HOME, consult HUD's HOME regulations at 24 CFR Part 92.
- **CDBG:** The County may award CDBG funds for permanent supportive housing selected under this RFP. CDBG funds may be used for acquisition, demolition and clearance of feasible sites or for rehabilitation for permanent supportive housing if the housing benefits low and moderate-income persons. However, CDBG funds may not be used for new construction of affordable housing. CDBG is subject to NEPA requirements and other federal requirements.
- **ARPA:** The County may award American Rescue Plan Act (ARPA) funding under this RFP. ARPA funds may be used for acquisition, new construction or rehabilitation of feasible opportunity sites. ARPA funds do not trigger NEPA and other federal requirements. ARPA funding must be

paid out by 3/31/2027. Please review guidance on using ARPA funding for permanent affordable housing at <https://home.treasury.gov/system/files/136/Affordable-Housing-How-To-Guide.pdf>

- **Mental Health Services Act (MHSA):** The San Mateo County Behavioral Health and Recovery Services (BHRS) agency and DOH may collaborate to propose MHSA funding as a local matching source for the creation of Homekey permanent affordable rental units for people with serious mental illness who are homeless or at risk of homelessness. Eligible uses include acquisition, new construction, rehabilitation, and predevelopment costs. MHSA rents must be affordable to households with incomes of 30% of Area Median Income or lower. MHSA matching funds may also be used to create a Capitalized Operating Subsidy Reserve to enable rents to be affordable to eligible households based on 30% of actual household income. The use of MHSA funds for Homekey units may require a state Homekey waiver to permit referrals of eligible households from BHRS instead of through the Coordinated Entry System.
- **Measure K:** Measure K funds may be used for acquisition, construction, and rehabilitation of affordable rental housing, including a Homekey Opportunity Site to be developed as permanent supportive housing, as well as to create a Capitalized Operating Subsidy Reserve. Measure K funds do not trigger NEPA and other federal requirements.

**Operating Subsidy:** Homekey 3.0 is expected to provide up to three years of capitalized operating subsidy at a rate of \$1,000/unit/month for most Homekey units, and \$1,400/unit/month for units serving Chronically Homeless or Homeless Youth for any project in which the County pledges an operating subsidy award for at least four years. Proposed Opportunity Sites that are feasible with the lowest amount of County four-year operating subsidy will have a competitive advantage.

Teams should research the limitations and requirements of each operating subsidy source proposed by the County and in their applications should specifically propose the operating subsidy matching sources their Opportunity Sites would propose to use. Applicants are urged to read the program regulations and guidelines for each funding source to verify that the funding source is feasible for the specific project proposal:

- **HOME-ARP:** As described in Table 5, HOME-ARP funds can be used to create a Capitalized Operating Subsidy Reserve (COSR) for HOME-ARP units, but the County will limit the total amount of HOME-ARP funds available/unit.
- **HOME:** HOME funds can be used to create a Capitalized Operating Subsidy Reserve.
- **ARPA:** ARPA funds can be used to create a Capitalized Operating Subsidy Reserve or to fund a contract for social services but all funds must be expended by March 31, 2027.
- **Local Rental Subsidy Program:** The County will make available a limited number of county-funded rental subsidies for studio and one-bedroom Homekey units targeted to Extremely Low-Income households experiencing homelessness. The subsidy will be a fixed per unit monthly subsidy set to the 60% AMI rent limits published annually by the California Tax Credit Allocation Committee (TCAC). Units receiving a county-funded rental subsidy must have access to high-quality intensive supportive services. Households will contribute no more than 30% of their gross income for rent and utilities. These are one-time funds for a term of fifteen years subject to biennial appropriation by the Board of Supervisors.
- **MHSA:** MHSA funds can be used to create a Capitalized Operating Subsidy Reserve (COSR) for MHSA units.

- **Measure K:** Measure K funds can be used to create a Capitalized Operating Subsidy Reserve (COSR).

**Applicants should not assume the availability of Project-Based Vouchers from the Housing Authority of San Mateo County (HACSM).** HACSM has recently completed an RFP for award of Project-Based Vouchers and has no plans to implement another RFP in the foreseeable future.

Applicants are encouraged to identify and propose other feasible sources of operating or supportive services funding not identified by the County in this RFP.

**Opportunity Sites that use certain federal funding sources as a match will be required to comply with federal requirements,** including but not limited to:

- Section 3 of the U.S. Housing Act of 1968, as amended
- Equal Opportunity and related requirements in 24 CFR Section 982.53
- Section 504 of the Rehabilitation Act of 1973
- Americans with Disabilities Act of 1990
- Architectural Barriers Act of 1968
- Fair Housing Act of 1988
- Violence against Women Act (VAWA)
- Davis-Bacon prevailing wages (if greater than state prevailing wages required by Homekey)
- National Environmental Protection Act (NEPA) (**PLEASE NOTE:** If NEPA applies, Teams must refrain from certain “choice-limiting activities” prior to NEPA review and must hire a qualified NEPA consultant to prepare the required NEPA documents for the County’s review).

In addition, County funding terms require compliance with MBE/WBE, Fair Housing, ADA, Section 504 and VAWA even if federal funds are not used.

## VI. REVIEW STANDARDS FOR TEAMS

The County will apply Threshold (required) standards to identify Teams qualified to support the County’s Homekey 3.0 applications and will rank Teams that meet Threshold standards using competitive scoring summarized in Part VI.B below.

### A. Threshold Requirements for Teams

**As more fully described in the Application, each applicant Team must meet all of the following Threshold requirements in order to qualify as a Team:**

**1. Three areas of Organizational Capacity:** Each Team must demonstrate the required threshold experience in **all three** areas of Homekey capacity (development, property management and supportive services). This may be satisfied by one, two or three organizations as long as the threshold experience requirement is fully satisfied in all three areas of required capacity.

**2. Executed Memorandum of Understanding:** Each Team must submit an **executed Memorandum of Understanding** showing the agreement of each organization to (i) play the role proposed in the completed Application, (ii) coordinate activities with the lead organization and with the County (evidence of this coordination is a Homekey threshold requirement) and (iii) accept the required

acknowledgements and agreements in Section VIII of this RFP. If a Team consists of subsidiaries or affiliates of a single organization, it must nonetheless submit an Executed Memorandum of Understanding that includes the same terms.

**3. Organizational Good Standing:** Each organizational member of the Team must meet Homekey 3.0 requirements for organizational, legal, and financial **good standing** and the application must include the attachments required to demonstrate organizational good standing.

**4. Development Capacity:** The development capacity of the Team must be evidenced by (i) the necessary track record, (ii) immediately available qualified staff capacity and (iii) demonstrated experience of serving people experiencing homelessness and implementing Housing First principles.

**5. Property Management Capacity:** The property management capacity of the team must be evidenced by (i) the necessary track record; (ii) immediately available qualified staff capacity, and (iii) demonstrated experience of serving people experiencing homelessness and implementing Housing First principles.

**6. Supportive Services Capacity:** The supportive service capacity of the Team must be evidenced by (i) the necessary track record; (ii) immediately available qualified staff capacity, and (iii) demonstrated experience of serving people experiencing homelessness and implementing Housing First principles.

## **B. Competitive Scoring of Teams that Meet Threshold Requirements**

**Proposals that meet Threshold requirements to qualify as a Team will be ranked using the following criteria:**

Up to 10 Points: The organizational members of the Team have **previously collaborated** to create, manage and provide services to people experiencing homelessness at one or more affordable housing sites.

Up to 20 Points: The Team includes one or more members with a track record of developing, managing, or providing supportive services at one or more **Homekey sites**.

Up to 10 points: The Team includes both property management and supportive services experience at income-restricted affordable housing property with some units for people experiencing homelessness filled by **referrals from the Coordinated Entry System**.

Up to 15 points: The Team includes a developer with experience in acquiring **other non-multi-family housing buildings**, such as hotels, motels, offices, warehouses, nursing homes, etc. and converting their use to housing.

Up to 20 points: The Team includes a developer with experience using CDBG, HOME, HOME-ARP and other **federal housing finance programs requiring compliance with NEPA and other federal requirements**.

Up to 25 points: The Team completes Part B of the Application with required attachments and **submits an Opportunity Site** for consideration that meets Threshold requirements for Opportunity Sites. **NOTE: Teams are not required to propose a Homekey Opportunity Site but doing so will make an application to be selected as a Team more competitive.**

## VII. REVIEW STANDARDS FOR HOMEKEY 3.0 OPPORTUNITY SITES

### A. Threshold Requirements for Proposed Homekey 3.0 Opportunity Site

Teams are not required to submit an Opportunity Site for consideration by the County. If an Opportunity Site is proposed, the County will use the following standards to assess whether a proposed Homekey Opportunity Site meets Threshold requirements and thus qualifies the co-applicant Team to receive competitive points as a co-applicant Team. Although these requirements assume that the Opportunity Site is a hotel/motel property, other property types eligible for Homekey funding may be proposed by adapting any stated requirements as appropriate.

#### 1. LOCATION:

- Permanent supportive housing sites (rental units with kitchens or kitchenettes that meet TCAC standards) are needed in all parts of the County.
- Sites must be convenient to transit, shopping, healthcare and other services.
- The intended use of the Homekey Opportunity Site is a permitted use within the zone in which the structure is located, is not subject to any conditional use permit, discretionary permit or other discretionary reviews and approvals, and is not subject to CEQA.
- The site is not in a FEMA flood zone, in an area affected by airport noise, or in an area with known geological hazards, including rupture, liquefaction and landslides.

#### 2. PHYSICAL CONDITION:

- The property was built before January 1, 2008 and can be converted to residential without requiring an upgrade of the entire structure to current code.
- When renovated, the property will be equipped with quick-response fire sprinklers, fire alarms, and fire separation walls that meet minimum rating requirements.
- The property already provides the minimum number of ADA units to satisfy the Building Code.
- When renovated, the site will offer adequate office space for property management and supportive services.
- When renovated, the site will provide indoor and outdoor community gathering spaces for residents.
- When renovated, the site will offer a resident laundry with capacity sufficient for the number of proposed residents.
- The site is vacant with no permanent residents (including live-in managers, residents for more than 30 days with or without written agreements, or commercial tenants) and does not trigger relocation requirements.
- When renovated, the site will provide rental units of at least 350 square feet with kitchens or kitchenettes that meet TCAC standards.
- A property of more than two stories has functioning elevators.
- Documentation about the physical condition of the property is available, including one or more of the following: a Physical Needs Assessment, Phase 1 Environmental Assessment, maintenance records, and/or inspection or rehab reports that provide a basis for reliably estimating rehabilitation costs and financial feasibility.

#### 3. FINANCIAL FEASIBILITY AND READINESS:

- A site awarded funding by the State under prior Homekey rounds is ineligible.
- The site is *feasible to acquire and renovate* within the standard state Homekey capital subsidy budget (with the expected available County capital match) such that the total cost of acquisition and renovation or new construction (not including any assumed COSR) will not exceed \$500,000/door.

- The site is *feasible to acquire and renovate* within the state Homekey milestone schedule.
- The site will be *financially feasible to operate* for 15 years assuming the state Homekey award of a three year Capitalized Operating Subsidy supplemented by the amount and terms of the requested County operating subsidy commitment.

**4. POPULATION SERVED AND INCOME/RENT RESTRICTIONS:**

- THRESHOLD: Homekey-assisted units must target people experiencing homelessness, people at risk of homelessness, Chronically Homeless, or Homeless Youth or Youth at risk of homelessness. (HOME-ARP matching funds must serve people experiencing homelessness and at risk of homelessness and two other qualifying populations and may be used as a match for Homekey-assisted units only with approval of the state Homekey program; MHSA funds must target people with serious mental illness who are homeless or at risk of homelessness.)
- THRESHOLD: Homekey-assisted units must comply with income and rent limits based on 30% of the County’s Area Median Income under the Multi-Family Tax Subsidy Program.
- THRESHOLD: A Restrictive Covenant is required (55 years for permanent housing).

**B. Competitive Scoring of Opportunity Sites that Meet Threshold Requirements**

**Proposed Opportunity Sites that meet Threshold requirements will be ranked using the following criteria:**

**1. LOCATION (Up to 15 points)**

- The site is in a High Resource Area as defined by TCAC.
- The site is within one-half mile of a public transit stop.
- The site is within one-half mile of essential shopping.
- The site is within one-half mile of health care providers, pharmacy and other essential services.

**2. PHYSICAL CONDITION (up to 30 points)**

- The site has as-built plans and drawings that reflect current conditions.
- The site is already fenced, with vehicular security gates and a functioning security camera system.
- The site is already equipped with quick-response fire sprinklers, fire alarms, and fire separation walls that meet minimum rating requirements.
- The site already offers larger units that include a functioning kitchen or kitchenette able to meet TCAC standards without renovation.
- The site already provides indoor and outdoor community gathering spaces for residents without renovation or new construction.
- The site already has a resident-serving laundry with capacity to serve the number of units proposed.
- When renovated, at least 15% of the Homekey units will satisfy mobility accessibility and at least 10% will satisfy communication accessibility (vision and hearing).
- The renovation cost is expected to be less than 10% of the total development cost (excluding any developer fee).

**3. FINANCIAL FEASIBILITY AND READINESS (up to 35 points)**

- The site is *feasible to acquire and renovate* within the standard state Homekey capital subsidy budget (with the expected available County capital match) such that the total cost of acquisition and renovation or new construction (not including any assumed COSR) will not exceed \$400,000/door.

- The site is financially feasible to operate for at least 15 years with a defined amount of a County four-year operating subsidy commitment for the maximum Homekey 3.0 three-year operating subsidy.
- The financing plan will use one or more of the County’s identified federal matching fund programs and is able to satisfy the resulting NEPA, prevailing wage, and other federal requirements.
- The Team already has evidence of site control (a requirement of a state Homekey proposal).
- The development plan proposes a purchase price already supported by an appraisal that satisfies Homekey 3.0 appraisal guidelines.
- The development plan does not require a building permit.

**4. POPULATION SERVED AND INCOME/RENT RESTRICTIONS: (up to 20 points)**

- At least 51% of the Homekey-assisted Units will serve people experiencing homelessness.
- At least 25% of the Homekey-assisted units will serve Chronically Homeless people or Homeless Youth/Youth at risk of Homelessness.
- The development plan will use one or more identified source of County matching funds to serve households with rent based on 30% of actual household income or with rents targeted to a lower Area Median Income.
- The development plan includes both Homekey-assisted units and non-Homekey-assisted units housing other vulnerable populations approved by the County, including for example, the additional qualifying populations served by HOME-ARP.

## VIII. REQUIRED ACKNOWLEDGEMENTS, AGREEMENTS, AND CERTIFICATIONS

The executed Memorandum of Understanding (a required attachment to qualify as a co-applicant Team) must include a statement that each member of the Team has reviewed, understands and agrees to the following acknowledgements, agreements and Certifications.

1. **Independent Investigation of State Homekey Requirements.** Notwithstanding the County’s efforts to summarize the state Homekey Program, applicants acknowledge their independent responsibility to master the requirements of the Homekey 3.0 program and make their own independent determination of their ability to satisfy Homekey 3.0 NOFA requirements.
2. **Housing First Certification.** Applicants acknowledge that Homekey applicants are required to certify to employ the core components of Housing First, as set forth in Welfare and Institutions Code Section 8255, in its property management and tenant selection practices and must accept tenants regardless of sobriety, participation in services or treatment, history of incarceration, credit history, or history of eviction and in accordance with local Coordinated Entry System protocols.
3. **Good Standing.** Applicants acknowledge that they must be qualified to do business and in good standing with the State of California Secretary of State and the California Franchise Tax Board and must be in compliance with all material requirements of any prior awards from the California Department of Housing and Community Development.



4. **Board Resolution.** Applicants acknowledge that a Board of Directors authorizing resolution will be required at a later date for submission of a Homekey 3.0 application.
5. **Agreement not to Discriminate.** Applicants agree not to discriminate on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, participation in a tenant-based rental assistance program, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), immigration status, past criminal background or any other arbitrary basis. Projects must meet the requirements of the Americans with Disabilities Act and other applicable disability laws.
6. **Public Records.** Applicants acknowledge that under the California Public Records Act and the County's Sunshine Ordinance, all documents that are submitted in response to this RFP, including financial information, are considered public records and will be made available to the public upon request, unless specifically exempted under the law.
7. **Conflict of Interest.** Applicants acknowledge that under conflict of interest laws, no public official of the County who participates in the decision-making process concerning selection of a developer or a project may have or receive a direct or indirect economic interest in the developer or the project.
8. **County Ordinances and Requirements.** In addition to state Homekey requirements and any applicable federal requirements, Applicants will be required to comply with the County Living Wage Ordinance, Equal Benefits Ordinance, and other County requirements.
9. **Civil and Criminal Disclosures.** Applicants acknowledge that the Homekey 3.0 application will require the CEO and CFO of the co-applicant organizations to make specific civil and criminal disclosures individually and on behalf of their organization.
10. **Required Certifications Under Penalty of Perjury.** By submitting an application in response to this RFP, Applicants (including each member of the Team) are certifying under penalty of perjury that:
  - Its submission is not the result of collusion or any other activity that would tend to directly or indirectly influence the selection process; and
  - The Applicant is able or will be able to comply with all requirements of this Request for Proposal at the time of selection of a co-applicant Team to join the County is submitting a Homekey 3.0 proposal; and

- Neither the Applicant nor any affiliated firm providing the requested goods and services has prepared plans, specifications, terms or requirements for this solicitation, or has any other actual or potential conflict of interest; and
- The Applicant is aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the California Government Code relating to conflict of interest of public officers and employees and is unaware of any financial or economic interest of any County officer or employee relating to this solicitation; and
- Neither the Applicant, its principals or named subcontractors are identified on the list of Federally debarred, suspended or other excluded parties located at <https://sam.gov/content/exclusions>.

11. **No Promises, Funding Commitments or Agreements.** Applicants acknowledge and agree that the County's issuance of this RFP is not a promise or an agreement that the County will submit a Homekey 3.0 application to the state Homekey program, fund any specific project, pay any compensation or enter into any specific contract. The County reserves the right at any time and from time to time, and for its own convenience, in its sole and absolute discretion, to do the following:

- Modify, suspend or terminate any and all aspects of the selection process, including, but not limited to this RFP and all or any portion of the developer selection process;
- Waive any technical defect or informality in any submittal or submittal procedure that does not affect or alter the submittal's substantive provisions;
- Reject any and all submittals;
- Request some or all applicants to revise submittals;
- Waive any defects as to form or content of this RFP or any other step in the selection process;
- Reject all proposals and reissue the RFP;
- Procure the desired proposals by any means other than this RFP or not proceed in procuring the proposals under this RFP; or
- Negotiate and modify any and all terms of an agreement entered into pursuant to this RFP.

## IX. APPLICATION INSTRUCTIONS

### Application Cover Letter

**Instructions:** The application must include a Cover Letter (one-page, single space, 11 point font) which lists:

- each organizational member of the Team, their role, their address and website, and the lead responsible person (with email and telephone contact information) representing the organization on the application;
- the name, address, number of units and current website if available of each Opportunity Site proposed in the application (if any); and
- the name, title, organization, email and telephone contact information of a single individual authorized by the Team to communicate with the County about the proposal on behalf of the entire Team.

The cover letter must state whether the applicant's interest is only to qualify as a Team or whether the application also proposes one or more Opportunity Sites for consideration by DOH. If only applying to

qualify as a co-applicant Team, the cover letter must state whether the applicant’s interest is to serve as a Team on a County-identified Opportunity Site and whether the applicant plans to propose an Opportunity Site after the deadline to qualify as a Team (if selected).

**Application Part A: Qualifications of Team**

**Instructions:** Part A of the Application, Qualifications of Team, provided as a fillable PDF form, **must** be submitted by the application deadline for review by the County with required and optional attachments. A Team must demonstrate coordinated and comprehensive organizational capacity and track record in three areas (Development, Property Management, and Supportive Services), as well as the commitment of immediately available, qualified personnel to work on the Homekey 3.0 application until the Homekey 3.0 application is submitted to the state Homekey program and after the County receives a Homekey 3.0 award. Applicants may supplement the information requested in Part A of the application with required or optional Attachments listed in the Part A Application Checklist.

**Application Part B: Opportunity Site (if any)**

**Instructions:** If applicable, Part B of the Application, provided as a fillable PDF form, must be completed for each proposed Homekey Opportunity Site with required and optional attachments. The County encourages applicants to use the limited time available to submit a more thorough response for a single Opportunity Site.

- In completing the Property Profile, use the most accurate information currently available.
- Whenever possible, provide the requested answer or answer Yes or No as indicated.
- Add a short explanation if it would assist the County in evaluating the Opportunity Site.
- When applicable, refer by number to any relevant Attachments
- If the requested information is *known* to be not available, state “not available”.
- If it is *not currently known whether the requested information is available*, state “not known”.
- Only use the answer “not applicable” *if the information requested is not relevant to the consideration of the specific Opportunity Site.*
- Use the option to provide additional optional attachments to explain or supplement your responses, as needed.

Note: If the applicant is not submitting an Opportunity Site for consideration in response to the RFP, the Application Cover Letter should state that an Opportunity Site is not being submitted and indicate the applicant’s interest in supporting the County on a County-Identified Opportunity Site and/or interest in proposing an Opportunity Site after being qualified as a Team.

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