County of San Mateo
Department of Housing

NOTICE OF FUNDING AVAILABILITY (NOFA)

AFFORDABLE HOUSING FUND 13.0

Applications Due by 4:00 pm Pacific Daylight Time

July 3, 2025

This NOFA is available online at https://www.smcgov.org/housing/nofas-bids-proposals

Applications must be submitted online through City Data Services: www.citydataservices.net

Login for new users: AHF2025 for ID & Password

Questions regarding the content of the online application or NOFA must be emailed to: hcd@smchousing.org.

For technical assistance with completing the online application, contact support@citydataservices.com or (833) 333-6799

The County of San Mateo does not discriminate based on race, color, religion, creed, national origin, sex, disability, age, sexual orientation, or any other protected status. Auxiliary aids and services to assist with this NOFA are available on request as a reasonable accommodation for a disability.

Applicants must attend a pre-application meeting not later than June 11, 2025

Released June 2, 2025

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1. INTRODUCTION

This Notice of Funding Availability ("AHF NOFA") invites applications for low-interest, long-term, deferred-payment loans for Projects (as defined herein) from the thirteenth cycle of the San Mateo County Affordable Housing Fund (AHF). AHF was created in 2013 by the San Mateo County Board of Supervisors to develop and preserve affordable housing. Capitalized with Measure K sales tax proceeds and other local, state and federal housing finance sources, AHF in its first twelve cycles awarded more than $400 Million in loans to create or preserve more than 5,000 affordable units.

The AHF NOFA makes available certain local housing funds subject to the NOFA terms and conditions, additional program requirements summarized in Appendix B, and loan terms and underwriting policies in Appendix D. Capitalized terms are defined herein or in Appendix A.

Table 1 Summary of Funding Included in AHF NOFA as of NOFA Release Date

Source	Amount
New Measure K funds of $19,000,000 subject to final budget approval expected September 23, 2025 and one-time re-allocated Measure K funds of $18,022,198	$37,022,198.00
County Impact Fees (for unincorporated San Mateo County only)	$100,000.00
Permanent Local Housing Allocation (PLHA) (subject to approval of County Housing Element and state HCD contract deadlines)	$824,271.75
Mental Health Services Act funds	$1,200,000.00
Total Amount Available for AHF NOFA Awards	**$39,146,469.75**

DOH reserves the right after releasing this NOFA to add, reduce or withdraw funds in its sole discretion. After the date of release of the AHF NOFA and up to the date of the AHF San Mateo Housing and Community Development Committee (HCDC) Study Session, additional funding sources may be made available for award under the terms of this NOFA, including but not limited to CDBG funds, HOME funds, HOME-ARP funds, and funds from programs administered by the California Department of Housing and Community Development. Applicants who participate in the required pre-application meeting will be notified when new funding sources are added or any announced funding sources are increased, reduced or withdrawn.

The AHF NOFA does *not* solicit requests for Project-Based Section 8 Vouchers from the Housing Authority of the County of San Mateo (HACSM). **An application may not rely on, nor anticipate, an award of Project-Based Section 8 Vouchers unless supported by an existing HACSM award letter.**

The AHF NOFA is managed by the Housing and Community Development (HCD) division of the San Mateo County Department of Housing (DOH). DOH administers federal, state, and local housing funds and promotes partnerships that catalyze community capacity to address housing needs. As described in Section II, HCD staff will assess whether an application meets Threshold Requirements (as specified herein), competitively score and rank applications for Projects that meet Threshold Requirements, and recommend each Project's award amounts, if any, and funding sources, to the HCDC. HCDC will make recommendations to the San Mateo County Board of Supervisors whose award decisions are final.

The AHF NOFA furthers the six overarching goals of San Mateo County's 2023-2031 Housing Element available at https://www.smcgov.org/planning/san-mateo-county-housing-element-update-2023-2031, including to:

- Protect Existing Affordable Housing Stock
- Support New Housing for Extremely Low to Moderate-Income Households
- Promote Sustainable Communities through Regional Coordination Efforts and Locating Housing Near Employment, Transportation, and Services
- Promote Equal Housing Opportunities
- Promote Equity through Housing Policy and Investments
- Require or Encourage Energy Efficiency, Resource Conservation, and Climate Resiliency Design in New and Existing Housing

The AHF NOFA also furthers the County's Strategic Plan on Homelessness available at https://www.smcgov.org/hsa/center-homelessness, including the goal to increase the supply of permanent affordable housing for people experiencing homelessness and other vulnerable people.

The AHF NOFA relies on defined terms set forth in Appendix A hereto and incorporates important information included in other Appendices. Applicants are expected to review and comply with the terms and conditions of this NOFA, including all Appendices. The Applicant and each member of the Applicant Team are bound by the Agreements, Acknowledgements, and Certifications set forth in Section VII below, including but not limited to, acknowledging that all application materials become the property of the County of San Mateo and are subject to public disclosure under the Public Records Act.

II. APPLICATION PROCESS

A. Timeline. As of the AHF NOFA Release Date, DOH plans to follow the timeline set forth below. Applicants should monitor the DOH website for any subsequent schedule changes:

Table 2 AHF NOFA Timeline

Event	**Date**
Release Date	June 2, 2025
Technical Assistance (TA) Session	June 5, 2025 2 pm PDT
Deadline for required pre-application meeting	June 11, 2025 by 4 pm PDT
Last Day to Submit Questions to DOH	June 27, 2025
Application Deadline	**July 3, 2025 by 4 pm PDT**
Notice to Applicant that application did not meet Threshold	Not later than July 24, 2025
Deadline to Appeal Finding that application did not meet Threshold	Before 4 pm PDT on the fourth business date after Notice date but not later than July 30, 2025 by 4 pm PDT
Study Session—Housing & Community Development Committee	September 3, 2025
Public Hearing--Housing & Community Development Committee	September 10, 2025
Public Hearing—Board of Supervisors	**October 7, 2025**
Award Letter Date (expected)	October 14, 2025

B. Pre-Application Meeting. Before responding to this NOFA, all Applicants are required to schedule and attend a short pre-application meeting to introduce their Project to HCD staff. A pre-application meeting should be requested as soon as possible by sending an email to Jan Stokley at jstokley@smchousing.org. The individual pre-application meeting must take place by the deadline stated in Table 2. The Applicant must disclose at the pre-application meeting whether the Project results from an inclusionary housing ordinance and how an award of AHF NOFA funds would enable the Project to exceed the minimum affordability requirements of the inclusionary housing ordinance. In addition, for a Project in an incorporated city, the Applicant is asked to disclose at this pre-application meeting the name and contact information of city staff reviewing the Project for entitlement, funding, fee waivers or other city support.

C. Online Submission. All sections of the AHF NOFA application must be completed using the online application at the City Data Services (CDS) website, www.citydataservices.net, and all required attachments must be uploaded by the Application Deadline. The AHF NOFA application will be listed on the CDS website under "Applications," and the login for new applicants is AHF2025 for both ID and password. If an Applicant encounters technical difficulties in using CDS, it is the Applicant's responsibility to contact CDS by email at support@citydataservices.com or by telephone ((833)333-6799). For the Applicant's convenience, a PDF form of the application and a checklist of required attachments are attached as appendices to this NOFA, but DOH will only accept online submissions. Revisions, corrections or clarifying information that are material to the submitted application and attachments will not be accepted after the Application Deadline.

D. Virtual Technical Assistance Session. Applicants are invited to attend a virtual Technical Assistance (TA) session at the date and time set forth in Table 2. HCD staff will review the contents of the AHF NOFA with an emphasis on significant changes from the last NOFA, and CDS staff will provide instruction in the use of the CDS online application tool. Because applications may only be submitted through CDS, first-time users of CDS are strongly encouraged to attend the TA session using the following Zoom link:

https://smcgov.zoom.us/j/88514388999

Meeting ID: 885 1438 8999

E. Submitting Questions. Applicants may submit written questions about the NOFA until the deadline set forth in Table 2, by sending an email to hcd@smchousing.org. Submitted questions and DOH answers will be posted periodically on the DOH website, https://www.smcgov.org/housing/nofas-bids-proposals. Applicants may ask CDS for assistance with the submission of the online application at any time up to the Application Deadline, but the Application Deadline will not be waived for reason of CDS' inability to resolve an applicant's request by the Application Deadline.

F. Staff Review of Threshold Requirements. Upon receipt of an application in response to the AHF NOFA by the Application Deadline, HCD staff will review the application and uploaded materials for completeness and to assess whether all Threshold Requirements set forth in Section IV below are satisfied. During the review of Threshold Requirements, HCD staff may, in their sole discretion, contact Applicants to request additional information necessary to establish whether a Project satisfies Threshold Requirements. Material submitted more than four business days after the date of the HCD staff request will not be considered even if submitted before the date notices are sent to Applicants that a Project did not meet Threshold Requirements. In addition, HCD staff may determine that an application did not meet Threshold Requirements without providing questions to the Applicant in advance of the determination. An Applicant will be notified by email not later than the date set forth in Table 2 if the application was incomplete, was for an ineligible type of Project, or for other reasons did not meet a Threshold Requirement.

G. Appealing a Determination that Threshold Requirements Were Not Met. The Applicant may appeal the determination that an application was incomplete, was not for an Eligible Project type, or for other reasons did not meet a Threshold Requirement by correcting, explaining or supplementing any relevant application materials in writing by email to jstokley@smchousing.org not later than the deadline set forth in Table 2. HCD staff will notify the Applicant of the outcome of the appeal before the HCDC Study Session. If the appeal is successful, as determined in HCD staff's sole and absolute discretion, the application will be competitively ranked with other applications using the scoring criteria set forth in Section V below. If the appeal does not successfully address the negative Threshold findings from the initial staff review, in HCD staff's sole and absolute discretion, the Applicant will be notified before the HCDC Study Session, and the application will be terminated with no further appeal. HCD staff's final determination that Threshold Requirements were not met is within their sole and absolute discretion and is not subject to further appeal.

H. Competitive Scoring of Applications that Meet Threshold Requirements. HCD staff will rank applications that met Threshold Requirements using the competitive scoring rubric set forth in Section V below. The final ranking and recommended award amounts, if any, also depend on the timing and amount of different Project funding needs, the eligibility of different Projects for different funding sources, and the most effective use of different funding sources for different Projects in light of expenditure deadlines and other funding requirements. Because Application scoring data is only one component of award recommendations, it is not published and is not subject to appeal. Staff recommendations may include a recommendation for no funding, a different funding amount or source than that requested by the Applicant, and a recommendation for Project-specific award conditions, which, if not met, may subsequently result in termination of an AHF award to a Project.

I. HCDC Review and Recommendations. On the date set forth in Table 2, HCD staff recommendations will be considered at a public Study Session of the HCDC. Applicants may attend the HCDC Study Session but will not have an opportunity to comment. On the date set forth in Table 2, HCDC will convene a Public Hearing to finalize AHF NOFA award recommendations to be submitted to the Board of Supervisors. Applicants whose Projects are recommended for an award are required to attend the HCDC Public Hearing, make two-minute comments about their Project supported by a single slide approved in advance by DOH staff, and respond to questions from HCDC members. Applicants should comment on their own application, not on other applications. Applicants whose Projects were not recommended for an award will not be on the Public Hearing agenda but may make comments during the public comment period made available for items not on the Public Hearing agenda.

J. Board of Supervisors Public Hearing. HCDC's AHF award recommendations will be considered by the San Mateo County Board of Supervisors at a public hearing expected on the date set forth in Table 2. An applicant may comment on the HCDC recommendation during the public comment period or by submitting written comments to the Board of Supervisors prior to the meeting. The Board of Supervisors will adopt a final list of Projects to receive AHF funding and each Project's award amount and source.

K. Award Letters. The Board of Supervisors' authorization will be the basis for DOH to prepare an AHF NOFA award letter ("Award Letter") that specifies the amount and source of the funding award and general conditions. Award Letters are expected to be sent by the Award Letter Date set forth in Table 2. ("Award Letter Date"). An Award Letter may impose Project-specific conditions, which, if not timely satisfied, may result in termination of the Award Letter. An Award Letter will be the basis for a Loan

Agreement, Regulatory Agreement and other loan documents between DOH and the Borrower to whom the AHF award has been assigned with the consent of DOH, as described in Appendix D. Although a Project's actual Award Letter Date may differ, the expected Award Letter Date set forth in Table 2 is the basis for DOH staff to estimate the number of months before a Project is ready to start construction for purposes of both Threshold Review and competitive scoring.

III. AVAILABLE FUNDING FOR ELIGIBLE PROJECTS

A. Types of Eligible Projects. This AHF NOFA solicits proposals only for permanent affordable multi-family housing projects. New manufactured housing projects with at least 20 Units are eligible to apply. Applications will not be accepted under this NOFA to develop transitional housing, other time-limited housing, nursing homes or other community care facilities, student housing, shared housing, or congregate or non-congregate shelters.

Only the following three types of permanent affordable multi-family housing ("Eligible Project types") qualify for funding under the AHF NOFA:

- New Construction Rental (NCR),
- Re-syndication of an Existing Low-Income Housing Tax Credit (LIHTC) Property with Rehabilitation for Rental (RRR), and
- New Construction First-Time Home Ownership (FTHO).

Further description of each Eligible Project type is included in the definitions in Appendix A. An Eligible Project must be supported by a complete application submitted by the Application Deadline; is subject to Threshold Requirements described in Section IV below; and will be ranked for funding using the competitive scoring rubric described in Section V below. Some specific modifications in the application form, the Threshold Requirements and the competitive scoring rubric are provided to address underlying differences in the three Eligible Project types. In addition, there are some limitations on the source and amount of funding available for specific types of Eligible Projects, as described in Table 3 and these limitations will also affect funding recommendations.

B. Available Sources of Funds for Eligible Project types. Each AHF funding source listed in Table 1 is limited in availability to specific types of Eligible Projects as set forth in Table 3.

Table 3 Availability of Funding Sources for Eligible Project Types

Source	Eligible Project Types	Important Restrictions
Measure K and Impact Fees	NCR, RRR, FTHO	Significant modifications in review standards apply to FTHO projects. Does not trigger Davis Bacon but certain federal requirements are incorporated. Impact fees may only be used for Projects in unincorporated San Mateo County.
PLHA	NCR	Contingent upon and will not be made available until the County's Housing Element plan is approved by the State, the State PLHA funding agreement is executed, and an agreement setting forth the terms and conditions of the grant is approved and fully executed by Borrower and the County, not later than April 30, 2027. PLHA funds are further subject to and contingent upon the County's receipt of funds from, and/or appropriation of funds by the State of California

		in the approved amount. The earliest these funds are estimated to be available is spring/summer of 2026. Funds must be expended within allowable periods imposed by state HCD. 100% of units up to 60% AMI. Housing First principles are applied.
MHSA	NCR	MHSA award will not exceed $200,000 per MHSA-restricted Units. MHSA-restricted units are for targeted referrals with incomes up to 30% AMI if the MHSA-restricted Units have an award of Project-Based Vouchers and up to 20% AMI if the MHSA-restricted Units lack an award of Project-Based Vouchers.

For the Applicant's convenience, Table 3 and Appendix B describe some important restrictions that apply to each funding source, but the Applicant must independently review the program guidelines and regulations for each funding source and determine whether a specific funding source is a match for the Project. Some federal requirements are incorporated in all AHF Loan Agreements, even if the source of the funds awarded to a Project is not federal. See Appendix B for more information.

C. Measure K Spending Limits for Two Eligible Project Types. The total maximum amount of Measure K funds and Impact Fees available for awards to FTHO Projects is One Million Dollars ($1,000,000). The total maximum amount of Measure K funds and Impact Fees available for awards to RRR Projects is Two Million Dollars ($2,000,000). When either of these two spending limits has been reached by an allocation of Measure K funds and/or Impact Fees to Eligible Projects of that type, no additional funds will be awarded to Eligible Projects of that type from this AHF NOFA. There is no spending limit on NCR Projects, and the entire amount of Measure K funds and Impact Fees shown in Table 1 is available to be awarded to NCR Projects. The two spending limits do not create either a set-aside or a spending limit on *other* funding sources offered under this NOFA (if available or applicable) for which the FTHO Project or RRR Project may also qualify, nor are the spending limits reduced by a Measure K award from a prior NOFA or an anticipated Measure K award from a later NOFA. Although FTHO and RRR Projects will be ranked with NCR Projects under the competitive scoring rubric, an application for these two Eligible Project types (FTHO and RRR) will not qualify for Measure K or Impact Fee funding once the applicable spending limit is reached for that Eligible Project type even if the application scores higher than applications for other Projects.

D. Minimum Awards per Project or per Unit. The minimum award per Project is One Hundred Thousand Dollars ($100,000.00). Any Project applying for, or determined in DOH's discretion to need, less than this minimum amount is ineligible for an award. There is no minimum award per Unit. Minimum awards per Project or per Unit may apply because of a specific funding source described in Appendix B.

E. Maximum Awards per Project or per Unit. Subject to any restrictions imposed by specific financing sources described in Appendix B, this AHF NOFA does not impose a maximum amount of funding per Project or per Unit except as set forth below:

(1) The amount of funds available for any individual FTHO Project or RRR Project is subject to the total spending limits for those types of Projects.
(2) No Project will be awarded more than the amount needed for financial feasibility in DOH's sole discretion, considering the reasonableness of the Total Development Costs (TDC) and the other appropriate and available financing sources proposed for the Project.

(3) Any Project in an incorporated city, which does not qualify as a Priority Needs Project for purposes of competitive scoring, is subject to a maximum award of Measure K funds (counting Measure K funds requested under this NOFA, as well as prior and anticipated future Measure K awards) equal to 15% of the Project's TDC. NOTE: This Project maximum does not apply to a Project located in Unincorporated San Mateo County or a Project that qualifies for competitive points as a Priority Needs Project, and it does not apply to funding sources other than Measure K.

F. Awards of Less than the Amount Requested or Needed. The amount awarded to any Project may be limited by the total funds available under this AHF NOFA compared to the total amount of requests from all Eligible Projects meeting Threshold Requirements. After competitively ranking Projects that met Threshold Requirements, DOH in its sole discretion may award less than the amount requested by an Applicant for any reason even if the AHF award amount would be less than the total amount likely to be needed for the Project's financial feasibility. For example, a reduced award may be appropriate when a Project is unlikely to complete a construction loan closing before the next AHF NOFA and a reduced award of AHF funds would assist the Project in seeking other funding sources or meeting conditions already imposed on the Project. A Project awarded an amount from this AHF NOFA that is less than the total amount requested or needed for financial feasibility may apply for additional funding in subsequent AHF funding cycles. By awarding only some of the funds needed by a Project from the AHF funds, DOH does not imply or commit that funds will be awarded to the Project in subsequent AHF funding cycles because subsequent funding cycles may include sources and amounts of funds and policy priorities that differ from the sources and amounts of funds and priorities of this AHF NOFA.

G. Eligible Uses of Funds. Subject to any restrictions imposed by specific funding sources described in Appendix B, the definitions provided in Appendix A, any restrictions imposed by Underwriting Guidelines, and excluding the ineligible uses identified in Section II.H below, eligible uses of AHF NOFA funds include a Project's expenses for:

(1) Pre-development;
(2) Site Acquisition;
(3) Construction;
(4) Re-location;
(5) Capitalized Reserves in approved amounts as described in the Underwriting Policies summarized in Appendix D;
(6) Developer Fees up to the maximum allowed in the Underwriting Policies summarized in Appendix D; and
(7) Permanent Financing.

H. Ineligible Uses of Funds. In addition to any other restrictions that may be imposed by a specific funding source described in Appendix B, the following expenses are **ineligible uses** of AHF funds:

- The Applicant's staffing, overhead, management and general costs except as covered by any allowable Developer, Partnership Management and Asset Management Fees up to the maximum amount allowed for those fees under the Underwriting Guidelines summarized in Appendix D.
- Any portion of otherwise eligible Predevelopment, Site Acquisition, and Construction Costs allocable to any commercial portion of the Project that is not included in the property's eligible basis by CTCAC for purposes of calculating the Low-Income Housing Tax Credit.

- The amount by which a purchase price, ground lease terms, or other in-kind contribution exceeds the fair market value as evidenced by an independent appraisal completed within six months of the application for AHF funding.
- Site Acquisition Costs for an RRR Project.

I. Reprogrammed Funds. If any of the AHF NOFA funds remain unawarded or any awarded AHF NOFA funds are recaptured by or returned to DOH, DOH may, in its sole discretion, either distribute those funds through an Over-the-Counter competitive process described in Appendix C or retain the funds and award them in the next AHF NOFA.

IV. THRESHOLD REQUIREMENTS FOR ELIGIBLE PROJECTS

A. Threshold Requirements, Generally. The Applicant Team and the Project must meet all Threshold Requirements described in Section IV.B to IV.P below, allowing for any modifications specified in any Modification table that accompanies the description of each Threshold Requirement. It is the Applicant's responsibility to complete the application fully, to upload all required attachments and to upload any additional optional attachments that may be necessary to demonstrate that the Project met Threshold Requirements.

An Applicant submitting an application that is incomplete, is for a Project that HCD staff determines is not an Eligible Project type, proposes an ineligible use of funds, or does not meet all Threshold Requirements, will be notified of this finding not later than the date set forth in Table 2. The Applicant will have an opportunity to submit an appeal of this determination within four business days of receipt of the Notice, but not later than the date set forth in Table 2.

B. Applicant Team Capacity Threshold. Each of the following three elements must be satisfied to meet the Threshold Requirement for Team Capacity:

(1) **Bay Area Experience**: The Applicant Team includes a developer, property manager and supportive services provider, each of which has affordable housing experience in the nine-county Bay Area.

(2) **Track Record**: The Applicant Team has a successful affordable housing track record of at least three years of development and ownership; three years of property management; and three years of housing-based supportive services, demonstrated by at least three affordable housing projects (defined as Projects that restrict 100% of the Units to households with incomes up to Low-Income). As further described in DOH Underwriting Guidelines, Applicants should submit evidence of an Applicant Team's demonstrated ability to deliver projects within budget and on schedule, experience using funding sources similar to those proposed in the Application, experience providing housing for the populations targeted by the Application, and a history of effective and on-time reporting on prior Projects that received County awards. Resumes of key Project staff showing their years of relevant experience and years with the organization shall be included.

(3) **Financial Capacity and Organizational Good Standing**: As further described in DOH Underwriting Guidelines, each member of the Applicant Team (developer, property management, and supportive services) has a history of compliance with DOH and state housing program requirements, can demonstrate organizational good standing with the California Secretary of State and Franchise Tax Board, can provide audited financial statements showing financial capacity to complete and operate the Project, and has not received "negative points" for performance under any state HCD or CTCAC program. Neither an organizational team member nor any key Project staff is on a list of federal "debarred" contractors. Financial statements,

certificates of compliance, and other evidence of financial capacity and organizational good standing for a special purpose entity formed for the Project are not sufficient to satisfy this requirement.

Table 4 Modifications of Team Capacity Threshold Requirement

Mod. No.	Project Type	Description of Modification to Threshold Requirement
1	FTHO	FTHO affordable housing track record may be demonstrated by FTHO Projects with 100% of the Units limited to Moderate Income. Property Management capacity is not required to be included on a team applying for an FTHO Project. An FTHO Applicant must demonstrate a track record of successful homeownership training and support both before and after homeownership occurs in lieu of other types of housing-based supportive services which may be more appropriate for rental housing. An FTHO applicant should also provide evidence of homeowner default rates on prior FTHO projects.
2	NCR, FTHO	An Emerging Developer as defined in Appendix A may qualify for an exception for Bay Area experience and development track record (but no exception is allowed for property management and supportive services experience and track record).

C. Location Threshold. The Project location must be located in San Mateo County and **either in**:

(1) an area identified as **Moderate Resource or higher** in the 2025 CTCAC/HCD Opportunity Map available at https://www.treasurer.ca.gov/ctcac/opportunity.asp **or**

(2) an area identified as **Low Resource (not High Segregation & Poverty)** in the 2025 CTCAC/HCD Opportunity Map available at https://www.treasurer.ca.gov/ctcac/opportunity.asp, **but only if** the Project is reasonably accessible to public transportation, shopping, medical services, recreation, schools, and employment in relation to the needs of the Project tenants.

D. Affordability Threshold. Any Project assisted by this AHF NOFA must meet both of the following affordability restrictions (Affordability Threshold Requirements) for a minimum term of 55 years from a Project's completion date as evidenced by a Regulatory Agreement described in Appendix D:

(1) 100% of the total Units (excluding the manager's unit) must have income and rent restrictions for households up to Low Income.

(2) At least 15% of the total Units must have income and rent restrictions for households up to Extremely Low-Income. (These Units are in addition to any Units which must be Extremely Low-Income in order to meet the Homelessness Preference Threshold described below).

Income-restricted units must establish rent limits adjusted for unit size which are affordable for that maximum income level, in accordance with U.S. Department of Housing and Urban Development (HUD) or California Tax Credit Allocation Committee (CTCAC income and rent limits, depending on the funding source that restricts the Units. Units not funded by CTCAC or HUD and Units funded both by CTCAC and HUD are subject to the more restrictive of CTCAC or HUD definitions. HUD and CTCAC income and rent limits for San Mateo County are updated periodically on the DOH website at https://www.smcgov.org/housing/income-rent-limits.

The Affordability Threshold Requirements are minimum requirements. If the Application proposes deeper affordability restrictions for the Project, then such affordability restrictions will be binding if the Project receives an award under this AHF NOFA for a minimum term of 55 years from the Project's completion date.

Table 5 Modifications of Affordability Threshold Requirement

Mod. No.	Project Type	Description of Modification to Threshold Requirement
3	RRR	An RRR Project that is occupied and does not currently meet the Affordability Threshold Requirement must agree to meet these requirements by filling vacant units at the appropriate affordability levels as Units become available. A Unit already occupied by a household at one of the income levels needed to meet the Affordability Threshold Requirement may be included in the Unit count for that income level with DOH's approval.
4	FTHO	An FTHO Project will satisfy the Affordability Threshold Requirement if 100% of Units do not exceed Moderate Income. This replaces the Affordability Threshold Requirement for Low-Income and Extremely Low-Income Units.
5	FTHO	In lieu of a 55 year Regulatory Agreement, an FTHO Project will enforce the Affordability Threshold through a recorded restriction on re-sale imposed by the Applicant on the real property acquired by each homeowner for a minimum period of thirty years, using a form of a re-sale restriction agreement approved by DOH.

E. Homelessness Preference Threshold. The greater of 5% of a Project's Low-Income Units or two Units must be subject to a preference for people experiencing Homelessness who are referred with a Tenant-Based Rental Subsidy ("Homelessness Preference Threshold Requirement"). Units subject to the Homelessness Preference must be income and rent restricted up to the Extremely Low-Income level, must be filled by referrals from the HACSM and must be supported with more intensive supportive services than the Units for the general resident population. Note: Other special needs populations targeted for Supportive Housing Units may contribute to the Project's competitive scoring, but only Units for people experiencing Homelessness will satisfy this Homelessness Preference Threshold Requirement. If the other special needs population is also defined as experiencing homelessness, this population may also be targeted for the Units that are proposed to meet the Homelessness Preference Threshold Requirement.

Table 6 Modification of Homelessness Preference Threshold Requirement

Mod. No.	Project Type	Description of Modification to Threshold Requirement
6	RRR	RRR Projects that are occupied and do not currently meet the Threshold Requirement for a Homelessness Preference may meet this requirement by agreeing to fill vacant units as they become available. A Unit currently occupied by a formerly Homeless household may be counted, with DOH approval.

7	FTHO	The Homelessness Preference Threshold Requirement does not apply to FTHO Projects.
8	NCR	HOME-ARP assisted Units may count towards the 5% Homelessness Preference Threshold even though any HOME-ARP assisted Units must provide a preference for people experiencing Homelessness without excluding the other three qualifying HOME-ARP populations and must use a referral method approved by DOH that allows for referrals of all the HOME-ARP qualifying populations not served by the Coordinated Entry system.

F. Site Control Threshold. The Applicant must provide written evidence of ownership or control over the real property required for the Project in the form of **any one** of the following (Site Control Threshold Requirement):

(1) a binding commitment by the owner of the real property to sell, grant, or convey the real property to the Applicant (or enter a lease of the real property for a term not less than 55 years), subject only to conditions that are reasonably within the ability of the Applicant to satisfy and not terminable at the owner's discretion until not less than 180 calendar days after the NOFA Application Deadline. If the transfer is scheduled to take place before the date of the Board of Supervisors meeting shown on Table 2, the buyer, seller, and escrow agent shall certify that all conditions to the scheduled transfer have been satisfied by the date of the HCDC study session shown on Table 2;

(2) a recorded deed of the real property identifying the Applicant as grantee;

(3) a recorded long-term lease of the real property (with a remaining term not less than 55 years) identifying the Applicant as lessee;

(4) a recorded option agreement granting the Applicant the right to acquire or lease the real property (for a lease term not less than 55 years) at an agreed price subject only to objective conditions within the ability of the Applicant to meet, provided the option is for a term not less than 180 calendar days after the NOFA Application Deadline and is not terminable at the owner's discretion during the term of the option. If the transfer is scheduled to take place before the date of the Board of Supervisors meeting shown on Table 2, the buyer, seller and escrow agent shall certify that all conditions to the scheduled transfer have been satisfied by the date of the HCDC study session shown on Table 2;

(5) an exclusive right to negotiate (ERN) with a public or quasi-public agency that owns the real property and selected the Applicant to receive the ERN as the result of a competitive process, if the agency confirms in writing that there are no unmet conditions, performance deadlines or events of default under the ERN and the ERN remains in effect and will remain in effect at least 180 calendar days after the NOFA Application Deadline;

(6) a Letter of Intent to convey site control of a portion of a site intended for a larger market rate project upon entitlement of such larger market rate project by the local jurisdiction if the Letter of Intent identifies the specific parcel intended for affordable housing and establishes that the developer has site control of the entire parcel subject to any subsequent minor discretionary revisions of the lot lines for the affordable housing parcel that do not conflict with the ability to develop the affordable housing project as described in the Application under the NOFA.

The evidence of site control must be accompanied by a legal description and preliminary or final title report. If the evidence of site control is not in the organizational name of the Applicant, the Applicant must provide documentation to establish how the site control rights are subject to the Applicant's control.

Finally, to satisfy this Site Control Threshold Requirement, any site control documents must specify the same real property cost, square foot area, parcel number, and street address as all other documents required to be submitted with the application, including the development budget, and any discrepancies must be explained to the satisfaction of DOH in an accompanying narrative.

Table 7 Modification of Site Control Threshold Requirement

Mod. No.	Project Type	Description of Modification to Threshold Requirement
9	RRR	The only acceptable evidence of site control is a grant deed or long-term lease (with a remaining term of at least 30 years from the date of the NOFA application deadline) naming the Applicant as grantee or lessee.

G. Readiness Threshold. To satisfy the Readiness Threshold, the Applicant must propose a development timeline and financing plan for the Project which shows the ability to start construction not more than thirty-six (36) months after the expected Award Letter Date set forth in Table 2. DOH will evaluate the Applicant's evidence of site control, current and pending land use approvals, degree of completion of design documents, financing commitments, and financing plan, including the schedule assumed for tax credit and Super NOFA applications, and determine in its sole discretion whether construction is likely to begin within thirty-six (36) months after the expected Award Letter Date. If the Applicant's development timeline proposes an earlier construction commencement date, then such earlier date will be binding if the Project receives an award under this AHF NOFA.

H. Leveraging Threshold: To satisfy the Leveraging Threshold Requirement, a Project must show written funding commitments of at least $1 million of federal, state, regional and local funding sources other than Measure K awards and Low Income Housing Tax Credits and tax-exempt bonds. Subject to the qualifications provided below, leveraging may be demonstrated by one or more of the following commitments:

(1) A third party's donation of land or a commitment to convey or lease the real property at a price that is the greater of (a) at least $1 million below its appraised fair market value or (b) at least 10% less than its appraised fair market value.
(2) A written award of city housing funds and/or city fee waivers of at least $1 million.
(3) A philanthropic award of at least $1 million.
(4) A state funding commitment from AHSC, Super NOFA funds, or other identified state funding source of at least $1 million.
(5) A written commitment of at least $1 million of funds from a state or federal financing program awarded in prior County AHF NOFAs (not Measure K and not sources proposed in this NOFA).
(6) For a Project in unincorporated San Mateo County, County fee waivers and County financial support from sources other than the AHF NOFA of at least $1 million or a lesser amount in the HCD staff's sole and absolute discretion.
(7) Other third party written commitments of at least $1 million.

A written award of city housing funds by city staff that is subject to subsequent city council approval must include the amount and source of recommended funding and the planned date of the city council action that is within 180 days of the AHF NOFA application deadline set forth in Table 2 and shall further represent that city funds are currently available to satisfy the amount of the staff recommendation.

A developer's commitment to provide General Partner equity, reduced or deferred developer fees, or other financial contribution to the Project does not qualify as a third-party commitment that satisfies the Leveraging Threshold.

Land or in-lieu funds committed to the Project in order to satisfy a local inclusionary housing mandate will not count as Leveraging unless the applicant attaches a letter from the jurisdiction imposing the inclusionary requirement which demonstrates that the value of the land, the amount of funds committed, or other form of inclusionary contribution exceeds the minimum requirements of the local inclusionary ordinance by $1 million or more or that the affordability of the Project exceeds the minimum required by the inclusionary housing ordinance to the extent that such deeper affordability will reduce the value of the land contributed by $1 million or more. (The Applicant must disclose that a Project will benefit from a local inclusionary housing mandate at the required pre-application meeting so that the plans for demonstrating a commitment that exceeds the mandated inclusionary commitment can be discussed with DOH before proceeding with the application. To satisfy the Leveraging Threshold, differences with the jurisdiction's minimum inclusionary requirements must be material differences in the sole and absolute discretion of HCD staff.)

If any below-market land value is used to show Leveraging, these amounts must be supported by an independent appraisal or other evidence supporting the stated value of the contribution which is satisfactory to DOH in it sole and absolute discretion.

A short-term acquisition or pre-development loan with a below-market interest rate which is fully due and payable on or before the close of construction financing will not count as Leveraging.

A Project financed solely with (a) Measure K funds (the amount of the current request together with any Measure K funds awarded in prior cycles and anticipated from future Measure K awards) and (b) investments projected to result from an award of Low-Income Housing Tax Credits and tax-exempt bonds (or in the case of FTHO Project, the proceeds of the homebuyers' down payment and first mortgage loans) does not demonstrate Leveraging and thus will not meet the Leveraging Threshold Requirement.

NOTE: A Project located in an incorporated city which does not qualify as a Supportive Housing Project is also subject to a Project cap on the award of Measure K funds equal to 15% of the Project's TDC, as described in Section III.E.3 above. This cap is not imposed on other funding sources.

I. Financial Feasibility Threshold. The Application shall include Sources and Uses and 30-year cash flow projections in excel format (not PDF), satisfying the following elements of the Financial Feasibility Threshold Requirement.

(1) **Reasonable and Balanced Sources and Uses**. The Application has identified financing sources sufficient to cover the total development cost of the Project during both the construction and permanent financing phase of the Project. The proposed Sources and Uses of funds rely on reasonable assumptions about development costs, financing sources and terms, and the currently available local, state and federal financing programs. The proposed Sources and Uses must comply with the Underwriting Guidelines set forth in Appendix D of the NOFA.

(2) **Ability to Operate on a Break-Even Basis.** The pro forma 30-year cash flow projections must rely on reasonable income and expense assumptions and must comply with the Underwriting Guidelines set forth in Appendix D of the NOFA. The Project must demonstrate the ability to break even during the first fifteen years of operations.

Table 8 Modification of Financial Feasibility Threshold Requirement

Number	Project Type	Description of Modification to Threshold Requirement
10	FTHO	The Sources and Uses of funds must assume a sales price and first mortgage amount and terms that are reasonable based on evidence of market conditions and available single-family home mortgages, as well as a market study that shows effective demand by Moderate Income households for homes at the proposed sales price.
11	FTHO	Pro forma 30-year cash flow projections are not required.
12	FTHO	Developer and other sponsor fees must be reasonable as a percentage of TDC in DOH's sole discretion.

J. Sustainability Threshold. As stated in writing by the Project's architect, the Project must be designed to qualify for (1) an Enterprise Green Community Certification as described at https://www.greencommunitiesonline.org/ or (2) a Green Building Certification of a type and from a source approved by Fannie Mae for its preferential loan pricing. Fannie Mae's list includes but is not limited to:

- Leadership in Energy & Environmental Design (LEED),
- Passive House Institute US (PHIUS),
- Passive House,
- Living Building Challenge,
- National Green Building Standard ICC / ASRAE – 700 silver or higher rating, or
- GreenPoint Rated Program.

Fannie Mae provides information on additional types and sources of certification available for different types of housing construction, including rehabilitation.
https://multifamily.fanniemae.com/media/13501/display

K. Accessibility Threshold. To meet the Accessibility Threshold Requirement, the Project must meet CTCAC standards of accessibility, which currently require that:

(1) At least fifteen percent (15%) of the Low-income Units shall provide mobility accessibility as defined in CBC 11B 809.2 through 11B 809.4, and
(2) At least ten percent (10%) of the Low-Income Units shall provide communications features, as defined in CBC 11B 809.5, for visual and auditory accessibility.

To the maximum extent feasible and subject to health and safety requirements, accessible Units shall be distributed throughout the Project. There must be an accessible path of travel between accessible Units and Project offices and amenities, the building entry and any building public right of way.

Table 9 Modification of Accessibility Threshold Requirement

Mod. No.	Project Type	Description of Modification to Threshold Requirement
13	RRR	RRR Projects shall meet current CTCAC standards of accessibility unless the applicant demonstrates that a lesser standard will be approved by CTCAC to facilitate the re-syndication.

14	FTHO	FTHO Projects may meet the Accessibility Threshold Requirement by complying with Local Building Code standards and providing accessibility that is reasonable in light of the building type and design.

L. Community Benefits and Tenant Protections Threshold. Any Project, whether or not receiving an award of federal funds, must comply with HUD Section 3 requirements for a preference in hiring low and very-low-income persons residing in the community where the Project is located; applicable requirements for contracting considerations under 2 CFR § 200.321; the Fair Housing Act; the Americans with Disabilities Act, Section 504 of the Rehabilitation Act; the Violence Against Women Act; the Right to Report from Home law, and the Uniform Relocation Act if any existing residents or tenants will be re-located. The Applicant shall utilize the County's online affordable housing listing site known as Doorway. At least six months prior to completion of construction, Applicant shall submit for DOH's approval a Marketing Plan and Tenant Selection Plan, which in the County's judgment will Affirmatively Further Fair Housing, comply with the restrictions in the County's Regulatory Agreement including limitations on city live-work preferences, and satisfy the conditions set forth in Appendix D. In addition, any application for federal funds must satisfy tenant protections set forth in those programs, including a minimum lease term of one-year, "just cause" eviction protections, and prohibitions against tenants' being required to waive certain legal rights.

M. Design and Amenities Threshold. To meet the Design and Amenities Threshold Requirement, the Project must present architectural drawings of the Project at least through the schematic design phase, which satisfy the following requirements:

- Siting, height, density, Floor Area Ratio, parking, and other features are consistent with land use and zoning requirements.
- Unit sizes meet CTCAC standards, with kitchens or kitchenettes that meet CTCAC standards.
- The number of Units of different Unit types (studio, 1 Bedroom, 2 Bedroom, etc.) is consistent with the information presented in the financial pro forma, including the operating income and expense projections.
- The location and Unit type of Units proposed to satisfy the Accessibility Threshold are identified.
- The location and size of common space and other community amenities for residents is shown (including an outdoor common space when feasible), as well as space for services provision and service provider staff, are identified.
- Design features are incorporated that successfully address the housing and service needs of the targeted tenant population(s), such as spaces with doors to enable case managers and service providers to meet confidentially with clients, and space for educational and social activities.

N. Supportive Services Plan Threshold. To meet the Supportive Services Plan Threshold Requirement, the Project must propose a plan of supportive services with specific services and case management ratios tailored to the Project's resident population, with a written commitment from a supportive services provider with experience serving the proposed resident population. A Project with both general resident Units and Units for a population with special service needs must provide a Supportive Services Plan for both the general resident Units and the special needs Units. With respect to any Supportive Housing Units, the Supportive Services Plan must describe the process of requesting, receiving, and processing referrals of special needs populations from either the Coordinated Entry System or other specialized agencies already engaged in serving those populations. Further, a rental Project's operating budget must include a budget for supportive services Per Unit Per Annum (PUPA) not less than the minimum described in DOH Underwriting Guidelines.

Table 10 Modification of Supportive Services Plan Threshold Requirement

Mod. No.	Project Type	Description of Modification to Threshold Requirement
15	FTHO	FTHO Projects may meet the Supportive Services Plan Threshold Requirement with an appropriate program of homeowner education and training, offered before and after the sale of the home to the homebuyer.

O. Community Engagement Plan Threshold Requirement. A Project that is not yet entitled and is not subject to ministerial review must be supported by attachment of a written Community Engagement Plan (underway or proposed) which is tailored to the timing and scope of the individual Project (Community Engagement Plan Threshold Requirement). For example, an NCR application for a Project not yet entitled and not subject to ministerial review should propose a plan which:

- identifies and engages critical community stakeholders after consulting with the staff of the relevant supervisorial office and DOH, and the relevant city's housing or planning staff;
- encourages active community involvement;
- addresses community concerns and engages constructively with individuals who oppose the development;
- identifies and uses a communication strategy to inform and engage community stakeholders;
- provides for hosting one or more community meetings to discuss the proposed development;
- incorporates the feedback of targeted residents including people with lived experience of homelessness;
- provides language resources in languages appropriate to the demographic profile of the community to inform community stakeholders with Limited English Proficiency of the Project planning;
- uses a Project website or other tools to allow the community to review and comment on current reports on the Project status; provides consistent and accessible contact information to facilitate community feedback on the Project; and
- maintains engagement with the community during the pre-development, construction, lease-up and operating phases of the Project.

As noted above, the scope of the Community Engagement Plan should be designed to meet the specific needs of the Project to engage with community stakeholders. Projects relying on ministerial review should provide a letter from the appropriate local agency specifying that the Project is eligible for ministerial review and describing the current status and expected timeline of the review.

P. Threshold Requirement Limiting Local Tenant Preferences. The applicant must upload an attachment explaining how the Project will meet the following Threshold Requirements for local Live-Work preferences, including a description of any existing or pending city live-work preference that may conflict with the County policy set forth below:

- The number of Units allowed to be subject to a city live-work preference is limited to the percentage of total Units equal to the ratio of city funding for the Project to the total of city and

County funding for the Project (including loans, grants, donated land value, fee waivers and other financing contributions), provided that in DOH's sole and absolute discretion the percentage of Units allowed to be subject to a city live-work preference may be increased to a maximum of 51% of Units when the city has provided for density, height, waivers or concessions that exceed those already required to be granted under the California State Density Bonus Law. A Project's need for a waiver of this limitation must be identified by the applicant at the time of application submission, and any waiver of this limitation is in DOH's sole and absolute discretion.

- Subject to adoption of a proposed County ordinance that complies with California Government Code Section 7061, AHF 13 adds as a Threshold Requirement (a) a **primary** County of San Mateo Live-Work Preference on the Units not subject to an allowable live-work preference imposed by an incorporated city pursuant to California Government Code 7061 and (b) a **secondary** County of San Mateo Live-Work Preference on those Units subject to an allowable incorporated city's live-work preference.
- In no event will DOH allow a city live-work preference to apply to any HOME or HOME-ARP assisted Units; any Units benefiting from Project-Based Vouchers or other HACSM or County-administered rental subsidy program or a County-funded Capitalized Operating Subsidy Reserve; or any special needs Units required to be filled from a specific County referral program.
- All tenant preferences must comply with Fair Housing and other applicable state and federal requirements.

V. COMPETITIVE SCORING OF PROJECTS THAT MEET THRESHOLD REQUIREMENTS

A. Summary of Competitive Scoring. A Project that meets all Threshold Requirements will be scored and ranked in comparison with other Projects for the purpose of staff ranking and recommendation of award of funds, and if so, the recommended amount and source of funding, using the following allocation of points:

Table 11 Summary of Competitive Points for Ranking Projects that Meet Threshold Requirements

Scoring Category	Maximum Points
Location	10
Affordability	20
Priority Needs: Supportive, Farmworker, and Large Family Housing	30
Readiness	10
Leveraging	10
Financial Feasibility	10
Public Employee Housing Demonstration	10
Maximum Available Points	**100**

The scoring rubric is the same for all three types of Eligible Projects, but some scoring categories have been modified to account for underlying differences among the three eligible Project Types. The two Eligible Project types that are subject to Measure K and Impact Fee spending limits (FTHO and RRR) will not receive Measure K and/or Impact Fee funding once the applicable spending limit is exhausted, even if they score higher than other types of Projects, but such Projects may still be competitive for funding sources other than Measure K and or Impact Fees if other funding sources are available and applicable. DOH's application of the scoring rubric to rank Projects that have met Threshold Requirements and establish a recommended award amount, if any, is in the sole and absolute discretion of DOH, is designed to inform rather than control recommendations, and is not subject to appeal. However, an Applicant may submit comments on the resulting recommendation at the HCDC public hearing and again at the Board of Supervisors' public hearing.

B. Location--Maximum Points 10. *Either* five points *or* ten points may be awarded to a Project that exceeds the Location Threshold Requirements as follows:

(1) Five points may be awarded to a Project located in a Moderate or Low Resource Area in the 2025 CTCAC/HCD Opportunity Map available at https://www.treasurer.ca.gov/ctcac/opportunity.asp but only if the Project is within a one-half mile radius of public transit, grocery shopping and other services and amenities.

(2) Ten points may be awarded to a Project located in a High or Highest Resource Area in the 2025 CTCAC/HCD Opportunity Map available at https://www.treasurer.ca.gov/ctcac/opportunity.asp.

C. Affordability—Maximum Points 20. To assess the competitiveness of a Project's stated Affordability Restrictions, HCD staff will calculate the median of the Average Affordability of all Projects that met the NOFA's Threshold Requirements and award between five and twenty points to a Project with an Average Affordability that equals or exceeds the median of Average Affordability among those Projects. Applicants should clearly demonstrate the calculation of their Project's Average Affordability in the financial pro forma attachments or other attachment to the Application.

Table 12 Modification of Affordability Competitive Points

Mod. No.	Project Type	Description of Modification to Threshold Requirement
16	FTHO	In lieu of the Affordability review set forth above, FTHO projects may compete for a maximum of twenty competitive points based on the cumulative impact of the following factors in increasing the affordability of the Project: (1) Five points if at least 20% of the homes are priced to be affordable to households with incomes up to 100% of Area Median Income; (2) Five points if the Project does not require Private Mortgage Insurance (PMI); (3) Five points if the downpayment required from the homeowner is 5% or less of the sales price; (4) Five points if the interest rate on the first mortgage loan is 5% or lower; or (5) Five points if the Project provides for homeowners to contribute "sweat equity" towards the sales price.

E. Priority Needs: Supportive Housing, Farmworker Housing, Large Family Projects—Maximum Points 30. A maximum of 30 points may be awarded to a Project that meets **one or more** than one of the following priority housing needs of the County of San Mateo:

(1) Fifteen points will be awarded to a Project that qualifies as a Farmworker Project as defined in Appendix A.
(2) Fifteen points will be awarded to a Project that qualifies as a Supportive Housing Project as defined in Appendix A (at least 25% of Units are Supportive Housing Units); and an additional five

points may be awarded to a Supportive Housing Project in which more than 25% of Units are Supportive Housing Units but only if the financing commitments include an innovative third party financing source for operating subsidy that enables the Project to break even.

(3) Fifteen points will be awarded to a Project that qualifies as a Large Family Project as defined in Appendix A but only if the number of two, three and four bedroom Units that enable the Project to meet the definition of Large Family Project are subject to income and rent restrictions up to 60% of Area Median Income.

A Project may qualify for points in more than one of the categories described above, but in no event will a Project receive more than a total of thirty points for this Priority Needs category.

NOTE: The Units that enable the Project to qualify for these competitive points must be restricted for at least 55 years from the Project completion date, the Project must include a supportive services plan that provides coordinated onsite and offsite services tailored to promote housing access and retention of the targeted population, and a Market Feasibility Study or similar document acceptable to DOH in its sole and absolute discretion must demonstrate effective demand for Units of the type, size, and affordable rents proposed for the Project. For example, if Supportive Housing Units without Project-Based Vouchers are proposed at rents affordable to households with incomes higher than 15% or 20% of Area Median Income, a Market Feasibility Study should demonstrate effective demand for those Units in order to receive these competitive points.

Table 13 Modification of Supportive, Farmworker, Large Family, Projects Competitive Points

Number	Project Type	Description of Modification to Threshold Requirement
17	FTHO	In lieu of points for Supportive Housing units, FTHO Projects may compete for 20 points by formally collaborating with the Section 8 Homeownership program to offer First-Time Homeownership opportunities to Housing Choice Voucher (HCV) or Project Based Voucher (PBV) households on terms that are financially feasible for such HCV or PBV households. (FTHO Projects are also eligible for the competitive points for Farmworker and Large Family projects.)
18	RRR	RRR Projects that are currently occupied may compete for points for Supportive Housing, or Farmworker Housing by agreeing to target Units to one of the specified populations in the number and at the income required as occupied Units become vacant. Any resident household that already meets the conditions for a Supportive Housing or Farmworker Unit may be counted to meet the minimum requirement.

F. Readiness—Maximum Points 20. Up to 20 points may be awarded to a Project that demonstrates, with an award of funds under this NOFA, Readiness to start construction as follows:

(1) A maximum of 10 points may be awarded to a Project that demonstrates readiness to start construction within 24 months and the Project has received or appears to be competitive for an amount proposed under an identified state funding NOFA (e.g., AHSC, MHP, Joe Serna, IIG, or other) that will be released within 12 months of the expected Award Letter Date. The determination of the Project's competitiveness under an upcoming state funding NOFA must be supported by submission of the Project's draft application, self-scoring and a comparison of the Project's expected score against the scores of the

most recently published awards of such state funding source. Furthermore, the Sources and Uses of the Project must demonstrate that, with an award of funds under this NOFA and a successful state funding application, the Project will be ready to apply for tax credits/bonds in the next available round for which the Project qualifies.

(2) A maximum of 20 points may be awarded to a Project that demonstrates readiness to start construction within 12 months and the Project either has a reservation of tax credits that will not expire by the expected date of construction start or appears to be competitive for the amount proposed under 4% tax credits/bonds or 9% tax credits in the next available round for which the Project qualifies. The determination of the Project's competitiveness for tax credits/bonds must be supported by submission of the Project's draft application, self-scoring and a comparison of the Project's expected score against the scores of the most recently published awards of tax credits/bonds.

(3) Evaluation of a Project's readiness is in the sole and absolute discretion of HCD staff and will include consideration not only of a Project's competitiveness for remaining uncommitted state funding sources and tax credits/bonds but also other factors, including, for example, the track record of the developer in meeting development timelines stated in other applications to DOH; the status of design development; the status of any site control documents or site control negotiations; or the status of any needed CEQA, NEPA or streamlining approvals.

G. Leveraging—Maximum Points 10. A Project that meets the Leveraging Threshold Requirement may be awarded a maximum of ten points if the sum of the current Measure K request, prior Measure K awards, and anticipated future requests of Measure K funds does not exceed:

a. 10% of the Project's TDC if the Project is located in an incorporated city AND is not a Priority Needs Project; or
b. 15% of the Project's TDC if the Project is a Priority Needs Project or is located in Unincorporated San Mateo County.

A range of points up to 10 points may be awarded depending on the actual percentage of TDC represented by the Project's current, prior, and anticipated Measure K awards.

H. Financial Feasibility—Maximum Points 10. A Project that meets the Financial Feasibility Threshold Requirement may be awarded a maximum of ten points if the Project will break even for at least 20 years of operations AND demonstrates strong evidence of the reliability of underlying financial assumptions, including, but not limited to, evaluation of the following factors:

(1) Assumptions about financing terms (including construction and permanent debt and tax credit investor equity) meet Underwriting Guidelines, are supported by non-binding letters from targeted lenders or investors and seem reasonable in light of current market conditions.

(2) Assumptions about construction and other development costs, including per Unit costs and per square foot costs, meet Underwriting Guidelines and are supported by evidence of preliminary construction cost estimates that seem reasonable in light of current market conditions.

(3) The Project's Supportive Services Budget exceeds minimum Underwriting Guidelines.

(4) The developer will contribute a portion of its developer fee, including amounts eligible to be deferred, to Project equity.

(5) The Project has an award of Project-Based Vouchers, is proposing a Capitalized Operating Subsidy Reserve for Supportive Housing or Farmworker Housing that satisfies Underwriting Guidelines, or includes other third party financing commitments that will enhance the feasibility of serving Farmworker or Supportive Housing households with incomes less than 30% of AMI.

(6) The Application includes a recent Market Feasibility Study or similar document which in HCD staff's sole and absolute discretion satisfactorily addresses the question of effective demand created by including any of the following Units with rents:

(a) Higher than 20% of AMI for Homeless or other Special Needs Households.

(b) Higher than 40% of AMI for studio or one-bedroom apartments targeted to Seniors age 62 and older.

(c) Higher than 60% of AMI for any two-, three- and four-bedroom Units not targeted to Homeless or Special Needs.

(7) The Application's attached tax credit application shows tiebreaker self-scores that are competitive when compared to recent awards for that housing type.

I. **Public Employee Housing Demonstration - Maximum 10 points.** Up to 10 points may in DOH's sole and absolute discretion be awarded to one or more Projects (or to no Projects) that propose to implement a Public Employee Housing Preference for up to 25% of the Project's Units to Public Employee households with incomes up to 80% AMI. Projects may be awarded less than ten points depending on the percent of Units subject to the Public Employee Housing Preference. Applicants interested in including Units for Public Employees should create, execute and upload an attachment labeled Public Employee Housing Preference Attachment, stating the reasons for their interest and containing the number, size and AMI targeting levels of the proposed Public Employee Units, which should be not greater than the number, size and AMI targeting level of Units already designated for the general resident population in the Application and in the Project's pro forma financial statements. Further definition of the Public Employee Housing Preference may, in DOH's sole discretion, result from a Market Survey planned to be conducted by the County, from an ordinance proposed to be adopted to implement the preference, and from DOH's review of the Applications submitted with the required attachment for the Public Employee Housing Preference. The attachment shall acknowledge that the Public Employee Housing Preference is subject to change and that the applicant agrees to take further direction from DOH on the Unit types, AMI levels, and other terms of the Public Employee Housing Preference as these are finalized by the County of San Mateo.

VI. LOAN TERMS

Upon receiving an Award Letter under this AHF NOFA, the Applicant is required to execute and return the Award Letter within five business days of its receipt by the Applicant and the Borrower is expected subsequently to execute a Loan Agreement, Promissory Note, Deed of Trust and Regulatory Agreement in a form and subject to terms established by the County, and comply with loan terms, underwriting policies, compliance monitoring requirements and other requirements summarized in Appendix D.

VII. AGREEMENTS, ACKNOWLEDGMENTS, AND CERTIFICATIONS

By submitting a response to the AHF NOFA, the Applicant and every member of the Applicant Team agree to the following terms, conditions, acknowledgments, and certifications.

A. No Material Changes. An application, including any attachments, may not be materially revised after the Application Deadline. In cases where the application met the Threshold Requirements but is defective because of typographical or minor calculation errors, DOH may, in its sole discretion, process the application with such errors corrected. After the Application Deadline, an Applicant may only make a material correction to an application in a timely response to a request for information from DOH or in order to support an appeal of DOH's written finding that the application did not meet Threshold Requirements as described in Section II.H of this NOFA. Upon receiving an Award Letter, and before any funds may be disbursed, the Applicant must enter into a Loan Agreement, Promissory Note, Deed of Trust, and Regulatory Agreement with DOH the terms of which are consistent with the Project as it was described in the application upon which the Award Letter was based. DOH, in its sole discretion, may determine what constitutes a material change or approve a request for a material change.

B. Application Becomes DOH Property. All information and materials submitted to DOH in response to this AHF NOFA shall become the property of DOH. Any material submitted that is considered confidential by the Applicant must be clearly marked as such. However, DOH cannot maintain the confidentiality of materials that are not protected from disclosure under the California Public Records Act and will not assert privileges from disclosure on behalf of the Applicant as further set forth in Section VII(C) below.

C. Public Disclosure. Applications and all materials submitted in response to this AHF NOFA are subject to California Government Code Section 7920.000, *et seq*., (the Public Records Act), which generally defines a public record as any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. The Public Records Act provides that public records shall be disclosed upon request and that any citizen has a right to inspect any public record unless the document is exempted from disclosure. If DOH receives a request for any document submitted in response to this NOFA under the Public Records Act or other applicable legal authority, DOH will not assert any privileges that may exist on behalf of the Applicant. If an Applicant believes that a portion of its application and supporting material is confidential and notifies DOH of such in writing, DOH may, as a courtesy and with no obligation to do so, attempt to notify the Applicant of any request for the information made under the Public Records Act. However, it is the sole responsibility of the Applicant to assert any applicable privileges or reasons why the document should not be produced, and to obtain a court order prohibiting disclosure. The Applicant and each member of the Applicant Team understands that DOH is not responsible under any circumstances for any alleged harm caused by production of a confidential submission even it is privileged from disclosure, and, by applying, expressly waives any such claim against the County (including DOH).

D. Independent Investigation of Other Funding Source Requirements. Notwithstanding the summaries of other funding programs provided in this NOFA, the Applicant acknowledges and agrees that it is the Applicant's responsibility to independently investigate the terms and conditions of such programs and make their own determination as to whether a proposed Project will be able to satisfy any of the conditions of such programs.

E. Good Standing. The Applicant represents and warrants that the Applicant and each member of the Applicant Team is qualified to do business and in good standing with the California Secretary of State and the California Franchise Tax Board. The Applicant further represents and warrants that the Applicant and each member of the Applicant Team has been and remains in compliance with the terms and conditions of any awards from any public agency, including but not limited to the California Department of Housing and Community Development, the California Tax Credit Allocation Committee, the California Debt Limit Allocation Committee, the Housing Authority of the County of San Mateo, and the San Mateo County Department of Housing. Applicants are required to disclose any of the following events which have occurred in the past five years, and to describe the circumstances, including dates and current status:

- Removal or withdrawal under threat of removal as a general partner in an affordable housing project.
- Failure to comply with prevailing wage requirements, including non-reporting.
- Failure to correct overcharging of rent more than three (3) months after public agency's issuance of notice of noncompliance.
- Use of operating or replacement reserve funds for projects subsidized with public funds in a manner contrary to program requirements, or failure to deposit or maintain reserve funds as required by the public agency.
- Failure to provide promised supportive services to a special needs population or tenants of a project.
- Failure to seek required public funder approvals for actions under loan documents, such as approval of transfers.
- Other violations of the requirements of public agency programs such as: the failure to adequately maintain the books and records thereof; failure to adequately maintain an affordable housing property; failure to ensure income eligibility compliance;
- Any activities of the developer or an individual in a position to influence the developer's performance of its duties and responsibilities, which resulted in debarment of such entity or individual by the U.S. Department of Housing and Urban Development or by another state or federal agency.
- Notice of noncompliance or default issued by the public funder for other reasons.
- Any prior or pending legal proceedings, actions, convictions or judgments that have been filed against Applicant, Applicant Team or their affiliated entities, or any prior or pending arbitrations or mediations.
- Any prior or pending administrative complaints/hearings against or any debarment or suspensions of or other administrative determinations by any federal, state or local government entity relating to Applicant, Applicant Team or their affiliated entities.

Any such event discovered by DOH which is not disclosed by an Applicant may result in IMMEDIATE disqualification of an application.

F. Agreement Not to Discriminate. The Applicant and each member of the Applicant Team agrees 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 protected status. Applicants and Projects must meet the requirements of the Americans with Disabilities Act and the Rehabilitation Act and other laws protecting people with disabilities from discrimination. Applicants and Projects, including those not receiving an award of federal funds, must comply with the federal Violence against Women Act and the Right to Report from Home law.

G. Conflict of Interest. The Applicant and each member of the Applicant Team acknowledges that under Section 1090 et seq. and Section 87100 et seq. of the California Government Code conflict of interest laws, no public official or employee of the County who participates in the decision-making process concerning selection of an Applicant or Applicant Team or a Project may be financially interested in any contract made in their official capacity and shall comply with applicable conflict of interest regulations and requirements.

H. County Ordinances and Requirements. In addition to any requirements imposed by a specific federal funding source available under the NOFA, an Applicant and each member of the Applicant Team will be required to comply with the San Mateo County Living Wage Ordinance, Equal Benefits Ordinance, and other County requirements. DOH also requires Projects that receive awards under this NOFA to utilize the County's affordable housing listing portal, Doorway, to advertise available Units and collect pre-application information. Whether or not a Project receives an award of federal funds, DOH requires Projects to comply with certain federal requirements, including Section 3, MBE/WBE, Violence Against Women Act, Fair Housing Act, Americans with Disabilities Act, and Uniform Re-location Act. Compliance with federal Davis-Bacon wage requirements, the Build America, Buy America Act, and the National Environmental Protection Act are not triggered by an award of state or local funds, but may be triggered by an award of federal funds.

I. Required Certifications Under Penalty of Perjury. By submitting an application in response to this AHF NOFA, an Applicant and each member of an Applicant Team certify under penalty of perjury that:

- The submission is not the result of collusion with an DOH employee or San Mateo County official or any other activity that would tend to directly or indirectly influence the selection process.
- The Applicant and each member of the Applicant Team is able or will be able to comply with all requirements of this NOFA.
- 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 interest of any County officer or employee relating to this solicitation.
- Neither the Applicant, nor any member of an Applicant Team, nor any principals or named subcontractors are identified on the list of Federally debarred, suspended or other excluded parties located at https://sam.gov/content/exclusions.

J. No Promises, Funding Commitments or Agreements. Applicant and each member of the Applicant Team acknowledge and agree that DOH's issuance of this AHF NOFA is not a promise or an agreement to fund any specific Project or enter a specific contract. DOH 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 aspect of the selection process, including, but not limited to this NOFA and all or any portion of the Project 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 NOFA or any other step in the selection process.
- Reject all applications and reissue the NOFA.
- Procure the desired loan applications by a means other than this NOFA or not proceed in procuring the proposals for loans under this NOFA.

- Negotiate and modify any terms of an agreement made pursuant to this NOFA.

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Appendix A

DEFINITIONS

“Acutely Low-Income" Unit: A Unit targeted to a household earning up to 15% of the Area Median Income (AMI) adjusted for household size with rent restricted to be affordable to that income level adjusted for Unit size, as published annually by CTCAC and HUD and posted on the DOH website.

“Affirmatively Further Fair Housing”: To take meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.

“Agricultural Employment”: Employment in the cultivation and tillage of the soil; the production, cultivation, growing and harvesting of any agricultural or horticultural commodities; the raising of livestock, bees, furbearing animals, or poultry; dairying, forestry, and lumbering operations; and any work on a farm as incident to or in conjunction with such farming operations, including the delivery and preparation of commodities for market or storage. Agricultural Employment also includes work done by any person who works on or off the farm in the processing of any agricultural commodity until it is shipped for distribution, whether or not such person is encompassed within the definition specified in subdivision (b) of Section 1140.4 of the California Labor Code.

“Agricultural Household”: Agricultural Worker or workers and other persons who reside or will reside with an Agricultural Worker in a Unit.

“Agricultural Worker”: An individual who derives, or prior to retirement or disability derived, a substantial portion of his/her income from Agricultural Employment.

“AHF”: San Mateo County’s Affordable Housing Fund which is the source of funds for loans made under this Notice of Funding Availability.

“AHF NOFA” or “NOFA”: The current County Affordable Housing Fund Notice of Funding Availability released on June 2, 2025.

“AHF-Restricted Unit”: A residential Unit of a specific size that is subject to income, rent, occupancy and target population restrictions as a condition of AHF financial assistance as set forth in the Loan Agreement and Regulatory Agreement for the Project. The number and type of AHF-Restricted Units for a specific Project shall be determined in accordance with Appendix D of the NOFA.

“Applicant”: The entity applying for funds under this NOFA who is authorized to communicate with DOH concerning the application, to represent and bind the other organizations that are part of the Applicant Team, and to execute an Award Letter if one is issued by DOH. Eligible Applicants include non-profit and mission-driven for-profit developers, other non-profit sponsoring agencies, tax credit limited partnerships and limited liability companies, and joint ventures among any of these entities. Government agencies are not eligible Applicants.

“Applicant Team”: The entities required to be identified in an application in order to demonstrate that, collectively, they have the necessary experience, track record, and organizational good standing to develop, manage, operate and provide supportive services to the Project for which AHF funding is requested. The Applicant Team for a rental Project will typically include an entity with development capacity, property management capacity, and supportive services capacity. If the developer member of the Applicant Team for a rental Project is a for-profit company, the Applicant Team shall include a qualified nonprofit Managing General Partner.

"At-risk of Homelessness": As provided by the McKinney-Vento Homeless Assistance Act as amended by Section 896 of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009, an individual or family who:

(1) Has income below 30 percent of median income for the geographic area, as determined by HUD;
(2) Has insufficient resources or support networks immediately available to attain housing stability; and
(3) Meets one of the following conditions:
    a. Has moved frequently (two or more times during a 60-day period) because of economic reasons; ***or***
    b. Is living in the home of another because of economic hardship; ***or***
    c. Has been notified in writing that their right to occupy their current housing or living situation will be terminated; ***or***
    d. Lives in a hotel or motel and the cost is not paid for by a charitable organization or by Federal, State, or local government programs for low-income individuals; ***or***
    e. Lives in severely overcrowded (more than two (2) people per bedroom or sleeping area such as a living room) housing; ***or***
    f. Is exiting a publicly-funded institution or system of care; ***or***
    g. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness.

"Average Affordability": The weighted average Area Median Income (AMI) level of the total Project, determined by multiplying the number of Units at each AMI level (in 10% AMI increments) by the corresponding AMI percentage and then dividing by the total number of Units in the Project. For example, in the case of a 30-Unit Project with 10 Units at 30% AMI, 5 units at 50% AMI, and 15 units at 60% AMI, the Average Affordability is 48% AMI, calculated as follows: ((10 x 30%) + (5 x 50%) + (15 x 60%)) ÷ 30 = 48% AMI Average Affordability.

"Award Letter": The letter from DOH informing the Applicant that the San Mateo County Board of Supervisors has authorized a specific award amount from a specific funding source to a Project selected for funding under this AHF NOFA.

"Award Letter Date": The date of the DOH Award Letter under the AHF NOFA, expected to be which is used as a starting point to estimate the number of months before a Project will be ready to commence construction.

"Borrower": The entity which will own and operate the Project and execute the Loan Agreement, Deed of Trust, Regulatory Agreement and Promissory Note implementing the terms of the Award Letter issued by DOH. If the Applicant is not the Borrower, the Applicant may assign the Award Letter to the Borrower entity only with DOH's written approval. DOH may withhold its approval of this assignment if the Borrower is not an entity wholly owned or controlled by the Applicant or an affiliate of an entity owned or controlled by the Applicant.

“Behavioral Health and Recovery Services” or “BHRS”: A division of the County Health System which provides a broad spectrum of services for children, youth, families, adults and older adults for the prevention, early intervention, and treatment of mental illness and/or substance use conditions.

“Capital Replacement Reserve”: A reserve for capital replacements of the Project improvements in an amount of $500 per Unit per year, and any changes to the amount deposited into this replacement reserve shall require DOH approval. Exceptions may be granted to address the requirements of other lenders or investors in the Project. Replacement reserve deposit amounts for rehabilitation Projects must be based on a twenty-year physical needs assessment of the Project, after accounting for the balance of any existing reserves.

“Capitalized Operating Reserve”: Funding set aside at the beginning of a rental Project and included in the proposed development budget sufficient to cover three months operating expenses and debt service.

“Capitalized Operating Subsidy Reserve (COSR)”: Funding set-aside at the beginning of a Supportive Housing Project and included in the proposed development budget to cover operating deficits projected to result from lower rents, higher vacancies, and higher supportive services costs because the Project includes Supportive Housing Units and satisfies requirements for a COSR under DOH Underwriting Guidelines.

“CDLAC”: The California Debt Limit Allocation Committee responsible for allocating tax-exempt bonds to affordable housing projects.

“Chronically Homeless”: As defined in section 401(2) of the McKinney-Vento Homeless Assistance Act as amended, an individual or family who:

(1) Is homeless and lives or resides in a place not meant for human habitation, a safe haven, or in an emergency shelter;
(2) Has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one (1) year or on at least four (4) separate occasions in the last three (3) years; and
(3) Has an adult head of household (or a minor head of household if no adult is present in the household) with a diagnosable substance use disorder, serious mental illness, developmental disability (as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002)), post-traumatic stress disorder, cognitive impairments resulting from a brain injury, or chronic physical illness or disability, including the co-occurrence of two (2) or more of those conditions.

A person who currently lives or resides in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital or other similar facility, and has resided there for fewer than 90 days shall be considered chronically homeless if such person meets all of the requirements described above prior to entering that facility.

“Coordinated Entry System” or “CES”: San Mateo County’s coordinated process for homeless participant intake, assessment, and provision of referrals to the most appropriate housing solutions. The County Human Services Agency’s Center on Homelessness is the lead agency for administration of the CES.

“Construction Expenses”: The cost of demolition; on- and off-site improvements; architectural and engineering fees, local permit and impact fees, legal fees, eligible consultant and professional fees, construction period interest, property taxes and insurance; and construction of new residential Units (or rehabilitation of existing residential Units) and non-commercial common areas that are an integral part of a residential development and eligible to be included in basis for purposes of the Low-Income Housing Tax Credit; and other direct construction costs.

“CTCAC”: The California Tax Credit Allocation Committee responsible for making awards of Low-Income Housing Tax Credits to affordable housing projects.

“Deed of Trust”: The recorded deed of trust executed by Borrower in favor of DOH which describes the real property interest which secures the repayment of the DOH Loan and DOH’s remedies in the event of Borrower’s breach of the Loan Agreement or Note.

“Disabled Family/Household/Person with Disabilities”: For any Units benefiting under this NOFA from a federal housing program, this NOFA follows the U.S. Department of Housing and Urban Development’s (HUD) definition of a disabled family. Disabled family means a family whose head (including co-head), spouse, or sole member is a person with a disability. A disabled household may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides (24 CFR 5.403). As defined in section 5.403, a person with disabilities means a person who:

(1) Has a disability as defined in Section 223 of the Social Security Act (42 U.S.C.423), or
(2) Is determined by HUD regulations to have a physical, mental, or emotional impairment that:
    a. Is expected to be of long, continued, and indefinite duration;
    b. Substantially impedes his or her ability to live independently; and
    c. Is of such a nature that such ability could be improved by more suitable housing conditions, or
(3) Has a developmental disability as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(5)).

The HUD definition of a person with disabilities includes persons who have the disease acquired immunodeficiency syndrome (AIDS) or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome (HIV). However, for the purpose of qualifying for low-income housing, the definition of disability does not include a person whose disability is based solely on any drug or alcohol dependence.

For any Units not benefiting from a federal housing program, this NOFA generally follows the HUD definition of “disability” except that “developmental disability” must also satisfy the requirements of the California Lanterman Act for Developmental Disabilities Services set forth in the Welfare & Institutions Code. Additional qualifications may apply to other kinds of disabilities targeted for Supportive Housing Units under this NOFA, including Mental Health Services Act and Housing for a Healthy California Act.

This NOFA generally follows HUD guidance prohibiting a preference for a specific type of disability but allowing (a) a preference for physically adapted Units for people who need that mobility or communication accommodation and (b) a preference for Supportive Housing Units with specific supportive services for people with disabilities who need those tailored supportive services to acquire and retain stable housing and thereby avoid institutional settings or homelessness.

"DOH" or the "Department": The County of San Mateo Department of Housing.

"Developer" or "Project Developer": The entity listed in the application for this NOFA as responsible for completing the acquisition, entitlement, financing and construction of the Project and selecting, contracting with and monitoring a qualified property management company and supportive services provider.

"Developer, Partnership Management and Asset Management Fees": Reasonable fees paid to the Developer or a general partner of the Borrower entity that will own and operate the Project to compensate for the time, effort, and risk of developing and operating the Project. Such fees will generally be deemed "reasonable" in the case of rental Projects if they are within the limits for such fees imposed by CTCAC and comply with DOH Underwriting Policies. Developer fees for FTHO Projects will be limited to reasonable fees determined by DOH in its discretion.

"Elderly Household": A household headed by a person 62 years of age or older.

"Eligible Project" types: The three types of affordable multi-family housing Projects solicited under this NOFA, limited to New Construction Rental ("NCR"), Re-syndication Rehabilitation Rental ("RRR"), and New Construction First Time Home Ownership ("FTHO"). Applications for ineligible types of affordable housing will not be accepted or evaluated for funding under this NOFA.

"Emerging Developer": An entity that has developed, owned, or operated at least one (1) but not more than three (3) affordable housing developments that are equivalent to the proposed affordable housing development in size, scale, amenity, and target population, as determined by DOH in its reasonable discretion. DOH may determine the experience of an Emerging Developer by evaluating the experience of the entity itself, and/or the experience of senior staff within the organization.

"Extremely Low-Income (ELI) Unit": A Unit targeted to a household with income up to 30% of the Area Median Income (AMI) adjusted for household size with rent restricted to be affordable to that income level adjusted for Unit size, as published annually by CTCAC and HUD and posted on the DOH website.

"Farmworker Project": A Project with at least 25 percent of the Units available to, and occupied by, Agricultural Households. Farmworker Projects shall provide appropriate oral and written linguistic services and publications. The Applicant must also document that there is sufficient demand for Agricultural Household units in the area served by the Project.

"Frail Elderly Household": An elderly household that is homeless or at-risk of being homeless and exiting a nursing or long-term care facility, or at immediate risk of entering long-term care, but who would be able to remain in an independent living situation with some support.

"HHC-Eligible Population": An individual or family who meet all of the following state Housing for a Healthy California ("HHC") requirements:

(1) Is experiencing
    a. chronic homelessness or
    b. homelessness and is a high-cost health user upon initial eligibility; and
(2) Is a Medi-Cal beneficiary or is eligible for Medi-Cal; and
(3) Is eligible to receive services under a program promoting housing stability for persons with disabilities, including, but not limited to, the following:

a. The Whole Person Care pilot program, or successor program; or
b. Other appropriate Health System program.

(4) Is likely to improve his or her health conditions with Supportive Housing.

"HOME-ARP Qualifying Populations": Four categories of people eligible to apply for a HOME-ARP Unit, including:

(1) People experiencing Homelessness as defined above;
(2) People fleeing or attempting to flee domestic violence or human trafficking, even if they do not meet the HUD definition of Homelessness;
(3) People at Risk of Homelessness; and
(4) Specific Groups experiencing Housing Instability, including*
    a. formerly homeless people whose housing is unstable because of limited rental assistance or inadequate supportive services;
    b. Extremely Low-Income people who are severely rent-burdened; and
    c. Very Low-Income people who meet at least one of the conditions for being At Risk of Homelessness.

*Veterans are included in all four of these Qualifying Populations.

See Appendix B for a summary of HOME-ARP funding terms and conditions.

"Homelessness or Homeless": Relying on the HUD definitions of homelessness found in 24 CFR 91.5, this includes the four "categories" of homelessness set forth below:

Category 1: Homeless- referring to a person or family who lacks a fixed, regular, and adequate nighttime residence, meaning any of the following:

(1) They have a primary nighttime residence that is a public or private place not meant for human habitation (for example, a vehicle, park, abandoned building, bus or train station, airport, or camping ground); or
(2) They are living in a publicly- or privately-operated shelter designated to provide temporary living arrangements (including congregate shelters, non-congregate shelters, interim housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs); or
(3) They are exiting an institution where they resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

Category 2: Homeless- imminent loss of primary nighttime residence- referring to a person or family who will imminently lose their primary nighttime residence, meaning all of the following:

- Their residence will be lost within 14 days of the date of their application for homelessness assistance;
- They have not identified a subsequent residence; and
- They lack the resources and support networks needed to obtain other permanent housing.

Category 3: Homeless - Unaccompanied Youth and Families with Children- referring to an unaccompanied youth under 25 years of age or family with children and youth who are deemed homeless by another federal statute and meet all the following:

- They have not been on a lease or occupancy agreement or owned a residence in the prior 90 days;
- They have moved three or more times in the prior 90 days; and
- Can be expected to continue in such status for an extended period of time because of they have one or more of the following conditions:
    - chronic disabilities
    - chronic physical or mental health conditions
    - substance addiction
    - histories of domestic violence or childhood abuse
    - child with a disability
    - two or more barriers to employment, which include lack of a high school degree or GED, illiteracy, low English proficiency, history of incarceration, history of unstable employment.

Category 4: Homeless - Domestic Violence- referring to a person or family who meets all of the following criteria:

- They are fleeing or attempting to flee domestic violence, which includes but is not limited to sexual violence, dating violence, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
- They have no other residence; and
- They lack the resources and support networks needed to obtain other permanent housing.

"Household": A household is a group of one or more persons who live together. A single person living alone is considered a household.

"Large Family Project": A Project in which at least 25% of the Units are three-bedroom or larger Units and at least an additional 25% of the Units are two-bedroom or larger Units.

"Live-Work Preference": A preference for applicants of a Project who live or work in a specified jurisdiction, as defined in an ordinance adopted by that jurisdiction in compliance with Government Code Section 7061. Both the enabling ordinance and each individual Project to which the preference is applied must satisfy state and federal Fair Housing and other legal requirements.

"Loan Agreement": The contract between Borrower and DOH, executed by both parties, describing the duties, conditions, and obligations of each party in connection with an AHF loan.

"Low-Income Unit": A Unit targeted to a household with income up to 80% of the Area Median Income (AMI) adjusted for household size with rent restricted to be affordable to that income level adjusted for Unit size, as published annually by CTCAC and HUD, and posted on the DOH website.

"Lower Income Unit": A Unit targeted to a household with income up to 60% of the Area Median Income (AMI) adjusted for household size with rent restricted to be affordable to that income level adjusted for Unit size, as published annually by CTCAC and HUD and posted on the DOH website.

"Marketing Plan": For the purposes of this NOFA, a Marketing Plan is the Borrower's plan for marketing the Project, to ensure that target populations, countywide and local residents and workforce populations will be aware of the housing opportunities in the Project. The Marketing Plan should include information on Borrower's plan to: (i) affirmatively market the Development to income-eligible households, particularly the populations least likely to know about the housing opportunity and (ii) comply with fair housing laws.

“Mental Health Service Act Units” or "MHSA-restricted Units”: Units subject to a preference for households who qualify under the MHSA Housing Program who are seriously mentally ill and homeless or at risk of homelessness. Units targeted for MHSA-Eligible Households will be filled by referrals from BHRS and in the absence of Project-Based Vouchers must be affordable to households with incomes up to 20% of Area Median Income. See Appendix B for a description of MHSA funding terms and conditions.

“Minority-Owned Business Enterprise” or "MBE": A business which is at least 51% owned by minority-group individuals or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more such individuals. Minority group members are United States citizens or permanent residents who are Asian-Indian, Asian-Pacific, Black, Hispanic, or Native American.

“Moderate Income Unit”: A Unit targeted to a household earning up to 120% of the Area Median Income (AMI) adjusted for household size with rent restricted to be affordable to that income level adjusted for Unit size, as published annually by CTCAC and HUD and posted on the DOH website.

“New Construction First-Time Homeownership” “FTHO” Project: Multi-family new-construction deed-restricted permanent homeownership housing Project in which all residential Units are targeted to first-time homebuyers with Moderate Incomes or lower, where the term of occupancy is not time-limited and where the affordability of each Unit is maintained through homebuyer’s execution of a restrictive covenant. This includes a Project consisting of at least 20 new manufactured homes for sale to first-time homeowners.

“New Construction Rental (NCR) Project”: New-construction deed-restricted permanent multifamily rental housing Project where the tenants rent their units subject to income and rent restrictions and their term of occupancy is not time-limited. This includes a Project consisting of at least 20 new manufactured homes for rent.

“Note or Promissory Note”: The promissory note executed by Borrower in favor of DOH describing the terms and repayment provisions of an AHF loan.

“Predevelopment Expenses”: Expenses necessary to prepare a Project to begin construction or rehabilitation, including but not limited to, obtaining an appraisal; undertaking a market study; undertaking environmental reviews including a Phase I report, Phase II report, and NEPA report; undertaking soils and topographic surveys; undertaking a traffic study; applying for and submitting funding applications; obtaining preliminary construction cost estimates; obtaining design development documents; and obtaining construction documents.

“Project”: An affordable permanent housing project that is an Eligible Project type and the subject of an application under this NOFA.

“Public Employee Housing Preference”: A preference for applicants of a Project who live or work in the County of San Mateo, are employees of the County of San Mateo, or the state or federal government, and have household incomes that do not exceed 80% of Area Median Income. Additional categories of public agency employment may be approved to satisfy the Public Employee Housing Preference for a specific Project in the sole and absolute discretion of DOH. In no case shall more than 25% of a Project's Units be designated to satisfy the Public Employee Housing Preference.

"Relocation Expenses": Expenses incurred under the Uniform Relocation Act to provide persons and businesses displaced by the Project with eligible relocation advisory services and payments.

"Re-syndication of an Existing Low-Income Housing Tax Credit (LIHTC) Property with Rehabilitation for Rental (RRR) Project": An existing deed-restricted permanent multifamily rental housing previously financed with Low Income Housing Tax Credits (LIHTC) which the Applicant intends to rehabilitate with the proceeds of a new award of LIHTC and continue to rent the Units to income-qualifying households. To qualify as a RRR project, the Project must require substantial rehabilitation that is proven based on a capital needs assessment approved by the County, the Project is nearing the end of its affordability term and the Project's re-syndication would preserve existing or lower affordability restrictions for an additional 55 year term.

"Site Acquisition Expenses": Expenses necessary to complete the purchase or rental of a site on which the Project will be developed, such as appraisals, purchase agreement deposits, option payments, other site control costs, the purchase price of the site, repayment of the loan(s) that originally financed the purchase of the site (i.e., take-out financing), and other acquisition costs such as buyer's share of closing costs, site clearance, environmental remediation costs associated with environmental hazards, and preliminary site grading in preparation for construction of the Units. DOH will not disburse funds for acquisition costs for the land and improvements in excess of the value of the property appraised within six months of disbursement.

"Supportive Housing Project": A Project that exceeds the Homelessness Preference Threshold Requirement by designating at least 25% of the Project's total Units as Supportive Housing Units (which may include the 5% of the Project's total Units necessary to satisfy the Homelessness Preference Threshold Requirement). A Supportive Housing Project must provide coordinated on-site and off-site supportive housing services tailored to the needs of the targeted special needs households, including but not limited to case management, health services, independent living skills, or other assistance that will help the targeted special needs household become and remain successfully housed. Supportive Housing Units must be supported by a minimum services budget of $1,000 Per Unit Per Annum for each Supportive Housing Unit. Participation in supportive services and programs shall be voluntary, and a resident of a Supportive Housing Project shall not be required to receive supportive services as a condition of tenancy if the household is able to maintain their tenancy without such services.

"Supportive Housing Unit": A Unit that is subject to a preference for one or more of the following special needs populations as defined in this Appendix A: Homeless households; Chronically Homeless households; At-risk-of Homelessness households; Disabled Families/Households/Persons with Disabilities; Frail Elderly; Duals Demo Households; HHC (Housing Healthy California) Households; MHSA (Mental Health Services Act) Households; HOME-ARP Qualifying Populations; and Youth Transitioning out of Foster Care. Veterans qualify for Supportive Housing Units if they fall within one of the other identified Supportive Housing populations, but Supportive Housing Units may not be limited to Veterans unless required by an award of HUD-VASH Project-Based Vouchers, state Veterans Housing and Homelessness Program (VHHP) funding, or other funding or long-term lease commitment limited to Veterans housing.

“Tenant-Based Rental Subsidy”: A rental subsidy that is awarded a household to use at housing of their choice, instead of attaching to a specific Unit or a specific Project.

“Tenant Selection Plan”: The Borrower’s written policies and criteria for selecting tenants for the Project to ensure that the leasing of the Project will be conducted in a manner that provides fair and equal access under the law. The Tenant Selection Plan may be submitted with the Marketing Plan and should include information on Borrower's plan to:

- limit occupancy to income-eligible households,
- describe any preferences which the Project will implement,
- give notice to applicants of rejection and grounds for rejection,
- manage applicants on a waitlist for occupancy in the Project,
- utilize Doorway, the County’s affordable housing listings portal,
- provide for any specialized referral methods needed for Supportive Housing Units to ensure coordination of housing with supportive services;
- comply with County live-work preference policies, including limitations on the number of Units allowed to be subject to a city-imposed live-work preference; and
- comply with Fair Housing laws.

“Unincorporated San Mateo County”: All areas in San Mateo County that are not within incorporated city boundaries.

“Unit”: A residential dwelling Unit containing a kitchen and bathroom(s) for which the resident is required to pay some or all of the rent or purchase price. A studio/efficiency Unit qualifies as a Unit under the AHF NOFA, but a Single Room Occupancy (SRO) unit lacking a kitchen or bathroom will not qualify unless approved by DOH.

“Very Low-Income (ELI) Unit”: A Unit targeted to a household with income up to 50% of the Area Median Income (AMI) with rent restricted to be affordable to that income level adjusted for Unit size, as published annually by CTCAC and HUD and posted on the DOH website.

“Veterans”: People who have served in the U.S. armed forces and includes veterans who qualify for the Veterans Housing and Homelessness Prevention program because of their discharge status.

“Women-Owned Business Enterprise” or “WBE”: For the purposes of this NOFA, WBE is a business enterprise in which at least fifty-one percent (51%) is owned, operated, and controlled by citizens or permanent residents who are women.

“Public Employee Housing”: A Project makes up to25 percent of the Units available for general public employees who live or work in the County of San Mateo. General Public Employees are those who work for the County of San Mateo, any city or town in the County of San Mateo, the State of California, or the Federal Government of the United States.

“Youth Transitioning Out of Foster Care”: People between the ages of 18 and 24 who are in transition from state custody or foster care and are at-risk of homelessness.

Appendix B
DESCRIPTION OF AHF FUNDING SOURCES

The following description of AHF Funding Sources is a summary of various funding sources and does not include all restrictions and terms that might result from the specific funding source. It is the responsibility of the Applicant to research and determine whether a specific funding source is appropriate for a Specific Project.

I. MEASURE K AND IMPACT FEES

A. Legal Authority for the Award of Measure K Funds for Affordable Housing. Measure K is a countywide half-cent sales tax extension passed by San Mateo County voters in November 2016 to support essential County services and to maintain or replace critical facilities, providing local funds for local needs. "Providing affordable homes for seniors, veterans, individuals with disabilities and families" is one of the stated priorities of Measure K. As part of its annual budget development process, the San Mateo County Board of Supervisors considers departmental requests for Measure K funding for stated priorities. In addition, DOH, in its sole and absolute discretion, may also award Measure K funds recovered from former awards because of a Project's funding source changes or a Project not meeting conditions of an original award letter. Measure K expenditures for housing are monitored and reported on by DOH. The Measure K Oversight Committee ensures the preparation and review of an annual audit of Measure K expenditures Measure K Oversight Committee | County of San Mateo, CA (smcgov.org). Each Project proposed for funding under the AHF NOFA must return to the Board of Supervisors for final approval, following review and recommendation by the County's Housing and Community Development Committee (HCDC).

B. Conditions of Measure K Funding. The AHF NOFA describes the conditions for receiving a Measure K award for affordable housing development and preservation, and Appendix D summarizes the expected Loan Terms, Regulatory Agreement, Underwriting Policies and Compliance Monitoring as of the release of the AHF NOFA. Projects that receive awards under this NOFA will be bound by subsequent changes to Appendix D adopted up to the date a Loan Agreement is executed. Some DOH contract provisions implement federal restrictions which the County has adopted as a matter of public policy in its loan terms and loan documents. These include but are not limited to:

A. MBE/WBE consideration
B. Section 3 hiring
C. Uniform Re-location Act
D. Non-discrimination and Affirmatively Furthering Fair Housing Laws
E. Violence against Women Act
F. Right to Report from Home Act
G. Americans with Disabilities Act
H. Section 504 of the Rehabilitation Act.

There are other significant federal restrictions which the County has not incorporated in its contract documents, including the Davis-Bacon wage requirements, the Build America Buy America Act (BABA) and the National Environmental Protection Act (NEPA). These only apply to Projects that use certain federal housing finance programs.

A Project financed with Measure K funds shall comply with state prevailing wage laws unless the Project is also subject to federal Davis Bacon wage laws, in which case the higher of the two wage standards shall govern the Project.

C. Addressing Homelessness and Other High Priority Needs. The County requires that at least 5% of a Project's Low-Income Units target people experiencing Homelessness and at least an additional 15% of a Project's Low-Income Units target affordability that does not exceed the Extremely Low-Income level. In addition, the County uses a competitive scoring rubric to prioritize the award of Measure K funds to Projects that exceed these Threshold Requirements by providing greater affordability and more Supportive Housing Units for vulnerable people who need both stable housing and coordinated supportive services. This prioritization is based on the County's experience that the critical safety net services offered to vulnerable people by the County Human Services Agency, the Behavioral Health and Recovery Services Agency, the Health Plan of San Mateo County and the Golden Gate Regional Center have a measurably greater impact when coordinated with stable affordable housing. The County also prioritizes the award of Measure K funds to Farmworker Projects and Large Family Projects.

D. Impact Fees

The County of San Mateo collects certain development impact fees because of the nexus between certain types of new development and the need for affordable housing. For Projects located in unincorporated San Mateo County only, the AHF NOFA may make available County Impact Fees to be awarded on the same terms and conditions as awards of Measure K funds.

II. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

A. Legal Authority for the Award of CDBG Funds for Affordable Housing. Authorized under Title I of the Housing and Community Development Act of 1974, CDBG is a federal block grant program awarded annually to states and local entitlement jurisdictions, including San Mateo County, for the development of viable communities principally for Low-Income and Moderate-Income (LMI) households. The creation of "decent housing" fulfills one of the CDBG program's National Objectives when at least 51% of the Project's Units will benefit LMI households. San Mateo County's CDBG funds are administered by DOH and implement the County's HUD-approved Consolidated Plan. The CDBG regulations can be found at 24 CFR Part 570.

B. Conditions of CDBG Funding. CDBG funds can be used for direct homeowner assistance (loans, grants, down payment and closing cost assistance). CDBG funds can also be used to rehabilitate multi-family housing (rental or homeownership) but cannot be used for the hard or soft costs of new construction, except in connection with a neighborhood revitalization, community economic development, or energy conservation project led by an organization designated as a Community-Based Development Organization (CBDO). Therefore, NCR and FTHO Projects may apply for CDBG funds but only for the cost of Site Acquisition carried out by a public or nonprofit entity unless their Project meets the narrow conditions available for new construction carried out by a CBDO.

Furthermore, at least 51% of the Units in a Project benefiting from an award of CDBG funds must be targeted to LMI households. CDBG restrictions apply to the entire Project, not to specific assisted Units.

C. Significant Federal Requirements that Apply to CDBG-funded Projects. DOH has incorporated a number of federal requirements in its standard Loan Agreement for an award of local Measure K funds.

However, there are some federal restrictions that are not incorporated but would apply because of a Project's use of CDBG funds. These include but are not limited to:

(1) **Davis-Bacon Act**. A Project using CDBG funds for construction or rehabilitation costs must comply with the obligation to pay prevailing wages as required by the Davis-Bacon Act and Related Acts when Davis-Bacon prevailing wages would exceed local and state prevailing wage requirements to which the Project is also subject.
(2) **Build America Buy America Act.** HUD has applied the Build America Buy America Act (BABA) to projects receiving $250,000 or more of CDBG or any other federal assistance. The Buy America Preference is initially subject to iron and steel procurement but will be phased in to apply to other construction materials and manufactured products. For more information on specific requirements and the timeline for rolling out these additional requirements, please see https://www.hud.gov/program_offices/general_counsel/BABA.
(3) **National Environmental Policy Act.** CDBG funded Projects must comply with the National Environmental Policy Act (NEPA). DOH is the Responsible Entity for certifying a Project's compliance with NEPA to the U.S. Department of Housing and Urban Development. A Project that receives an award of funds that triggers NEPA must immediately cease all "choice-limiting" activities until the NEPA clearance is received from HUD.

Recipients of CDBG funds must also comply with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements.

III. HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

A. Legal Authority for the Award of HOME Funds. The HOME Program is a federal block grant program designed to increase the supply of decent, affordable housing to low and very low-income households. DOH administers an annual award of HOME funds on behalf of the San Mateo County HOME Consortium pursuant to Title II of the Cranston Gonzales National Affordable Housing Act of 1990. HOME funds implement the County's HUD-approved Consolidated Plan. The federal regulations that govern the HOME Program are found at 24 CFR Part 92.

B. Conditions of HOME Funding. The three Eligible Project types (NCR, RRR, and FTHO) included under this AHF NOFA are eligible to receive HOME funds. HOME funds can be used for new construction of both rental and ownership housing, as well as rehabilitation of an existing structure. Acquisition of vacant land or demolition of an existing structure can only be funded with HOME funds if construction will commence within 12 months. Re-location assistance required under the Uniform Relocation Act is an eligible use of HOME funds. HOME funds may be used to capitalize an operating deficit reserve for NCR and RRR Projects but only for the initial rent up period, up to 18 months. Reasonable soft costs are also eligible uses of HOME funds.

HOME-assisted Projects are subject to a subsidy layering review to establish that the Project is not over-subsidized. After the first 12 months following Project completion have passed, a Project that has already received an award of HOME funds may not receive a subsequent HOME award. The minimum award of HOME funds for a Project is $1,000 multiplied by the number of HOME-Assisted Units in the Project. In a mixed-income Project, the costs of the HOME-assisted Units can be pro-rated as a portion of the TDC if the Units are comparable in size and amenities. However, in no event can the amount of HOME subsidy exceed the maximum per unit subsidy amount adjusted for unit size as set forth in Table 1 which is subject to updating when 2025 limits are released by HUD:

Table 1 2024 Maximum Subsidy Limits for each HOME-Assisted Unit

Unit size	Maximum Per Unit HOME Subsidy Limit—2024
0 bedroom	$181,488
1 Bedroom	$208,049
2 Bedrooms	$252,994
3 Bedrooms	$327,293
4 plus Bedrooms	$359,263

HOME funds are targeted to create Units with income and rent limits for Lower-Income and Very Low-Income Households or lower throughout the affordability period. A Project's HOME-assisted Units must be occupied by households with incomes at or below 60% AMI and, in the case of a Project with five or more HOME-assisted Units, at least 20% of the Project's HOME-assisted Units must be occupied by Very Low-Income households or lower. Lower-Income HOME Units may be designated for "High HOME rents" (up to 65% of Area Median Income). HOME-assisted Units may be designated as "floating" to facilitate compliance over time with income and rent restrictions if the Units to which the HOME designation would float are comparable in size, quality, and amenities. A Project financed with both HOME funds and Low-Income Housing Tax Credits must use the Section 8 annual gross income definition (known as Part 5) to determine qualifying household income.

Income and rent limits must be imposed on HOME-Assisted Units for a minimum period of affordability. For NCR projects, the minimum period of affordability is 20 years, RRR projects, the minimum period of affordability is 15 years, and FTHO Projects' minimum period of affordability ranges from 5 years to 15 years depending on the amount of HOME funds awarded per Unit. For FTHO Projects assisted with HOME funds, the maximum purchase price of the home may not exceed 95% of the median purchase price of homes purchase in the area. Affordability and other restrictions that expire at the end of any HOME period of restrictions will be replaced by the County's Measure K income and rent restrictions for the balance of the 55-year term.

DOH must provide a 25% match for any HOME funds committed to a Project, which DOH expects to satisfy by awarding Measure K funds to HOME-eligible Projects under AHF, including HOME-eligible Projects that do not receive an actual HOME award. DOH is also responsible to award at least 15% of the HOME Consortium's HOME funds to Projects sponsored by Community Housing Development Organizations (CHDOs). DOH encourages applications from organizations that have qualified as CHDOs under the HOME program.

C. Significant Federal Requirements that Apply to HOME-funded Projects. DOH has incorporated a number of federal requirements in its standard Loan Agreement for an award of Measure K funds. However, there are some federal restrictions that are not incorporated in the County's standard Loan Agreement but would apply because of the Project's use of HOME funds. These include but are not limited to:

(1) **Davis-Bacon Act**. A Project using HOME funds for construction or rehabilitation costs of 12 or more Units must comply with the obligation to pay local prevailing wages as required by the Davis-Bacon Act and Related Acts.

(2) **Build America Buy America Act.** The application of the Build America Buy America Act (BABA) **may commence for HOME-funded projects depending on when the** County signs its FY25-26

HOME funding **agreement with** HUD. Applicants intending to use HOME funds for the purchase of a Project's iron, steel and other construction materials should monitor HUD's plan for phasing in BABA. For more information on specific requirements and the timeline, see https://www.hud.gov/program_offices/general_counsel/build_america_buy_america.

(3) **National Environmental Policy Act.** HOME-funded Projects must comply with the National Environmental Policy Act (NEPA). DOH is the Responsible Entity for certifying a Project's compliance with NEPA to the U.S. Department of Housing and Urban Development. A Project that receives an award of funds that triggers NEPA must immediately cease all "choice-limiting" activities until the NEPA clearance is received from HUD.

Recipients of HOME funds must also comply with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements.

IV. HOME-AMERICAN RESCUE PLAN (HOME-ARP)

A. Legal Authority for the Award of HOME-ARP. The San Mateo County HOME Consortium received a one-time award of federal housing funds under the HOME-American Rescue Plan (HOME-ARP) Program, pursuant to the 2021 American Rescue Plan Act. In March 2023, HUD approved San Mateo County's HOME-ARP Allocation Plan which would dedicate approximately $4,403,212 of HOME-ARP funds to the construction of permanent affordable rental housing for the HOME-ARP "qualifying populations" with a preference for people experiencing homelessness. HOME-ARP requirements are found at 21-CPD-10 and San Mateo County's HOME-ARP Allocation Plan is available on the DOH website.

B. Conditions of HOME-ARP Funding. New Construction Rental (NCR) Projects are eligible to use HOME-ARP funds. HOME-ARP funds can generally be used for the same costs as HOME funds except that, in contrast with the HOME program, which limits the amount of funds that can be used to capitalize an operating subsidy reserve, HOME-ARP funds may be used to capitalize an operating subsidy reserve (COSR) in an amount needed to cover projected operating deficits for the entire period of the HOME-ARP Unit restrictions.

HOME-ARP Units are restricted to occupancy by four Qualifying Populations: households experiencing Homelessness, households At Risk of Homelessness; households fleeing or attempting to flee domestic violence, sexual assault, dating violence, and human trafficking; and specific populations at greatest risk of housing instability. The San Mateo County HOME Consortium's HOME-ARP Allocation Plan calls for all four Qualifying Populations to be eligible for the HOME-ARP Units, but for a preference to be granted for people experiencing Homelessness. This Homelessness preference is not limited to referrals from the County's Coordinated Entry System (CES).

Like HOME funds, HOME-ARP funds restrict specific HOME-ARP Units. HOME-ARP restricts rent for HOME-ARP assisted Units to the Very Low-Income level of affordability. However, because of the ability to use HOME-ARP funds for a longer-term Capitalized Operating Subsidy Reserve than is possible under the HOME program, DOH encourages applications that would use HOME-ARP funds to create a Capitalized Operating Subsidy Reserve that would support more deeply affordable Supportive Housing Units than the Very-Low Income affordability level required by HOME-ARP.

Under the terms of the HOME-ARP Allocation Plan, DOH expects to award between $150,000 to $200,000 in HOME-ARP funds per HOME-ARP Unit as needed to support more deeply affordable Units for the

Qualifying Populations, and there is no Project maximum except for the total amount of HOME-ARP funds available ($4,403,212).

HOME-ARP funds must be fully expended within four years of the award and in no event later than September 30, 2030. Deposit of funds in a COSR will meet this expenditure requirement subject to specific conditions.

C. Significant Federal Requirements that Apply to HOME-ARP-funded Projects

DOH has incorporated a number of federal requirements in its standard Loan Agreement for an award of Measure K funds. However, there are some federal restrictions that are not incorporated in the County's standard Loan Agreement but apply because of the Project's use of HOME-ARP funds. These include but are not limited to:

(1) **Davis-Bacon Act**. A Project using HOME-ARP funds for construction or rehabilitation costs must comply with the obligation to pay local prevailing wages as required by the Davis-Bacon Act and Related Acts.
(2) **Build America Buy America Act.** HUD has delayed the application of the Build America Buy America Act (BABAA) to HOME-ARP funded projects but Applicants intending to use HOME-ARP funds for the purchase of a Project's iron, steel and other construction materials should monitor HUD's plan for phasing in BABAA. For information on specific requirements and the timeline, see https://www.hud.gov/program_offices/general_counsel/build_america_buy_america.
(3) **National Environmental Policy Act.** HOME-ARP-funded Projects must comply with the National Environmental Policy Act (NEPA). DOH is the Responsible Entity for certifying a Project's compliance with NEPA to the U.S. Department of Housing and Urban Development. A Project that receives an award of funds that triggers NEPA must immediately cease all "choice-limiting" activities until the NEPA clearance is received from HUD.

Recipients of HOME-ARP funds must also comply with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements.

V. RDA HOUSING TRUST FUND

A. **Legal Authority for the Award of RDA Housing Trust Fund.** In 2013, the San Mateo County Board of Supervisors launched the Affordable Housing Fund by making available Low-Income Housing Trust Fund dollars remaining at the time of the state's dissolution of the Redevelopment Agencies in California. Seventy-five percent of these funds were to be awarded to affordable rental housing projects located in cities that once had a Redevelopment Agency. Due to projects not claiming amounts reserved for them, there remains a balance of $2.2 million from this source.

B. **Conditions.** Conditions on the use of RDA Housing Trust Fund proceeds include:
(1) Homeownership projects are **not** an Eligible Project type for the RDA funding.
(2) Affordable rental projects must be **located in a city that once included a Redevelopment Agency** except that "small-scale" rental projects designed wholly for special needs populations are not required to in city that once included a Redevelopment Agency.
(3) A percentage of the Units in an affordable rental Project must be targeted for people experiencing homelessness or other special needs populations.
(4) Funds must be spent within five years of an award.

The following cities in San Mateo County previously had a Redevelopment Agency:

- Belmont
- Brisbane
- Daly City
- East Palo Alto
- Foster City
- Menlo Park
- Millbrae
- Pacifica
- Redwood City
- San Bruno
- San Carlos
- San Mateo
- South San Francisco

VI. LOCAL HOUSING TRUST FUND

A. Legal Authority for the Award of Local Housing Trust Fund. A Local Housing Trust Fund (LHTF) allocation may, from time to time, be made to the County's Affordable Housing Fund by the California Department of Housing and Community Development ("California HCD") pursuant to California Health and Safety Code Section 50843.5(a). The LHTF award is contingent on the Project receiving at least a dollar for dollar match of Measure K funding and complying with LHTF Program Guidelines found at https://www.hcd.ca.gov/grants-funding/active-funding/lhtf/docs/2020-Final-Guidelines.pdf and the additional restrictions of the Standard Agreement between the County and California HCD ("HCD LHTF Agreement"). An award of LHTF funding to a specific Project requires approval of California HCD.

B. Conditions of LHTF Funding.

(1) The Project is a new construction affordable rental housing project.
(2) The Project will receive an AHF Measure K award loan from the County greater than the minimum LHTF program's dollar for dollar matching requirement.
(3) In compliance with LHTF program requirements, the loan for the Project will:
    a. accrue 3% simple interest,
    b. be paid from Residual Receipts for a term of 55 years,
    c. be secured by a deed of trust,
    d. be subject to loan underwriting terms and conditions that meet the underwriting requirements for loans made with the proceeds of the LHTF program, and
    e. be subject to repayment directly to California HCD should the County Department of Housing no longer operate the Affordable Housing Fund.
(4) The Loan Agreement between the Borrower and the County sets forth the terms and conditions required to be met prior to the escrow for construction loan closing, which include, but are not limited to, requirements for escrow, title insurance, property insurance, compliance with environmental remediation requirements, and other Borrower responsibilities.
(5) The Project is subject to the Primary County Affordability Covenant, which will enforce the income and rent limits imposed by the LHTF program for a term of 55 years.

(6) LHTF program funds will only be used for eligible costs of the LHTF program, which include Pre-development, Acquisition, Construction, and Permanent Financing costs as defined for the eligible use of matching Measure K loan proceeds.
(7) As a condition of the loan of LHTF funds and the required matching funds for the Project, the Borrower shall execute and record a County Affordability Covenant which requires that 100% of the Project's Units shall be affordable to households with incomes not to exceed 60% of Area Median Income and any other income restrictions imposed as a result of the award of matching funds.

C. Additional Requirements.

(1) The County requires auditing, reporting, and monitoring visits necessary to verify the Project's compliance with the LHTF occupancy and rent requirements set forth in the Affordability Covenant.
(2) The Project shall be operated in accordance with the California Pet Friendly Housing Act, set forth in California Health and Safety Code Section 50466.
(3) The Borrower shall comply with state prevailing wage laws unless the Project is also subject to federal Davis-Bacon wage laws, in which case the higher of the two wage standards shall govern the Project.
(4) In addition to local and federal housing discrimination, equal opportunity and Fair Housing laws, the Project is also subject to additional state laws prohibiting housing discrimination, requiring equal housing opportunity, and Fair Housing compliance.
(5) The Borrower shall acknowledge the assistance of the California Department of Housing and Community Development to the Project in any advertising, marketing, public presentations, press releases, written materials, or project descriptions. In addition, the Project must display signage as described below.
    a. The Borrower shall acknowledge California HCD's assistance to the Project by listing it as a funder on any temporary construction signage.
    b. Should the Project include any permanent plaques, signs or other markers identifying the Project's funders, the Borrower shall acknowledge California HCD's assistance to the Project by listing it as a funder.

VII. PERMANENT LOCAL HOUSING ALLOCATION

A. Legal Authority for Award of Permanent Local Housing Allocation Funds. An Award of Permanent Local Housing Allocation (PLHA) funds is made pursuant to a Standard Agreement between the County and the California Department of Housing and Community Development, which authorized the inclusion of PLHA funds into the County's Affordable Housing Fund ("AHF") and the use of a portion of the PLHA funds for loans for specific qualifying AHF activities. In addition to complying with the requirements of the County's Affordable Housing Fund with respect to Measure K funding, the Borrower shall comply with additional PLHA program requirements applicable to borrowers of PLHA funds as set forth in PLHA Final Program Guidelines found at https://www.hcd.ca.gov/grants-funding/active-funding/docs/plha-final-guidelines-11-19.pdf, which may be updated periodically.

B. Conditions.

(1) The Project must qualify under PLHA Activity 1 "Affordable Rental Housing".

(2) PLHA funds may only be used for eligible costs as set forth below:
   a. The Project's costs for Pre-development, Acquisition, Construction, and Permanent Financing as defined for the use of Measure K proceeds;
   b. The Project's necessary operating subsidies are in an amount approved by the County;
   c. Capitalized reserves for services connected to the preservation and creation of new Permanent Supportive Housing represented in the Project are in an amount approved by the County.

(3) PLHA funds may not be disbursed until the County has secured California HCD's approval of the loan documents and the construction loan closing and must be spent by April 30, 2027.

(4) PLHA funds may only be used for reimbursable expenses incurred during allowable periods set forth in the Standard Agreement with California HCD. Any funds not expended within this eligible period must be returned to the County.

(5) The Project must apply the core components of Housing First practices described in Section 8255(b) of the California Welfare and Institutions Code.

(6) The Project must be maintained in habitable condition for the 55-year term of the PLHA loan. 100% of the Project's Units shall be affordable to households with incomes not to exceed 60% of Area Median Income. This and any additional affordability restrictions agreed to as a condition of receiving PLHA funding shall be included in an Affordability Covenant for a term of at least 55 years from the Project Completion Date.

C. Additional Requirements.

(1) The County will require reporting and monitoring visits necessary to verify the Project's compliance with the PLHA occupancy and rent requirements set forth in the Affordability Covenant, compliance with PLHA reserve requirements, and compliance with PLHA habitability standards. All records must be retained for at least five years.

(2) The Project shall operate in accordance with the California Pet Friendly Housing Act, set forth in California Health and Safety Code Section 50466.

(3) The Borrower shall comply with state prevailing wage laws unless the Project is also subject to federal Davis Bacon wage laws, in which case the higher of the two wage standards shall govern the Project.

(4) In addition to local and federal housing discrimination, equal opportunity and Fair Housing laws, the Project is also subject to additional state laws prohibiting housing discrimination, requiring equal housing opportunity, Fair Housing compliance and compliance with the California relocation law.

VIII. MOVING TO WORK RESERVE FUNDS

A. Legal Authority for Award of Moving to Work Reserve Funds. The Housing Authority of San Mateo County (HACSM) is a public body, corporate and politic, whose Board of Commissioners is the Board of Supervisors of San Mateo County. HACSM is a public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. Section 1437 et seq.) and has been designated a Moving to Work jurisdiction by the United States Department of Housing and Urban Development ("HUD"). HACSM's Moving to Work plan empowers it to use reserve funds generated by its Housing Assistance Payments to make loans for the development of affordable housing. Rather than conduct a separate NOFA for the award of Moving to Work Reserve Funds to affordable housing projects, HACSM has approval in its Moving to Work plan to rely on the County's Affordable Housing Fund NOFA.

B. Conditions. The release of the HACSM Moving to Work Reserve funds awarded under this NOFA will be subject to the approval of a new Moving to Work Plan by HUD. Projects receiving HACSM Moving to Work Reserve Funds will satisfy the conditions of Measure K funding.

C. Additional Requirements. Projects receiving HACSM Moving to Work Reserve Funds will comply with Measure K requirements and certain additional federal requirements, including Davis-Bacon, Section 3, MBE/WBE and NEPA.

IX. MENTAL HEALTH SERVICES ACT FUNDS

A. Legal Authority. Projects may receive an award of Mental Health Services Act (MHSA) General Systems Development funds subject to the requirements of the California Welfare and Institutions ("W&I") Code section 5892.5(a) and the California Code Regulations Article 6 Section 3630.05 and 3630.10 for the development of affordable rental housing for income qualifying persons receiving MHSA services from the County's Behavioral Health and Recovery Services agency ("BHRS") because they are both seriously mentally ill and homeless or at risk of homelessness.

B. Conditions

(1) Funding for MHSA Units is typically limited to a maximum of $200,000 per Unit.
(2) MHSA funds may be applied to the Project's Acquisition Costs, Pre-development Costs, Construction Costs, a Capitalized Operating Subsidy Reserve (COSR), and Permanent Financing, as these categories of expenses are defined for the Measure K program.
(3) The loan of MHSA funds may be included in the Primary County Promissory Note and Primary County -Deed of Trust, providing, among other terms, for:
    a. a loan term of 55 years from the Project Completion Date (but not more than 62 years from the date of the Promissory Note);
    b. interest to accrue at the rate of 3%;
    c. repayment of the loan from Residual Receipts.
(4) The affordability and other restrictions that apply to the MHSA Units shall be incorporated in the Primary County Affordability Covenant which is subject to enforcement for specific performance for a term of 55 years from the Project Completion Date.
(5) MHSA Units must be affordable to households with incomes up to 20% of Area Median Income unless a higher Area Median Income is approved by BHRS because the MHSA Units are supported by Project-Based Vouchers, a Capitalized Operating Subsidy Reserve or other dedicated rental subsidy or operating subsidy source. The term of such affordability restriction is 55 years from the Project's completion of construction as evidenced by a Certificate of Occupancy.
(6) MHSA Units shall typically be a designated number of studio or 1 Bedroom apartments unless a larger unit size is approved by BHRS in writing.
(7) MHSA Units shall be filled by referrals of eligible households by BHRS.
(8) MHSA Units shall be floating units in order to ensure that the Project maintains the initial type, affordability, and number of MHSA Units over time.

C. Additional Conditions. Within six months prior to completion of construction of the Project, the Borrower shall execute a Memorandum of Understanding (MOU) with BHRS setting forth the terms for tenant referral and selection and the continuation of supportive services by BHRS. The MOU shall include the following terms and such other terms and conditions which the Borrower and BHRS agree will facilitate the housing stability of households referred to MHSA Units by BHRS.

(1) BHRS shall maintain a referral wait list of clients eligible for MHSA Units. When an applicant is referred by BHRS for an available MHSA Unit, BHRS agrees that the Borrower, the property manager and the primary service provider may rely on the BHRS determination of the client's qualification as severely mentally and homeless or at risk of homelessness.

(2) BHRS agrees that when a BHRS client occupying an MHSA Unit notifies the Borrower that the household will vacate the MHSA Unit, the Borrower will notify BHRS within seven days of such notification. Within five business days of receiving receipt of the notification from Borrower, BHRS will then provide to the property manager and Borrower the names of at least three BHRS clients from the referral wait list who have been screened as set forth in Section (1) above.

(3) The property manager shall then review the BHRS-referred clients for the MHSA Units by conducting the tenant screening, applying the Project's approved tenant selection criteria as well as Housing First principles.

(4) The property manager shall notify BHRS in writing of the outcome of the tenant screening, identifying the specific reasons for the denial of any referral and describing the applicant's right to appeal the denial.

(5) If the initial three applicants referred by BHRS for each vacant MHSA Unit are not selected for or do not accept the vacant MHSA Unit, then BHRS will provide the next three referrals from the wait list within seven days of a request for additional referrals from the property manager.

(6) To facilitate the timely screening of applicants for vacant MHSA Units, BHRS shall recertify BHRS clients on the BHRS wait list periodically to ensure that the referral list is current, that applicants can be contacted in a timely manner, and that those on the referral list remain eligible for MHSA Units.

(7) BHRS shall provide and actively promote its mental health and substance use services and arrange with the Borrower for the provision of additional housing-related support services (service coordination, transportation, development of skills to maintain housing, support on wellness, and recovery goals, etc.), to BHRS clients occupying MHSA Units for a period of at least 20 years from the initial leasing of the MHSA Units. BHRS further agrees that it will engage in good faith, reasonable efforts to continue providing services or arranging for the provision of services to BHRS clients who are residents of MHSA Units for the balance of the 55-year period of the Primary County Affordability Covenant.

(8) The Borrower acknowledges and agrees that in addition to other monitoring and reporting requirements of the County, the loan of MHSA funds makes the Project subject to monitoring by BHRS and the California Department of Health Care Services for compliance with California Welfare and Institutions ("W&I") Code section 5892.5(a) and the California Code Regulations Article 6 Section 3630.05 and 3630.10 governing the use of MHSA General Systems Development funds for the development of affordable rental housing.

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APPENDIX C
OVER-THE-COUNTER NOFA PROCESS FOR RE-PROGRAMMED FUNDS

A. Re-Programmed Funds include:

(1) funds awarded through this AHF NOFA process or a prior NOFA process that are recaptured by DOH after the scheduled AHF HCDC Study Session as a result of AHF award conditions or Project cost savings; and
(2) funds that are made available through this AHF NOFA but are not awarded to Projects.

B. Awarding of Re-Programmed Funds. Re-Programmed Funds will be distributed by an over-the-counter NOFA ("OTC NOFA") that will open upon DOH's receipt of Re-Programmed Funds and will close upon the earlier of (1) Re-Programmed Funds being fully awarded, or (2) one month before the release of the next AHF NOFA ("OTC NOFA Noticing Period"). DOH staff will accept, review, and award OTC NOFA applications throughout the OTC NOFA Noticing Period.

C. Eligible Projects. A Project is eligible for the OTC NOFA for Re-Programmed Funds if:

(1) the Project is an Eligible Project type as defined by the most recent AHF NOFA,
(2) the Project qualifies for the maximum number of competitive points available under at least one of the following four AHF NOFA Competitive Points categories: Location, Leveraging, Affordability, or Priority Needs Projects,
(3) the Project has received an award from one of the four most recent AHF NOFAs, or DOH's most recent federal funding NOFA; and
(4) at least one of the following urgency conditions applies:
    a. All or a portion of the available Re-Programmed Funds would be sufficient to make the Project competitive for a funding application with a deadline before the expected award date of the next AHF NOFA and with an award of all or a portion of the available Re-Programmed Funds, the Project would have no need to apply for the next AHF NOFA or other County NOFA; **or**
    b. The Project's construction close of escrow is scheduled to take place before the expected award date of the next AHF NOFA and all or a portion of the available Re-Programmed Funds would be sufficient to enable the construction close of escrow to occur before the expected award date of the next AHF NOFA.

D. Form of Application. The Applicant may re-submit a previous application with attachments, provided all information is updated to reflect material changes since the application was last reviewed. The application shall include a cover letter explaining how the conditions of eligibility for the OTC NOFA set forth in Section C above have been met, identifying and providing evidence of the changes since the last application, and stating the amount requested and the rationale for that amount.

E. Amount of Award. The award of any available Re-Programmed Funds shall be limited to the amount needed to fill the gap that creates an urgent need as described in Section C.4 above, up to the available funds. DOH shall review the materials submitted by the Applicant to assess the Applicant's statement of the amount needed and determine the amount of the award in its sole discretion. DOH may decline an OTC application where the remaining available Re-Programmed Funds would not contribute to closing the entire funding gap for the Project before the expected date of the next AHF NOFA.

F. **Evaluation of Applications for OTC NOFA Re-Programmed Funds.** OTC NOFA Applications will be reviewed and evaluated in the order received. Complete applications that meet the conditions of eligibility set forth in Section C above but are received on the same day will be prioritized based on the evidence of greater urgency, as described in Section C.4.

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APPENDIX D
LOAN TERMS, REGULATORY AGREEMENT, UNDERWRITING POLICIES AND COMPLIANCE MONITORING

The following guidelines are intended to assist applicants for County of San Mateo Department of Housing ("DOH") loans for affordable housing development to prepare financing requests and to understand the terms and conditions that will be imposed by County of San Mateo affordable housing loan documents. These guidelines will govern DOH staff review of financing applications and will guide funding recommendations to the Housing and Community Development Committee and the Board of Supervisors. DOH may review and approve or disapprove any requests for waivers in its absolute and sole discretion. **These guidelines will be updated from time to time, and revisions will be incorporated in the Loan Agreement for any Project that has not yet closed on construction financing escrow allowing the project to immediately start construction, unless a waiver of such updated guidelines is approved by DOH in its sole and absolute discretion. Notwithstanding anything to the contrary herein, this document provides a non-binding summary of specified terms of County loan documents for informational purposes only and is not a contract or agreement; the governing terms and conditions of any County loan will be set forth in an integrated written agreement that will not be binding until approved and executed by the County.**

A. Loan Terms. In addition to the Regulatory Agreement described in Section B below, an award of funds under an Affordable Housing Fund (AHF) NOFA shall be evidenced by a Loan Agreement and a Promissory Note secured by a nonrecourse Deed of Trust which may in DOH's sole discretion be subordinated to other financing necessary for the development of the Project. In no event will DOH agree to subordinate its deed of trust to the lien of a lender affiliated with, controlled by, or controlling the Borrower, a general partner of the Borrower, or any entity or person controlled by or controlling the Borrower. The Loan Agreement, Promissory Note, Deed of Trust, Regulatory Agreement, and other documents that may be required by the County in connection with the AHF Award (Loan Documents) as summarized here are subject to and shall be in a form and in substance agreeable to the County in its sole discretion.

(1) **Term.** The typical loan term is 55 years from the date of Certificate of Occupancy but not more than 57 years from the date of recording of the Deed of Trust.

(2) **Interest and Residual Receipts.**

a. The Loan Agreement is expected to provide for the Promissory Note to accrue simple interest at a rate of 3% annually from the date specified in the Loan Agreement, which in most cases is the date of the Project's Certificate of Occupancy. Any accrued interest is subject to repayment from Residual Receipts prior to the application of Residual Receipts to payment of the principal amount of the loan.

b. The Loan Agreement will require annual loan payments to DOH in an amount not less than 50% of the Project's Residual Receipts for a term of 55 years from the Project's completion date. As further defined in the loan documents, Residual Receipts refers to the net cash flow after payment of annual operating expenses, required reserve deposits, debt service payments, and current year Partnership Management fees and Asset Management Fees in amounts approved by DOH.

c. When the Project includes other public sector or nonprofit subsidy lenders whose loans are also repayable from Residual Receipts, DOH may, in its sole discretion, request that two-thirds (66.67%) of any Residual Receipts (rather than 50%) will be allocated to such subsidy lenders who will share in that portion of the Residual Receipts in proportion to each subsidy lender's respective loan amounts. DOH must be included in any negotiations of the distribution of Residual Receipts with other subsidy lenders, the results of which may be documented in an Intercreditor Agreement among all the affected subsidy lenders.

d. Any remaining Residual Receipts may be distributed to the Borrower. Except for any deferred developer fee specifically allowed to be paid before the allocation of Residual Receipts pursuant to Section C(9) below, the Borrower's share of Residual Receipts is the sole source of payment of deferred Developer Fees, deferred Partnership Management fees, deferred Asset Management fees and any other incentive fees.

(3) **Limits on Disbursement.** Funds may be drawn for pre-development, acquisition, construction, and permanent financing, including eligible expenses incurred prior to the award of AHF fund, but no funds will be disbursed until all required loan documents have been fully executed by the parties. In addition:

a. Disbursements are for reimbursement of paid expenses, except for expenses, such as land acquisition, that will be paid through a third-party escrow. Upon the start of construction, construction costs may be reimbursed based on submission of invoices, AIA certifications and conditional or unconditional lien releases. However, soft costs incurred during construction will only be paid on a reimbursement basis.

b. Disbursement of funds for acquisition or predevelopment expenses shall not exceed a total maximum amount of Five Hundred Thousand Dollars and zero cents ($500,000.00) until such time as the Applicant (or Borrower) has acquired title to the real property and is able to convey a Deed of Trust to secure the AHF Promissory Note and record a Regulatory Agreement as described in Section B below.

c. In no event will the disbursement of funds committed to a Project exceed the lesser of Two Million Dollars and zero cent ($2,000,000.00) or 3% of Total Development Costs ("TDC") before the close of escrow for the Project's construction financing.

(4) **Termination of Award Letter or Loan Agreement**. An AHF Award Letter or Loan Agreement is conditional and subject to termination in DOH's sole discretion for the Borrower's failure to meet any required conditions or achieve the specified milestones on the approved schedule and in any event if construction of the Project has not commenced within three years of the Award Letter Date unless a longer period is specifically provided and approved in an amendment of the Award Letter or Loan Agreement as applicable. After closing of the construction loan, the loan is subject to termination if construction has not been completed and the construction loan converted to a permanent loan within two years of the construction loan closing unless a longer period is specifically provided for in the Loan Agreement. Failure to meet the deadline imposed by California Tax Credit Allocation Committee for placing the project in service shall also result in termination of the Loan Agreement. In the event of any termination, DOH may utilize the rights and remedies granted to it by the Loan Agreement, Promissory Note, Deed of Trust, Security Agreement, or other loan documents.

(5) **Misrepresentations or Material Changes.** Any changes in the borrowing entity or the Project design, unit count, unit configuration, population served, income targeting, development timeline, or financing plan for the Project are subject to DOH's prior approval and without such prior approval will result in termination of DOH's loan commitment. Any material misrepresentation made with respect to the borrowing entity, or the Project is grounds for immediate termination by DOH without providing an opportunity to cure.

B. Regulatory Agreement. As a condition of the loan of AHF funds, the Borrower shall execute and record a Regulatory Agreement in favor of DOH in a senior lien position, which imposes long-term income, rent, unit size, and target population restrictions on the Project's AHF-Restricted Units and authorizes DOH specifically to enforce performance of those restrictions, as set forth in the AHF Award Letter and subsequently included in the AHF Loan Agreement. As described in Section B.5 below, Units designated as HOME Units or HOME-ARP Units may be restricted by a program-specific Regulatory Agreement, but at the end of the term of such program-specific Regulatory Agreement, those Units shall then be subject to the primary DOH Regulatory Agreement.

(1) **Total Number of Restricted Units.** Subject to any limitations imposed by federal or state requirements, the Regulatory Agreement shall restrict 100% of a Project's Units as AHF-Restricted Units. As set forth in the Award Letter, Units shall be restricted at the income and rent levels for different Unit sizes and for different tenant populations.

(2) **Float-Up Upon Termination of Rental Subsidies**. Among other terms, the Regulatory Agreement may, in DOH's sole and absolute discretion, allow for the "float-up" of income and rent limits for Units that have received certain time-limited rental subsidy or operating subsidy commitments (for example, Project-Based Vouchers or a state or local award to fund a Capitalized Operating Subsidy Reserve) AND the subsidy expires or is subsequently reduced or terminated through no fault of the Borrower. In such event, the Borrower must first seek alternative sources of rental assistance, rental subsidies, or other funding sources to fund the financial gap, if any, resulting from the reduction or loss of the subsidy. The terms of any approved "float-up" provisions included in the Regulatory Agreement and DOH's subsequent approval of any actual "float-up" request shall be in DOH's sole and absolute discretion and shall be limited to the amount necessary for the Project's continued financial feasibility, as determined by DOH in its sole and absolute discretion. In no event shall such approved "float-up" exceed rent and income levels higher than 60% of Area Median Income as identified by the California Tax Credit Allocation Committee or a lower percentage of Area Median Income imposed by a specific state or federal funding source administered by DOH (for example, 30% of Area Median Income for Housing for Healthy California Units). An approved "float-up" shall be administered with the goal of minimizing disruption to and reducing displacement of existing tenants, by, for example, applying the approved "float-up" first to vacant Units and to Units occupied by tenants with actual income closer to the new "float-up" limit. The Regulatory Agreement shall require the Borrower to provide any tenants in Units approved for a "float-up" with timely and proper written notice of any rent increase as required by applicable federal, state, and/or local laws and regulations, including without limitation Government Code Section 65863.10, 65863.11 and 65863.13.

(3) **Floating Units.** Among other terms, the Regulatory Agreement may, in DOH's sole discretion, describe how the number and type of AHF-Restricted Units will be maintained over time by designating Units as "floating units". Floating units allow a tenant whose income has increased above the original qualifying income level to remain in their Unit and the property manager to designate another Unit to fulfill the applicable income category. For example, when an Extremely Low-Income Unit is occupied by an Extremely Low-Income household whose income later increases, the household shall be allowed to continue to occupy the Unit. When the household's income reaches Very Low-Income, the next available vacant Unit at the Project of the same size shall then be restricted to be affordable to Extremely Low-Income households, and the household

whose income increased shall be allowed to continue to occupy their original Unit, which shall then be designated a Very Low-Income Unit.

(4) **Seniority of the Regulatory Agreement.** Unless DOH grants an exception in its sole and absolute discretion to facilitate the Borrower securing another long-term, low-interest, deferred public sector or nonprofit subsidy loan, DOH's Regulatory Agreement shall be recorded in a first lien position senior to any other liens, including any conventional first mortgage, and shall authorize DOH specifically to enforce the restrictions of the Regulatory Agreement for the term of the Regulatory Agreement. DOH, in its sole discretion, may consider a request by a conventional first mortgage lender to amend its Regulatory Agreement to allow a specific increase in a Project's income and rent restrictions up to 60% of Area Median Income in the event of foreclosure if DOH determines that this modification would facilitate the Project benefiting from a conventional first mortgage loan.

(5) **Term of Regulatory Agreement.** The Regulatory Agreement must be recorded when the Borrower acquires title to the real property and not later than the Project's construction loan closing. If the Regulatory Agreement is recorded after an existing lien, the lienholder must agree to subordinate the existing lien to the Regulatory Agreement so that the seniority of the Regulatory Agreement is maintained. The Regulatory Agreement shall expire 55 years from the date of Project completion. However, restrictions required by certain federal funding sources (HOME or HOME-ARP) for Units assisted by such funding may be limited by a Regulatory Agreement with a term less than 55 years. Upon expiration of the shorter term of any HOME or HOME-ARP Regulatory Agreement, those Units shall then become AHF-Restricted Units for the balance of the 55-year period of AHF restrictions.

(6) **Specific Performance of the Regulatory Agreement.** The Regulatory Agreement will authorize specific performance by DOH until the Regulatory Agreement expires 55 years from the date of the Project's completion, even if the DOH Promissory Note is canceled, and the Deed of Trust is re-conveyed and even if the Borrower is in default of any other note and deed of trust such that the lien of the DOH Deed of Trust is foreclosed.

(7) **Tenant Protections.** DOH's Regulatory Agreement will require that tenants be offered an initial one-year lease term. Leases shall be subject to compliance with "just cause" eviction protections and tenants shall be protected from waiver of their rights. Tenants shall be afforded the protection of the Violence Against Women Act (VAWA) and the Right to Report from Home law even if the Project does not benefit from a federal housing finance program.

(8) **Local Live-Work Preferences.** All AHF regulated units shall be subject to a County of San Mateo live-work preference, which shall be (a) a primary preference on Units not subject to an approved city live-work preference and (b) a secondary preference on Units subject to an approved city live-work preference. DOH's Regulatory Agreement will allow for the implementation of city-imposed live-work preferences in filling vacant Units only under the conditions set forth below. DOH's prior approval is required for any city-imposed live-work preference, and unless a waiver is approved in DOH's sole and absolute discretion, any city-imposed live-work preference will be limited in application to the percentage of Units that equals the percentage of city financial contribution to the Project compared to the sum of city and County financial contributions, provided that 51% of Units may be subject to a city-imposed live-work preference when the applicant demonstrates to DOH that the city has approved density, height, waivers or other concessions that exceed the

requirements of the state Density Bonus Law. After reviewing the demographic analysis of the live-work preference area compared to the demographic analysis of the Project's housing market area prepared by a qualified third-party consultant, DOH may approve a city-imposed live-work preference only if it has been determined in its sole and absolute discretion to comply with Fair Housing requirements. Furthermore, DOH will not approve a city-imposed live-work preference for:

a. any HOME-assisted or HOME-ARP-assisted Units or
b. any Units benefiting from Project-Based Vouchers or other county rent subsidy program or
c. any Units required to be filled from a specific county referral program.

In calculating the city's or County's financial contribution to the Project, donations or below-market-rate sale or leasing of land and the waiver of city development or impact fees shall be counted. Prior to approving any award of AHF funds to a Project in an incorporated City with its own live-work preference, DOH will require acknowledgement by the developer and the City of the foregoing County policy limiting the impact of any City-imposed live-work preference.

(9) **Enforcement of Homeowner Resale Restrictions.** In the case of a First Time Home Ownership Project, DOH shall in lieu of a Regulatory Agreement have the right to review and approve the terms of a thirty-year re-sale restriction proposed to be included in the conveyance of homes to first-time homebuyers to ensure continued affordability of the home for Moderate Income households for at least 30 years. Draft homebuyer legal documents shall be submitted to DOH for its review and approval prior to any disbursement of funds. DOH shall have the right to enforce homebuyer resale restrictions if it determines that the Applicant has ceased operations or no longer monitors and enforces the re-sale restrictions.

C. Underwriting Policies. DOH has adopted the following underwriting policies for affordable rental Projects and may apply different policies for First Time Homeownership Project Projects. The proposed sources and uses of funds, operating expense budget, and 30-year cash flow projections submitted by the Applicant for the Project under this AHF NOFA shall conform to these underwriting policies.

(1) **Market Feasibility.** The rent levels proposed in the 30-year cash flow projections, even if otherwise allowed by AHF threshold and competitive scoring criteria, shall be supported by evidence of effective demand by the specific target population in a specific location. Effective demand shall be demonstrated in a market feasibility study not older than 12 months from the application submission date and updated from time to time at the request of DOH, unless DOH in its sole and absolute discretion accepts an alternative method of establishing effective demand. Evidence of effective date is particularly important for:

(i) Units for homeless or special needs Units with rent higher than rent that is affordable to households with incomes of 15% or 20% of Area Median Income;
(ii) Senior Units with rent higher than rent that is affordable to households with incomes of 50% of Area Median Income; or
(iii) Large Family Units with rent higher than rent that is affordable to households with incomes of 60% of Area Median Income.

Any assumptions made by the Borrower about the availability of Project-Based Vouchers or tenant-based vouchers for the targeted units shall be supported by a letter confirming the same from the Housing Authority of the County of San Mateo.

(2) **Tax Credit Investment Ratio.** The expected investment for each dollar of tax credit investment shall be reasonable in DOH's judgment, but not less than $.80 per dollar of credit.

(3) **Debt Service Coverage Ratio of 1.15.** The Project must in its first year of operations demonstrate annual net operating income after payment of operating expenses that equals or exceeds 115% of debt service on all debt that requires fixed payments of principal and interest (not payable from Residual Receipts). After the first year, the Project must demonstrate sufficient net operating income to cover all required debt service, unless an exception is made for a Permanent Supportive Housing project with an approved Capitalized Operating Subsidy Reserve.

(4) **Vacancy Rate.** The Project must be financially feasible assuming a vacancy rate of 5%, which may be increased depending on the percentage of Supportive Housing Units in the Project but in no event more than 10% for a Project which is 100% Supportive Housing Units.

(5) **Wage Assumptions.** State prevailing wage rates and San Mateo County Living Wage requirements shall be satisfied, except that, if higher than state prevailing wage rates or local Living Wage rates, Davis-Bacon wage rates will apply to a Project if required by specific federal financing programs.

(6) **Minimum Operating Expenses.** The Project's operating expense assumptions must be reasonable and satisfy CTCAC minimum requirements based on type of Project. The Project must be able to operate on a break-even basis with any allowable Capitalized Operating Subsidy Reserve or available rent subsidies and with an expense category of at least $500 Per Unit Per Annum (PUPA) for general resident services and at least $1,000 PUPA for services supporting Supportive Housing units.

(7) **Lease-Up Expense and Marketing Expense.** A reasonable expense for negative cash flow during the initial lease-up period of the Project should be included in the sources and uses of funds, with an explanation of the assumptions used to estimate this amount. Any balance remaining upon achieving Permanent Financing Conversion shall be included in construction cost savings that are subject to distribution as provided in Section D(5)(a). Marketing Expenses may be charged to County sources of funds up to a reasonable amount as determined by DOH in its sole discretion but should be documented in a separate line item and not used to calculate negative cash flow during lease-up.

(8) **Loan to Value Ratio:** Loan proceeds from all sources shall not exceed 75% of current appraised value assuming completion of the planned improvements.

(9) **Developer Fees.** Developer Fees for Low Income Housing Tax Credits (LIHTC) Projects shall consist of all fees defined by the California Tax Credit Allocation Committee (CTCAC) as developer fees, and shall be allowed by DOH in the amount permitted by CTCAC, except that, with respect to a 4% LIHTC Project, the amount of such developer fee that is greater than the maximum fee allowed for a 9% LIHTC Project shall either be contributed as equity to the Project or paid from the developer's share of Residual Receipts. Deferred developer fees, whether for a 4% or a 9% LIHTC Project, shall be allowed up to the period of deferral allowed by CTCAC but shall be paid solely from the developer's share of Residual Receipts except for any deferred amount that complies with the Developer Fee limits imposed by a 9% LIHTC Project ("priority deferred developer fee"). For example, an LIHTC Project may defer a portion of the Developer Fee up to the total Developer Fee limits imposed by the 9% LIHTC Program and receive payment of this Deferred Developer Fee prior

to the distribution of Residual Receipts payments. However, any Deferred Developer Fee amounts that result in total Developer Fees that exceed the limits imposed by the 9% LIHTC Program must be repaid from the developer's share of Residual Receipts. Projects using the LIHTC program with more than 100 units may request approval, in DOH's sole and absolute discretion, of an additional developer fee equal to Twenty Thousand Dollars and zero cents ($20,000.00) per every Unit above 100 units, but not to exceed a total maximum Developer Fee of Three Million Five Hundred Thousand Dollars and zero cents ($3,500,000.00). For Projects not using the LIHTC program, the amount and timing of Developer Fees shall be reasonable in DOH's sole and absolute discretion based on comparison of the Project to similar Projects of that type and size.

(10) **Partnership Management, Asset Management and Similar Partner Fees.** Partnership Management, investor Asset Management and any similar Partner Fees are allowed for rental Projects that are financed with Low Income Housing Tax Credits, but the amount of such fees must be reasonable in DOH's discretion considering the size of the Project and in any event may not exceed in the aggregate $40,675 annually beginning in calendar year 2025 and increasing at a rate of 3.5% annually thereafter. Partnership Management, investor Asset Management and similar Partner Fees are payable from the current year's net cash flow remaining after payment of other operating expenses, deposits to reserves and debt service payments. Any amount that is unable to be paid in the current year shall accrue and be deferred for payment in a subsequent year solely from the Borrower's share of Residual Receipts. In no event shall an interest rate be applied to any accrued amounts. Any investor-required Asset Management fees, including any accrued and unpaid fees, shall terminate when the limited partner investor withdraws from the partnership unless the Borrower establishes to DOH's reasonable satisfaction that continuing duties not related to tax credit compliance justify continued payment of the fee.

(11) **Property Management Fees.** Property Management Fees are allowed for rental Projects and may not exceed HUD's most current published schedule (basic rate plus any applicable add-ons). DOH may approve a higher property management fee for Supportive Housing Projects, not to exceed the HUD maximum (24 CFR Part 990).

(12) **Annual Increases of Income and Operating Expenses.** The Project must be financially feasible allowing for annual increases of income and operating expenses (not including reserves, debt service, deferred Developer Fees, Partnership Management Fees, Asset Management Fees, other incentive payments). In general, income is expected to increase at a rate of 2.5% annually, and operating expenses including partner fees are expected to increase at a rate of 3.5% annually.

(13) **Payment and Performance Bond.** DOH requires a Payment and Performance Bond issued by a company acceptable to DOH in the amount of one hundred (100%) percent of the construction contract amount naming the Borrower and Lender as dual obligees; or a letter of credit issued by a bank acceptable to DOH in an amount equal to ten percent (10%) of the amount for which Contractor has agreed to complete the Project which shall not expire prior to the substantial completion of the Project.

(14) **Capitalized Operating Reserve (COR).** All rental Projects shall provide for a Capitalized Operating Reserve equal to the sum of three months of operating expenses and three months of debt service unless the senior lender imposes a requirement for a higher Capitalized Operating Reserve.

(15)**"Capitalized Operating Subsidy Reserve (COSR)":** In the case of a New Construction Rental Project which is otherwise financially feasible, DOH may approve in its sole and absolute discretion the use of AHF funds to create a Capitalized Operating Subsidy Reserve (COSR) to facilitate the creation of Farmworker Housing Units and Supportive Housing Units eligible for competitive points as Priority Needs. The COSR shall be in addition to the COR required of all rental Projects and shall be sized for a fifteen-year term, assuming rents that are feasible for the targeted population but not more than 30% of Area Median Income. The amount of the COSR shall be limited to the lesser of (a) the amount needed to cover the Project's total operating deficits and (b) the amount that solves for the net operating deficit of the specific Units which the COSR is intended to support, after including the operating costs and supportive services of those Units but excluding any share of permanent loan debt service payment, partnership fees, and deferred developer fees. The COSR funds shall in DOH's sole and absolute discretion be held in (a) a DOH-controlled account in which DOH has the right to approve annual COSR disbursements for the Project, or (b) an interest-bearing account in a reputable financial institution with interest re-invested in the COSR which grants DOH the right to approve annual requests to draw on the funds in the COSR. At the expiration of the COSR's term, any balance of a COSR funded by DOH shall, in DOH's sole discretion, be maintained solely for specific purposes that benefit the Project or returned to DOH, in DOH's sole and absolute discretion. Under no circumstance shall any COSR balance be distributed to partners, including when the investor limited partner exists from the Project.

(16)**Capital Replacement Reserves.** All rental Projects shall provide for a reserve for capital replacements of the Project improvements not less than $250 per Unit per year, and any changes to the amount deposited into this replacement reserve proposed to meet the requirements of another lender or an investor shall require DOH's prior approval. Replacement reserve deposit amounts for rehabilitation Projects must be based on a twenty-year physical needs assessment of the Project, after accounting for the balance of any existing reserves.

(17)**Loan Origination Fee.** DOH will charge a loan origination fee of one and one-half percent (1.5%) of the total amount of Measure K and Impact Fee funding provided through the AHF loan which must be paid in full at the time of the construction loan closing. Any HACSM funds committed to the project will also be subject to this loan origination fee. Most federal and state financing sources are not considered in calculating the loan origination fee.

(18)**Loan Servicing and Monitoring Fee.** As described below, DOH will charge an annual loan servicing and monitoring fee after a project is placed in service.

(19)**DOH Legal Counsel Fees.** DOH's legal counsel fees are an eligible Project expense which shall be paid from the Project construction loan closing proceeds or permanent closing. Such fees typically will not in the aggregate exceed $50,000, depending on the size and complexity of the Project and the number of financing sources provided by DOH. DOH will provide Borrower with an estimate of its legal counsel expenses upon request.

(20)**General Contractor General Conditions, Overhead and Profit.** The cost of General Conditions, Overhead, and Profit shall together not exceed more than 14% of the cost of construction as limited by CTCAC (Section 10327(c)(1)). In addition, if the general contractor for construction of the Project is a related entity to the Applicant or Borrower or any member of the Applicant Team, this relationship must be disclosed to DOH for DOH's assessment of the reasonableness of the budget for general conditions, overhead and profit and other terms and conditions.

(21) **Insurance Requirements.** During development, comprehensive general liability and property insurance coverages must be maintained in a minimum amount of $2 million. DOH will also require property damage or builder's risk insurance with coverage equal to 100% of the replacement costs of the improvements, and a lender's loss payable endorsement in favor of DOH. Construction contractors will be required to maintain liability and builder's risk insurance coverage of at least $2 million. Automobile insurance, professional liability, workers' compensation, and employer's liability insurance shall also be maintained by all members of the Applicant Team, including the Managing General Partner, the Property Management company, and the Supportive Services agency.

(22) **Contingency.** Funds for contingency may be budgeted as follows:

a. Hard Costs: (i) For New Construction, a minimum of 5% and a maximum of 10% of hard costs. (ii) For rehabilitation, a minimum of 10% and a maximum of 15% of hard costs.
b. Soft Costs: A minimum of 3% and a maximum of 10%, with higher amounts allowed during the early stages of a Project, with the expectation that the contingency will decrease as the timeline approaches construction loan closing.
c. Excess Contingency: Any balance of contingency funds remaining at the permanent loan conversion shall be included in the calculation of cost savings to be allocated among lenders as set forth in Section D.

(23) **Organizational and Project Management Capacity.** Unless a specific exception is made for Emerging Developers, applicants for AHF funding must demonstrate organizational capacity that meets DOH requirements as well as the underwriting requirements of tax credit investors and other lenders. Evidence of the financial condition of the developer and the property management company, as well as their organizational good standing will be reviewed. DOH will also consider its actual prior experience with borrowers during construction period monitoring and operation of properties in the DOH portfolio of funded projects. If there are outstanding concerns with regard to performance, compliance, or capacity, DOH may require corrective action as a condition of a new funding approval for the same or a new project. Borrower will be required to document the experience and capacity of key staff, their workloads, and their tenure with the organization. DOH will also consider the organization's asset management capacity to address the financial performance and capital needs of their existing portfolio.

D. Reporting, Compliance Monitoring and Loan Servicing. An award of AHF funds is subject to a detailed program of reporting, inspections, and compliance monitoring, including regular written reports, expenditure reports, financial statements, and onsite inspections of the Project and Project records.

(1) **Reporting Start Date**. Borrower shall submit quarterly progress reports from the date of the Borrower's acceptance of the Award Letter under this AHF NOFA until the completion of the new construction/rehabilitation work. DOH shall supply the reporting forms for such quarterly progress reports, which are expected to be completed in CDS. This reporting is necessary for DOH to monitor progress and changes in the Project, and failure to comply with quarterly progress reporting is grounds for DOH to terminate its commitment.

(2) **Loan Draws and Change Orders.** Requests for reimbursement of expenses authorized under the executed Loan Agreement shall be made quarterly using the forms supplied by DOH, which are

expected to be completed in CDS, and may be submitted monthly during the construction period. DOH's prior written approval is required for any proposed change order that will exceed $100,000. In addition, the Borrower must request DOH's prior approval of any construction change order greater than $25,000 in the case of any Project in which DOH is the sole construction lender or its loan amount is 50% or more of the TDC. Copies of all change orders shall be provided to the County on a monthly basis, whether positive or negative. A no-cost change order shall also be submitted for prior approval by DOH in the event of any construction schedule change that would extend the Project Completion date set forth in the schedule of performance in the Loan Agreement.

(3) **Monitoring During Construction/Rehabilitation.** DOH reserves the right to undertake periodic monitoring of the Project during the construction/rehabilitation period for AHF program compliance, including site visits. Borrower shall be given adequate notice of any monitoring.

(4) **Monitoring and Reporting for Labor-Related Compliance**. In order to (a) ensure compliance with state prevailing wage laws or federal Davis-Bacon requirements if applicable, and (b) to further DOH's goals to promote the consideration in contracting to the extent permitted by law of (1) MBE,WBE, DBE contractors, sub-contractors, and suppliers participating in the development of County-owned property and properties that benefit from County funding; and (2) promote the consideration in hiring of certain disadvantaged workers, the Borrower shall report on and DOH shall monitor compliance with prevailing wage requirements and efforts undertaken by Borrower to broaden the invitation(s) to contractors, subcontractors, and suppliers to submit bids for the Project so that invitation(s) are inclusive of MBEs, WBEs and DBEs, and to promote the consideration of disadvantaged workers (such as by advertisement of available job contracts at trade unions, non-profit organizations, public sites, including County public sites, job training sites, community college,).

(5) **Monitoring and Reporting Prior to Permanent Loan Conversion**. Prior to Permanent Loan Conversion, the Borrower shall submit to DOH:

a. an audited accounting of actual sources and uses of funds, reporting on any construction cost savings that result from the permanent funding sources exceeding the final costs required to construct the project. This includes any savings in expenditure of the funds budgeted for negative cash flow during lease-up, any savings as a result of excess contingency funds, and any other construction cost savings. Such construction cost savings shall be distributed to DOH and other lenders in proportion to their share of Residual Receipts. DOH shall apply any construction cost savings to accrued interest before reducing the principal amount of its loan.
b. a tenant profile, reporting on certain demographic and income information in a form satisfactory to DOH.
c. a project completion report in a form satisfactory to DOH.

(6) **Monitoring and Reporting during Lease-Up.** The Borrower is required to submit for DOH's prior approval a Marketing Plan and Tenant Selection Plan at least six (6) months prior to the projected date of construction completion. The Marketing Plan shall include advertising the Project on the County's Doorway website both to list the Project and to gather tenant applications for the Project subject to any additional outreach and referral mechanisms necessary to serve the population targeted for the Supportive Housing Units. Any provision of the Tenant Selection Plan which implements a city-required resident preference is subject to DOH's prior review and approval of its Fair Housing impact. In addition, DOH will generally limit the application of any city-required

residency preference to a percentage of the Project's total Units equal to the city's percentage (including donated land value, loans of city funds, and city fee waivers) of the Project's total city and County funds. During the marketing and lease-up period and continuing after the Project's lease-up, DOH may request reports or ask to review Project records to verify compliance with these marketing and tenant selection requirements.

(7) **Monitoring and Reporting During Operations**. DOH will undertake periodic monitoring of the Project for AHF program compliance and the Borrower shall be required to submit certain annual reports.

a. Monitoring may consist of reviewing documents and records related to tenant income, occupancy of targeted Units by qualifying populations, funding for and delivery of on-site resident services and service coordination, ongoing compliance with the Marketing Plan and the Tenant Selection Plan, and information relevant to the financial condition of the Project to ensure long-term viability. The submitted documents must be sufficiently detailed for DOH to confirm whether the Project and the AHF-Restricted Units comply with the requirements of the Loan Agreement, the Promissory Note, the Deed of Trust, and the Regulatory Agreement.

b. The Borrower shall submit an annual compliance report to DOH that will include a tenant roster listing household size, income, and rent for each tenant and showing compliance with any required targeting to special populations in an AHF-Restricted Unit. Additional categories of reporting may result from the use of certain federal funds. DOH shall review reports for compliance with the AHF program requirements, shall require the Borrower to correct violations of those requirements, and may request additional documentation from the Borrower.

c. Annual financial reports shall be submitted based on an annual independent audit of the Project and showing the calculation of Residual Receipts. The independent Project audit shall clearly demonstrate the basis for calculating the amount of Residual Receipt payments due to each lender. Failure to provide an independent Project audit with information that enables DOH to verify the calculation of Residual Receipts is an event of default.

DOH may conduct periodic site visits to AHF Projects. During visits to rental housing projects, DOH representatives may interview the resident manager, review a sample of the on-site tenant files, inspect a sample of the Units of varying size and affordability, and tour the common areas and grounds of the Project.

(8) **DOH Loan Servicing and Monitoring Fee.** After the Project is placed in service, DOH will assume all loan servicing tasks on behalf of the County and HACSM. DOH charges an annual loan servicing and monitoring fee of $250 per AHF-Restricted Unit, capped at $10,000 annually for each Project, for the provision of these services.

(9) **DOH Re-Subordination and Loan Re-structuring Fees.** Should the Borrower request that DOH re-subordinate or re-structure its loan after the Project has been placed in service, DOH shall evaluate the impact of the request on the security of its Deed of Trust and the Borrower's ability to comply with the restrictions of the Regulatory Agreement and may grant or withhold its approval in the reasonable exercise of its discretion. In no event will DOH agree to any request that adversely affects the lien position of its Regulatory Agreement or the ability of the Borrower to continue to

meet the restrictions of the Regulatory Agreement. In no event will DOH agree to subordinate its Deed of Trust to the lien of a lender affiliated with, controlling, or controlled by the Borrower or any general partner or controlling person of the Borrower. Furthermore, as a condition of granting its approval, DOH may require that the remaining term of the Regulatory Agreement restrictions be extended for 55 years from the loan re-structuring closing. DOH shall charge Borrower a reasonable fee based on the size of the Project and the complexity of the request, but not less than $1,000, to be paid through the loan re-structuring closing.