

Olivas, Jay

From: dianestewart@aol.com
Sent: Tuesday, January 10, 2012 1:57 PM
To: Olivas, Jay
Subject: Re: Safehouse PP24866
Attachments: MHP_HY_NOFA6-14-11 061811 011012.pdf; DDA and First Amendment recorded docs 063011 011012.pdf

Jay,

I wish I had what you need in one executed document, but I can connect the dots:

For the MHP for Homeless Youth funding source, attached is the Notice of Funding Availability published June 14, 2011. See page 9, "M. Loan Terms and Security" for the 55 year term, go to paragraph 3 of that section: "MHP loan documents will include a promissory note, deed of trust and regulatory agreement." MHP-HY, a state funding source, approved the project July 29, 2011.

For the Economic Development Agency of the County of Riverside, attached is the executed and recorded regulatory agreement. It does not restrict households to Homeless Youth, but it is for low and moderate income households for 55 years. See page 134 for the Recorded Regulatory Agreement, recorded June 23, 2011. It was approved by the Board of Supervisors March 23, 2010 and the First Amendment was approved by the Board of Supervisors June 2, 2011. See page 136, Section 16 "Required Covenant period" set at 55 years.

I sent the entire document, so you could see if any of it was useful for your work. Is this useful?

Diane Stewart

-----Original Message-----

From: Olivas, Jay <JOLIVAS@rctlma.org>
To: 'dianestewart@aol.com' <dianestewart@aol.com>
Sent: Tue, Jan 10, 2012 1:26 pm
Subject: RE: Safehouse PP24866

Can you please email (PDF) the highlighted sections that discuss the 55 year deed restrictions so we can attach to the staff report?? This would be very helpful. , do not need the whole document package.

Can you restate the date and purpose of the prior Board action about this, and when it occurred?

Thanks.

From: dianestewart@aol.com [<mailto:dianestewart@aol.com>]
Sent: Tuesday, January 10, 2012 1:09 PM
To: Olivas, Jay
Cc: Daniel.Benner@hmcarchitects.com
Subject: Re: Safehouse PP24866

Yes

-----Original Message-----

From: Olivas, Jay <JOLIVAS@rctlma.org>
To: 'dianestewart@aol.com' <dianestewart@aol.com>
Cc: Daniel.Benner <Daniel.Benner@hmcarchitects.com>
Sent: Tue, Jan 10, 2012 1:08 pm
Subject: RE: Safehouse PP24866

Overall, it's a 55 year deed restriction for this apartment building for homeless youth, correct? thanks

From: dianestewart@aol.com [mailto:dianestewart@aol.com]
Sent: Tuesday, January 10, 2012 9:58 AM
To: Olivas, Jay
Cc: Daniel.Benner@hmcarchitects.com
Subject: Re: Safehouse PP24866

Hello Jay,

There are four funding sources, each with different restrictions. The agreement for the acquisition of the land is for affordability rather than homeless youth. The two state funding sources limit the project to Homeless Youth. They are the State of California Department of Housing and Community Development (HCD) Multifamily Housing Program for Homeless Youth (MHP-HY) and the HCD Emergency Housing and Assistance Program Capital Development (EHAP CD). MHP-HY funds target Homeless Youth with a 55 year deed restriction. The approved application for the EHAP CD funds targets Homeless Youth with a 10 year deed restriction.

What supporting docs would be useful?

Diane Stewart

-----Original Message-----

From: Olivas, Jay <JOLIVAS@rctlma.org>
To: 'dianestewart@aol.com' <dianestewart@aol.com>
Cc: 'Daniel Benner' <Daniel.Benner@hmcarchitects.com>
Sent: Tue, Jan 10, 2012 9:50 am
Subject: Safehouse PP24866

Can you please highlight the section as part of the land agreement? that indicates the apartment project can only be used for homeless youth over a 50 year period? Is my understanding correct? Thanks.

Jay Olivas, Planner IV
Riverside County Planning Department
4080 Lemon Street, 12th Floor
Riverside, CA 92501
ph: (951) 955-1195

RECORDED AT THE REQUEST OF
CHICAGO TITLE - INLAND EMPIRE

DOC # 2011-0277969

06/23/2011 04:43 PM Fees: \$0.00

Page 1 of 14

Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder

NO FEE RECORDING PURSUANT TO
GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Redevelopment Agency for
the County of Riverside
3403 10th, Suite 500
Riverside, California 92501
Attn: Lorena Oseguera

**This document was electronically submitted
to the County of Riverside for recording**
Received by: YSEGURA

(Space above for Recorder's Use)

REGULATORY AGREEMENT

These Covenants, Conditions and Restrictions, herein sometimes referred to as these "CC&Rs" or "Declaration" or "Regulatory Agreement" are made by the signatories hereto.

RECITALS

970013199
WHEREAS, each of the **REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**, a public body, corporate and politic ("Agency"), and **OPERATION SAFE HOUSE, INC.**, a California nonprofit public benefit corporation ("Developer") is a party to this Declaration. The Agency, and the Developer are sometimes collectively referred to herein as the "Declarants."

WHEREAS, the Agency and the Developer have entered into that certain Disposition and Development/Affordable Housing Agreement dated March 23, 2010 (the "AHA") and a First Amendment to Disposition and Development/Affordable Housing Agreement dated June 2, 2011 (First Amendment) for the improvement and development of certain real property described in Exhibit "A" (to which these CC&Rs are an encumbrance) as the "Site", which AHA provides for the recordation of this Regulatory Agreement.

WHEREAS, it is contemplated under the AHA that, as of the recordation of this Regulatory Agreement, the Agency will convey to the Developer under a form of deed provided for in the AHA (and therein defined as the "Agency Deed") the "Site", which is that certain property described in the legal description attached hereto as "Exhibit A" and incorporated herein by this reference.

WHEREAS, the AHA sets forth certain restrictive covenants applicable to the Site, particularly the use of the Site for the provision of rental housing units available to Very Low Income Households at Affordable Rents as those terms are defined therein.

WHEREAS, Agency, County, and Developer, wish to adopt this Regulatory Agreement to further govern the use of the Site in conjunction and along with the AHA and to ensure that the

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Agency achieves credit for production of affordable housing units pursuant to Section 33413 of the California Health and Safety Code.

NOW, THEREFORE, each of the Agency and the Developer (as owner of real property interests described hereinabove) declare that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied subject to the Covenants, Conditions and Restrictions hereinafter set forth expressly and exclusively for the use and benefit of said property, and the Agency. Each and all of the restrictions, limitations, conditions, covenants, liens, reservations and charges herein contained shall run with the land and be recorded on the property title and shall be binding on Declarant, its grantees, successors, heirs, executors, administrators, devisees or assigns, and all subsequent owners of all or any part of the Site.

ARTICLE I **DEFINITIONS**

The definitions provided herein shall be applicable to this Declaration and also to any amendment or supplemental Declaration (unless the context implicitly or explicitly shall prohibit), recorded against the Site pursuant to the provision of this Declaration.

Section 1. "Affordable Housing Project" means an affordable housing project operated in conformity with this Regulatory Agreement throughout the Required Covenant Period.

Section 2. "Affordable Rent" has the meaning set forth in Health and Safety Code Section 50053. For a Very Low Income Household, Affordable Rent means a monthly rent which does not exceed one twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of the Median Income for the Area for a household size appropriate to the unit. "Household size appropriate to the unit," as used herein, means two persons for each one-bedroom unit (if any), and three persons for each two bedroom unit. The maximum monthly rental amount of the units shall be adjusted annually by the formula set forth above upon the promulgation of revised Riverside-San Bernardino Primary Metropolitan Statistical Area median income figures by regulation of the California Department of Housing and Community Development. Actual rent charged may be less than such maximum rent.

Section 3. "Agency" means the Redevelopment Agency for the County of Riverside and its successors in interest.

Section 4. "Area" means the Riverside-San Bernardino Primary Metropolitan Statistical Area, as periodically defined by HUD.

Section 5. "Calculation of Affordable Rents" means the worksheet substantially in the form of Attachment No. 7 to the AHA.

Section 6. "Certificate" or "Certification" is defined in Section 3(a).

Section 7. "County" means and refers to the County of Riverside, a political subdivision of the State of California.

Section 8. "County Ordinances" means and refers to the County of Riverside County Ordinances as revised from time to time.

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Section 9. "Gross Income" means all payments from all sources received by a person (together with the gross income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) whether in cash or in kind as calculated pursuant to the Department of Housing and Urban Development ("HUD") Regulations (24 C.F.R. § 813) in effect as of the Date of Agreement.

Section 10. "Housing Project" means sixteen (16) supportive housing unit residential rental development, that will include one (1) manager's unit, to be constructed on the Site under the AHA.

Section 11. "Lower Income Household" means a household earning not greater than sixty percent (60%) of median income for the Area as set forth by regulation of the California Department of Housing and Community Development, pursuant to Health and Safety Code Section 50079.5.

Section 12. "Median Income for the Area" means the median income for the Area as most recently determined by the Secretary of Housing and Urban Development under Section 8 of the United States Housing Act of 1937, as amended, or, if programs under Section 8 are terminated, Median Income for the Area determined under the method used by the Secretary prior to such termination.

Section 13. "Prescribed Rent Levels" means rent that is Affordable Rent as follows: (a) for Very Low Income Households for the following units, as indicated by number of bedrooms: (i) sixteen (16) affordable housing units including one managers unit. Rent is not required to be Affordable Rent as to one manager's unit.

Section 14. "Regulatory Agreement" means this Regulatory Agreement and any amendments, modifications or supplements which may also be referred to herein as these "CC&Rs" or this "Declaration".

Section 15. "Required Affordable Unit" means a dwelling unit in the Housing Project and available to, occupied by, or held vacant for occupancy only by tenants qualifying as Very Low Income Households and rented at Affordable Rent conforming to the Prescribed Rent Levels.

Section 16. "Required Covenant Period" means a period of fifty-five (55) years commencing as of the issuance of a final certificate of occupancy for all of the Units and continuing until the fifty-sixth (56th) anniversary thereof.

Section 17. "Household" means a qualified low income household, as defined by California Health and Safety Code Section 50079.5 and 50105.

Section 18. "Site" means all of the real property and appurtenances as described above, including all structures and other improvements thereon, and those hereafter constructed.

Section 19. "Unit" means a dwelling unit on the Housing Project.

Section 20. "Very Low Income Households" means Very Low Income Households whose Adjusted Income does not exceed fifty percent (50%) of Median Income for the Area as determined by the United States Department of Housing and Urban Development from time to time and as set forth in Health and Safety Code Section 50105.

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Section 21. "Year" means a calendar year.

ARTICLE II
LAND USE RESTRICTIONS; IMPROVEMENTS

Section 1. Uses. The Developer shall develop the Approved Housing Project on the Site in conformity with the AHA. Thereafter, the Site shall be operated as an Affordable Housing Project and devoted only to the uses specified in this Regulatory Agreement for the periods of time specified herein. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to the AHA, shall conform to all applicable provisions of the County Ordinances and the County Approvals.

Developer agrees to reserve one hundred percent (100%) of the total rental units, or 15 units, for Very Low Income households. Such units ("Assisted Units") shall be limited to Very Low Income households that do not exceed fifty percent (50%) area median income for the County, adjusted by family size at the time occupancy, as defined by California Health and Safety Code Sections 50079.5 and 50105.

Section 2. Affordable Housing.

Number of Units. Throughout the Required Covenant Period, not less than fifteen (15) supportive housing units shall be rented to and occupied by Very Low Income Households. Required Affordable Units shall be continuously occupied by or held available for occupancy by Very Low Income Households at Affordable Rent. All Affordable Units shall be rented at Affordable Rent. For this purpose, a tenant who qualifies as a Very Low Income Household at the time he or she first occupies an Affordable Unit shall be deemed to continue to be so qualified until such time as a recertification of such individual's or family's income in accordance with Section 3 below demonstrates that such individual or family no longer qualifies as a Very Low Income Household. Moreover, a unit previously occupied by a Very Low Income Household, and then vacated shall be considered occupied by such Very Low Income Household until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

At such time as a tenant ceases to qualify as a Very Low Income Household, the unit occupied by such tenant shall cease to be a Very Low Income Unit. The Developer shall replace each such Very Low Income Unit by designating the next available unit and any necessary units thereafter as a Very Low Income Unit. For purposes of this Agreement, such designated unit will be considered a Very Low Income Unit if it is held vacant and available for occupancy by a Very Low Income Household, and, upon occupancy, the income eligibility of the tenant as a Very Low Income Household is verified and the unit is rented at Affordable Rent. All units except the one manager's unit are Very Low Income units.

In the event a household's income initially complies with the corresponding income restriction for a Very Low Income Household but the income of such household increases, such increase shall not be deemed to result in a violation of the restrictions of this Regulatory Agreement concerning limitations upon income of occupants, provided that the occupancy by such household is for a reasonable time of not to exceed one year (measured from the time the income of the household ceases to qualify at the designated affordability level). The Developer shall include in its rental

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agreements provisions which implement this requirement and limitation, and the Developer shall expressly inform prospective renters as to this limitation prior to the commencement of a tenancy.

Duration of Affordability Requirements. The Required Affordable Units shall be available to and occupied by Very Low Income Households at Affordable Rent throughout the Required Covenant Period. All tenants residing in the Affordable Units during the last two (2) years of the Required Covenant Period shall be given notice by the Developer at least once every six (6) months prior to the expiration date of this requirement, that the rent payable on the Affordable Unit may be raised to a market rate rent at the end of the Required Covenant Period.

Selection of Tenants. As specified hereinbelow, Developer shall demonstrate to the Agency that the proposed tenants of each of the Required Affordable Units constitutes a Very Low Income Household.

Prior to the rental or lease of an Required Affordable Unit to a tenant, and as set forth in this Section 2 of Article II of this Declaration, the Developer shall require the tenant to execute a written lease and to complete an Income Verification certifying that the tenant(s) occupying the Required Affordable Unit is/are a Very Low Income and meet(s) the eligibility requirements established for the Required Affordable Unit. The Developer shall verify the income of the tenant(s).

The Developer shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Developer shall not apply selection criteria to Section 8 certificate holders which are more burdensome than criteria applied to any other prospective tenants.

Determination of Affordable Rent for the Affordable Units. The Affordable Units shall be rented or leased at Affordable Rent. As of the approval of the AHA, Affordable Rent is calculated in accordance with the Calculation of Affordable Rent. The maximum monthly rental for the Affordable Unit shall be adjusted annually as permitted pursuant to the Calculation of Affordable Rent.

THE DEVELOPER UNDERSTANDS AND KNOWINGLY AGREES THAT THE MAXIMUM RENTAL FOR THE AFFORDABLE UNITS ESTABLISHED BY THE AHA, THIS REGULATORY AGREEMENT IS SUBSTANTIALLY BELOW THE FAIR MARKET RENT FOR THE AFFORDABLE UNITS.

Section 3. Developer Verification and Program Compliance.

Income Verification and Certification. The Developer will obtain and maintain on file an Income Verification from each tenant, dated immediately prior to the initial occupancy of such tenant in the Housing Project.

On March 31st commencing the year in which the Certificate of Completion is issued and annually thereafter each March during the Required Covenant Period, the Developer shall file with the Agency or its designee a Certificate, containing all information required pursuant to Health and Safety Code Section 33418, in a form prescribed by the Agency. Each Certificate shall cover the immediately preceding fiscal year.

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Reporting Amounts. Agency is required by Section 33418 of the California Health and Safety Code to require Developer to monitor the Affordable Units and submit the annual reports required by Section 3 of Article II of this Declaration. The Agency relies upon the information contained in such reports to satisfy its own reporting requirements pursuant to Sections 33080 and 33080.1 of the California Health and Safety Code. In the event the Developer fails to submit to the Agency or its designee the Certification as required by this Section 3, the Developer shall be in noncompliance with this Regulatory Agreement. In the event the Developer remains in noncompliance for thirty (30) days following receipt of written notice from the Agency of such noncompliance under Sections 3(a) and 3(b) of Article II hereinabove, then the Developer shall, without further notice or opportunity to cure, pay to the Agency Two Hundred Fifty Dollars (\$250.00) per Required Affordable Unit for each year Developer fails to submit a Certificate covering each and every housing unit on the Site.

Section 4. Nondiscrimination. The Developer shall refrain from restricting the rental, sale or lease of the Site, or any portion thereof, on the basis of race, color, creed, religion, sex, marital status, national origin or ancestry of any person. Agency and Developer acknowledge supportive housing sometimes has unique requirements. For instance, housing for homeless youth may offer services exclusively to persons 24 years of age or younger pursuant to Section 11139.3 of the Government Code, on the basis of age. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(1) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(2) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(3) In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of

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the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

The covenants established in this Declaration and the deeds of conveyance for the Site shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, the County and any successor in interest to the Site, together with any property acquired by the Developer pursuant to this Agreement, or any part thereof. The covenants against discrimination as set forth in this Section 4 of Article II shall remain in effect in perpetuity.

Section 5. Maximum Occupancies. No persons shall be permitted to occupy any unit within the Housing Project in excess of applicable limit of maximum occupancy set by County Ordinances and the laws of the State of California.

Section 6. Compliance with Laws. The Developer shall comply with all applicable laws in connection with the development and use of the Site, including without limitation the California Community Redevelopment Law (Health and Safety Code section 33000, *et seq.*) and Fair Housing Act (42 U.S.C. § 3601, *et seq.*, and 24 C.F.R. § 100.300, *et seq.*). The Developer is a sophisticated party, with substantial experience in the acquisition, development, financing, obtaining financing for, marketing, and operation of affordable housing projects, and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. The Developer is familiar with and has reviewed all laws and regulations pertaining to the acquisition, development and operation of the Housing Project and has obtained advice from any advisers of its own choosing in connection with this Agreement.

ARTICLE III **ENFORCEMENT**

Section 1. Remedies. Breach of the covenants contained in the Declaration may be enjoined, abated or remedied by appropriate legal proceeding by the Agency or County.

This Declaration does not in any way infringe on the right or duties of the County of Riverside to enforce any of the provisions of the County Ordinances including, but not limited to, the abatement of dangerous buildings.

Section 2. Nuisance. The result of every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity, against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of the County's rights under law.

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Section 3. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 4. Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 5. Enforcement and Nonliability. The County or Agency may from time to time make such efforts, if any, as it shall deem appropriate enforce and/or assist in enforcing this Declaration. However, neither the Agency nor the County will be subject to any liability for failure to affirmatively enforce any provision of this Declaration.

ARTICLE IV GENERAL PROVISIONS

Section 1. Covenant Against Partition. By acceptance of its interest in the Site, the Developer shall be deemed to covenant for itself and for its heirs, representatives, successors and assigns, that it will not institute legal proceedings or otherwise seek to effect partition of its right and interest in the interest being conveyed to the Developer, or the burdens running with the land as a result of this Regulatory Agreement.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 3. Term. This Declaration shall run with and bind the interest of the Developer in the Site, and shall inure to the owner(s) of any property subject to this Declaration, his legal representatives, heirs, successors and assigns, and as provided in Article IV, Sections 2 and 3, be enforceable by the County, for a term equal to the Required Covenant Period as defined in the AHA, provided; however, that the covenants regarding nondiscrimination set forth in Section 4 of Article II of this Declaration shall remain in effect for perpetuity.

Section 4. Nonrecourse. Liabilities of the Developer to make payments hereunder shall be nonrecourse.

Section 5. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of rental housing available at Affordable Rent for Very Low Income Households and Lower Income Households. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

The Developer shall be obligated by this Declaration to comply with the provisions hereof, as well as the provisions of the Agency Deed, and the Tax Credit Regulatory Agreement. In the event of conflict, the Developer shall comply with the most stringent requirements, in each case.

Section 6. Enforced Delay: Extension of Times of Performance. Performance hereunder shall not be deemed to be in default, and all performance and other dates specified in this Regulatory Agreement shall be extended, where delays or defaults are due to: war; insurrection; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts or omissions of another

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party, or acts or failures to act of the County or any other public or governmental agency or entity. Notwithstanding anything to the contrary in this Regulatory Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other parties, the Agency and the County, within thirty (30) days of the commencement of the cause. Times of performance under this Regulatory Agreement may also be extended in writing by the mutual agreement of the Agency, the County and the Developer to be given or withheld at the sole discretion of each respective party. The failure of the Developer to obtain financing for development or repairs shall not constitute grounds for enforced delay hereunder.

Section 7. Amendments. This Declaration may be amended only by the written agreement of the Developer, the Agency and the County.

Section 8. Encroachments. None of the rights and obligations of the Developer created herein shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of Developer if said encroachment occurs due to the willful conduct of said Developer.

Section 9. Notices. Any notice permitted or required to be delivered as provided herein to Developer shall be in writing and may be delivered either personally or by certified mail. Notice to the Agency shall be made by certified mail to the Executive Director or his designee at 1325 Spruce Street, Suite 400, Riverside, California 92507, and shall be effective upon receipt. Notice to Developer shall be made by certified mail to Operation Safe House, Inc., a California nonprofit public corporation, 9685 Hayes, Riverside, California 92503, Attention: Executive Director, and shall be effective upon receipt. Such address may be changed from time to time by notice in writing.


END OF AGREEMENT
(SIGNATURES ON NEXT PAGE)

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IN WITNESS WHEREOF, the Agency and the Developer have executed this First Amendment as of the date first above written.

REDEVELOPMENT AGENCY FOR
THE COUNTY OF RIVERSIDE
a public body, corporate and politic


OPERATION SAFE HOUSE, INC.
a California nonprofit public benefit corporation

By: 
BOB BUSTER
Chairman, Board of Directors

By: 
KATHY MCADARA
Executive Director

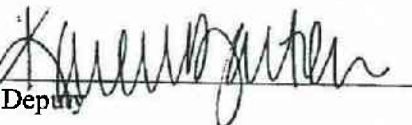
APPROVED AS TO FORM:

PAMELA J. WALLS
Agency Counsel

By: 
Deputy, Anita Willis

ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By: 
Deputy

(signatures on this page need to be notarized)

EXHIBIT "A"

LEGAL DESCRIPTION

APN: 650-131-018

THAT PORTION OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 18, TOWNSHIP 4 SOUTH, RANGE 6 EAST, SAN BERNARDINO MERIDIAN, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

COMMENCING AT THE NORTHEAST CORNER OF SAID SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 18;
THENCE SOUTH 89 DEG. 40' 40" WEST, ALONG THE NORTHERLY LINE OF SAID SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 18, A DISTANCE OF 297.40 FEET TO THE TRUE POINT OF BEGINNING OF THE PARCEL OF LAND TO BE CONVEYED;
THENCE SOUTH 00 DEG. 01' 30" WEST, A DISTANCE OF 208.70 FEET;
THENCE SOUTH 89 DEG. 40' 40" WEST, A DISTANCE OF 100.00 FEET TO A POINT ON THE EASTERLY LINE OF LOT 41, WELCOME HOMESTEAD TRACT AS SHOWN BY MAP ON FILE IN BOOK 31, PAGE 41 OF MAPS, RECORDS OF THE RECORDER OF RIVERSIDE COUNTY, CALIFORNIA;
THENCE NORTH 00 DEG. 01' 30" EAST, ALONG THE EASTERLY LINE OF SAID LOT 41 AND CONTINUING NORTH 00 DEG. 01' 30" EAST ALONG THE EASTERLY LINES OF LOTS 42 AND LOT A AS SAID LOTS ARE SHOWN ON SAID MAP, A DISTANCE OF 208.70 FEET TO THE NORTHEAST CORNER OF SAID LOT A, SAID NORTHEAST CORNER BEING A POINT ON THE NORTHERLY LINE OF SAID SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 18;
THENCE NORTH 89 DEG. 40' 40" EAST, ALONG SAID NORTHERLY LINE, A DISTANCE OF 100 FEET TO THE POINT OF BEGINNING.

EXHIBIT A

THAT PORTION OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 18, TOWNSHIP 4 SOUTH, RANGE 6 EAST, SAN BERNARDINO MERIDIAN, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

COMMENCING AT THE NORTHEAST CORNER OF SAID SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 18;
THENCE SOUTH 89 DEG. 40' 40" WEST, ALONG THE NORTHERLY LINE OF SAID SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 18, A DISTANCE OF 297.40 FEET TO THE TRUE POINT OF BEGINNING OF THE PARCEL OF LAND TO BE CONVEYED;
THENCE SOUTH 00 DEG. 01' 30" WEST, A DISTANCE OF 208.70 FEET;
THENCE SOUTH 89 DEG. 40' 40" WEST, A DISTANCE OF 100.00 FEET TO A POINT ON THE EASTERLY LINE OF LOT 41, WELCOME HOMESTEAD TRACT AS SHOWN BY MAP ON FILE IN BOOK 31, PAGE 41 OF MAPS, RECORDS OF THE RECORDER OF RIVERSIDE COUNTY, CALIFORNIA;
THENCE NORTH 00 DEG. 01' 30" EAST, ALONG THE EASTERLY LINE OF SAID LOT 41 AND CONTINUING NORTH 00 DEG. 01' 30" EAST ALONG THE EASTERLY LINES OF LOTS 42 AND LOT A AS SAID LOTS ARE SHOWN ON SAID MAP, A DISTANCE OF 208.70 FEET TO THE NORTHEAST CORNER OF SAID LOT A, SAID NORTHEAST CORNER BEING A POINT ON THE NORTHERLY LINE OF SAID SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 18;
THENCE NORTH 89 DEG. 40' 40" EAST, ALONG SAID NORTHERLY LINE, A DISTANCE OF 100 FEET TO THE POINT OF BEGINNING.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On June 2, 2011, before me, Melissa A Barnes, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared Kathy Mcadara

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity (ies), and that by ~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

Notice of Funding Availability (NOFA)

**MULTIFAMILY HOUSING PROGRAM (MHP)
HOMELESS YOUTH HOUSING**

June 14, 2011

State of California
Department of Housing and
Community Development

**NOTICE OF FUNDING AVAILABILITY (NOFA)
MULTIFAMILY HOUSING PROGRAM
HOMELESS YOUTH HOUSING
June 14, 2011**

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Attachment 1: Application Workshop Registration Form

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

1800 Third Street, Suite 390
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 323-3178
FAX (916) 445-0117

**NOTICE OF FUNDING AVAILABILITY (NOFA)
MULTIFAMILY HOUSING PROGRAM
HOMELESS YOUTH HOUSING**

June 14, 2011

Homeless Youth Housing Funding: \$12 million

PROGRAM DESCRIPTION**A. Introduction**

The California Department of Housing and Community Development (hereinafter "HCD" or "Department") announces the availability of approximately \$12 million for the development of rental housing for homeless youth under the Multifamily Housing Program (MHP). Available funds were appropriated by the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C). Applications will be accepted on an "over-the-counter" basis beginning on July 5, 2011.

Information on all of these funding opportunities is or will be available on the Department's website at <http://www.hcd.ca.gov/fa/mhp>.

B. Application Packaging, Submittal and Process

The Application form will be available on the Department's website on or about June 14, 2011. Applications for this funding round will be considered on an "**over-the-counter**" basis until available funds are exhausted. Applications will be accepted from 8:00 a.m. on July 5, 2011 until 5:00 p.m. on April 6, 2012 or until such earlier time as the Department has received what it determines to be a sufficient number of applications to reasonably use all funds currently available.

The Department will give notice on the Department's website when a sufficient number of applications have been received to exhaust the Homeless Youth Housing funds offered under this NOFA. Applications will not be accepted after such notice. Any applications received prior to the notice that are deemed eligible for funding will be prioritized based on the Department's date and time stamp for the completed application. When the funds offered under this NOFA have been exhausted, any remaining applications may be returned to the Sponsor. The Department reserves the right to award more than the \$12 million under this NOFA.

Applications must be submitted on forms provided or approved by the Department. Application forms must not be modified. A complete original application, plus one copy, must be received by the Department.

To receive an application package, please visit the Department's website on or about June 14, 2011, or contact Tanya Madrid at (916) 324-1488 or tmadrid@hcd.ca.gov. Applications must be delivered to one of the following addresses:

U.S. Mail

Tanya Madrid
 Department of Housing and
 Community Development
 Division of Financial Assistance
 P.O. Box 952054
 Sacramento, CA 94252-2054

Private Carrier

Tanya Madrid
 Department of Housing and Community
 Development
 Division of Financial Assistance
 1800 Third Street, Room 460
 Sacramento, CA 95811

It is the applicant's responsibility to ensure that its application is clear, complete and accurate. After the application has been received, MHP staff may request clarifying information.

C. Program Changes

Projects that have received an award from the Department's Housing Policy Development Division via the Catalyst Projects for California Sustainable Strategies Pilot Program will receive five bonus points in the application scoring process. More information is available on the Department's website at: <http://www.hcd.ca.gov/hpd/cpcsspp.html>.

D. Application Workshops

Application workshops are scheduled as follows:

Date	Workshop Location	Time
June 20, 2011	Department of Housing & Community Development 1800 Third Street, Room 470 Sacramento, CA 95811	10 a.m. to 2 p.m.
June 22, 2011	Tassafaronga Village 930 84 th Avenue, Community Room Oakland, CA 94621	10 a.m. to 2 p.m.
June 23, 2011	Mariposa Place Apartments 1050 N. Mariposa Avenue, Community Room Los Angeles, CA 90029	10 a.m. to 2 p.m.

ADVANCE REGISTRATION FOR THE WORKSHOPS IS REQUESTED. Please complete the attached registration form and return via email to tmadrid@hcd.ca.gov or fax to (916) 445-0117, attention Tanya Madrid, at least

24 hours before the workshop. ***Printed materials will not be provided at the workshop. Materials will be made available for download and printing from the Department's website or via e-mail by request.***

E. Program Summary

MHP is a streamlined, omnibus financing program for affordable multifamily housing developments. It provides funds to cover development (capital) costs only and cannot be used for services or operating subsidies.

Applicants may apply for funding for: (1) projects containing Homeless Youth Units only or (2) projects containing Homeless Youth Units and other units (mixed projects). Under this NOFA, maximum loan amounts will be based on the number of Homeless Youth Units.

"Homeless Youth Units" means housing units linked to supportive services, where both:

1. occupancy is restricted to households that, upon move-in, include a "homeless youth", as defined in Paragraph P below; and
2. the limits on household income, duration of occupancy and rent set forth in Paragraph N apply.

F. Program Regulations and Legal Authority

MHP was established by SB 1121, Statutes of 1999 (Alarcón), which created Chapter 6.7, commencing with Section 50675, of the Health and Safety Code. Section 53545(a)(1)(A)(ii) of the Health and Safety, added by Proposition 1C, appropriated funds specifically for housing for homeless youth.

As authorized by Section 50675.11, the \$50 million allocation for homeless youth housing will be operated initially under guidelines, rather than formally promulgated regulations. These guidelines will consist of the regulations governing the Supportive Housing component of MHP, as modified by the provisions of this NOFA. (The relevant regulations are the MHP Regulations and the Uniform Multifamily Regulations (UMR), available at <http://www.hcd.ca.gov/fa/multifamilyregs.html>.) Applications are also subject to the applicable statutory requirements (including those of Proposition 1C and SB 1689 of 2006).

All section references in this NOFA refer to the MHP regulation text posted on the Department's website, unless otherwise noted. UMR section references refer to the Uniform Multifamily Regulations.

G. Relation to Other Proposition 1C Funding

This NOFA offers funding earmarked exclusively for housing for homeless youth. However, two other components of MHP are also available to housing developments targeting this population.

MHP's "General" component, under which a \$80 million NOFA was issued June 14, 2011, assists a wide variety of housing types. It is offered through a competitive process, and one way to enhance a project's competitiveness is to reserve a certain number of units for special needs populations, such as homeless youth. Since MHP-General provides assistance for all of the income-restricted units in the project, and not just those reserved for special needs tenants, it may be a good choice for projects not using 9 percent tax credits that mix a relatively small number of units for youth with the general low income population.

MHP's Supportive Housing component, under which a \$65 million NOFA was issued June 14, 2011, offers funding for units targeting certain disability groups.

Information on the General and Supportive Housing components of MHP is available at <http://www.hcd.ca.gov/fa>.

H. Eligible Project Sponsors

Sponsors and borrowing entities may be organized on a for-profit or not-for-profit basis. Any individual, public agency or private entity capable of entering into a contract is eligible to apply, provided they or their principals have successfully developed at least one affordable housing project. For projects where at least 70 percent of the total units are Homeless Youth Units, there are alternate methods, under Section 7303(d), for meeting the development experience requirements.

Sponsors must also demonstrate a minimum of 24 months experience in the ownership or operation of at least one Special Needs Population housing project with five or more units, and provide a letter of support from a local services funding agency. See Section 7343.

Sponsors must have site control in the name of the Sponsor or an entity controlled by the Sponsor as defined in UMR Section 8303.

Where the Sponsor is not the borrowing entity, as in limited partnerships, the Sponsor's roles, responsibilities, and benefits in both development and operations must be commensurate with activities normally undertaken or controlled by project developers and owners. The Sponsor will be reviewed to determine if adequate staffing levels exist to undertake and complete the project. The same criteria will be applied to evaluate Sponsor experience for purpose of awarding points.

Sponsor entities must maintain sufficient control of the borrowing entity to ensure that the Ultimate Borrower has the resources and experience to develop, own and manage the project. Sponsors will be required to prepare a written narrative

explaining how the Sponsor, identified in the application, has full control of the Ultimate Borrower entity and development of the project. The Sponsor must expressly describe the management and control for each entity in the organizational structure of the Ultimate Borrower. The narrative must be submitted with the organizational documents for the Ultimate Borrower and must cite the organizational documents, with reference to page, paragraph or section number, that evidence the Sponsor's control of the Ultimate Borrower. The narrative and supporting documentation must be submitted at the time the Ultimate Borrower is formed and in all cases, prior to the construction loan close. Where the requisite control cannot be shown, the Sponsor will be required to change its organizational structure accordingly to comply with the applicable regulations and the loan commitment.

I. Eligible Uses of Funds

MHP funds will be provided as permanent financing only, and may be used to take out construction loans used to cover normal project development (capital) costs, as detailed in Section 7304. MHP funds may be used to capitalize a project operating reserve account up to the limit required under UMR Section 8308. Program funds may not be used for the cost of supportive services, although Department approved costs of on-site supportive services coordination may be treated as a project operating cost, payable from operating income. MHP funds must be attributable to the costs of "restricted" units (MHP units and units subject to a long-term regulatory agreement with occupancy and rent restrictions similar to those of MHP) or to the costs of facilities used for childcare, after-school care, and social service facilities integrally linked to the needs of the tenants of the restricted units.

J. Eligible Projects

Projects must qualify as rental housing developments, as defined in UMR Section 8301, and meet the requirements of Sections 7302 and 7342. For example, projects must contain five or more dwelling units.

Projects must also contain five or more Homeless Youth Units, as defined in Paragraph E.

Projects are ineligible if construction has commenced prior to submission of a complete application, or if the project is already fully funded. Projects must meet the underwriting standards described in UMR Section 8310.

Projects receiving 9 percent tax credits are eligible under this NOFA, provided they are not applying for elevated loan limits.

K. Projects with Extraordinarily High Development Costs

The Department is concerned about the extremely high cost of a small but significant number of projects funded in the recent past, and the extraordinary level of public subsidy required by these projects. Of particular concern are projects with total development costs in excess of \$350,000 per unit. The Department will require thorough justification for costs above that level. In this period of declining real estate values and development costs, it is important to encourage MHP funding of otherwise qualified projects that are able to minimize costs, without sacrificing design elements that are cost effective in the long run or meet vital needs of project residents.

In light of this concern, and consistent with UMR Section 8311, the Department reserves the right to reject an application if total development cost exceeds an amount that cannot be reasonably justified, in comparison to the costs for other similar developments of modest design in the general area. Projects may be required to justify the total development cost if the cost substantially exceeds the Department's historical project costs for similar projects.

In evaluating projects with high per unit costs, the Department will closely scrutinize the justification that costly design features were necessary to obtain local approvals or neighborhood acceptance. Similarly, the Department will be giving close scrutiny to projects with extraordinary site development costs (where they are not fully compensated for by a sharply discounted purchase price), or where the constraints of the site necessitate an especially expensive design. Although the Department appreciates that individual developers may experience great difficulty locating more appropriate sites, it has concluded that the interests of the Program are best served by avoiding excessive site and design-related costs.

Prior to closing construction financing, the Sponsor shall be required to submit an appraisal acceptable to the Department, from a qualified appraiser, which supports the acquisition cost identified in the Development Budget.

L. Maximum Loan Amounts

The maximum loan per project is \$10,000,000. The maximum loan amount per Homeless Youth Unit is a function of unit size, location, and affordability level. The per-unit maximum is calculated by adding a base amount to an amount intended to compensate for debt service payment capacity lost as a result of rent restrictions. The base loan amounts under this NOFA will be:

- In Southern California, \$80,000 for units in projects not receiving 9 percent tax credits and \$65,000 for units in projects receiving 9 percent tax credits.
- In Northern California, \$65,000 for units in projects not receiving 9 percent tax credits and \$50,000 for units in projects receiving 9 percent tax credits.

(Southern California includes San Luis Obispo, Kern and San Bernardino counties, and all counties further south.)

Tables listing per-unit loan limits and targeted income limits and rents are posted on the Department's website. (www.hcd.ca.gov)

M. Loan Terms and Security

Loans will have a 55-year term, and bear simple interest at the rate of 3 percent per year. For the first 30 years, annual payments will be required in the amount of 0.42 percent of the outstanding principal loan balance. The annual payment amount for the next 25 years will be set by the Department in year 30, and will be the minimum amount necessary to cover the Department's monitoring costs. Unpaid principal and accrued and deferred interest will be due at the end of the loan term.

Cash flow remaining after payment of all debt service, approved operating expenses, required reserves and allowable deferred Developer Fee and Distributions per UMR Section 8314 shall be applied toward repayment of the MHP loan. If the terms of other public agencies' financing also require payments from remaining cash flow, the Department may agree to share the remaining cash flow with the public agencies in proportion to the respective loan amounts.

MHP loan documents will include a promissory note, deed of trust and regulatory agreement. The deed of trust and regulatory agreement may be subordinated to bond debt, and amortizing loans from institutional lenders and the federal government provided no balloon payments are due prior to the end of the MHP loan term. MHP loans may not be subordinated to local public agency loans or restrictions attached to these loans, unless the amount of the local loan is at least twice the amount of the MHP loan. If a regulatory agreement is in favor of a community redevelopment agency, then it may remain senior to the Department's regulatory agreement in some cases. See Section 7306(e) and UMR Section 8315.

The MHP loan must be secured by the fee or a leasehold interest in the property acceptable to the Department. The term of a leasehold interest must be at least 90 years (65 years where the lessor is a public entity) from the date the Department's documents are recorded, excluding any unexercised lease extensions. If the MHP loan is secured by leasehold, the owner of the fee and the borrower must sign a recordable lease rider approved by the Department. See UMR Section 8316 for other leasehold requirements.

N. Rent and Occupancy Limits

Rents and tenant incomes for Homeless Youth Units must be restricted for 55 years in accordance with the income limits proposed by the project sponsor in their MHP application, with rents not exceeding 30 percent of the applicable income limit.

Projects will be underwritten at the rent limits for the income levels proposed in the application. The Department's first year debt coverage ratio requirement of

1.10:1 to 1.20:1 will be applied using the maximum rents allowable, given all of the restrictions applicable to the project.

Sponsors must maintain the agreed-upon number of units occupied by eligible households including a homeless youth. Sponsors now have the option of establishing units with transitional housing duration requirements and/or operating projects with units as permanent housing. Sponsors must still ensure the provision of services with the goal of helping the youth tenant make measurable gains in the areas of employment and education. Services must also provide assistance in stabilizing their lives and developing the skills and resources they need to make a successful transition to independent, self-sufficient adulthood.

As part of the application process, applicants must demonstrate that viable options are available for the placement of youth once they exit the Homeless Youth Units.

Assisted unit rent increases will be limited in accordance with the rules governing tax credit units and as specified in Sections 7311 and 7312. Where the project receives rental assistance subsidies, "rent" is defined as the tenant's contribution, rather than the contract rent level.

O. Developer Fee and Distribution Limitations

Developer fee means the same as the definition of that term in the California Code of Regulations, Title 4, Section 10302. Developer fees are limited in accordance with the schedule shown in UMR Section 8312, which is adjusted for inflation as necessary. Distributions to the Sponsor out of operating income are also limited in accordance with UMR Sections 8312 and 8314. The current Developer Fee limits are as follows:

- For new construction projects and rehabilitation projects where the cost of the rehabilitation (excluding contractor overhead and profit) is equal to or greater than \$32,001 per unit: \$23,000 per unit for the first 30 units and \$9,500 per unit for each unit over 30.
- For acquisition/rehabilitation projects where the cost of rehabilitation is at least \$7,500 per unit but less than \$32,001 per unit: \$11,000 per unit for the first 30 units and \$5,500 per unit for units over 30.

P. Target Population / Eligible Households

Households eligible to occupy assisted units must include a "homeless youth," which is defined in Government Code Section 11139.3(e)(2) as either:

- (A) A person who is at least 18 years of age, but not older than 24 years of age, and meets one of the following conditions:
 - (i) Is homeless or at risk of becoming homeless.
 - (ii) Is no longer eligible for foster care on the basis of age.

- (iii) Has run away from home.
- (B) A person who is less than 18 years of age who is emancipated pursuant to Part 6 (commencing with Section 7000) of Division 1 of the Family Code and who is homeless or at risk of becoming homeless.

"At risk of becoming homeless" means "facing eviction or termination of one's current housing situation." This includes, for example, households who face imminent release from an institution (i.e. jail or hospital) where other housing placement resources are not available, households who reside in an overcrowded setting (more than two persons per living/sleeping area) in which the household does not hold a lease, and households who reside in substandard housing subject to a current official vacation notice.

"Homeless" means the same as that term is defined for MHP – Supportive Housing:

1. moving from an emergency shelter; or
2. moving from transitional housing; or
3. currently homeless, meaning:
 - a. an individual who lacks a fixed, regular, and adequate nighttime residence; or
 - b. an individual who has a primary nighttime residence that is:
 - i. a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); or
 - ii. an institution that provides a temporary residence for individuals intended to be institutionalized; or
 - iii. a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Eligible households need not be disabled, as is required under MHP-Supportive Housing.

Q. Supportive Service and Property Management Requirements

Sponsors will be expected to have a clear understanding of the service needs of the specific segment of the homeless youth population that will occupy their project and a well-defined service plan that ensures that these needs will be met. Typically, this service plan will include relatively intense on-site supportive services, with high staff-to-client ratios, as well as firm linkages to other services available in the community.

The application will need to identify a primary service provider that is firmly committed to the project, has experience with the targeted population, and has a track record of securing services funding. It will also require preparation of a detailed service plan and line-item services budget and include commitments or letters of intent for a minimum of 25 percent of the total service budget – except where the Department may approve an exception based on documentation

confirming a successful history of securing similar funding for supportive services for the intended tenant population. See Section 7345.

The primary service provider for the project must demonstrate a minimum of 24 months experience in the provision of services to the targeted population, and a successful history of securing funds for similar activities.

The property manager must have a minimum of 24 months experience in managing a Special Needs Population housing project that would qualify as a rental housing development pursuant to UMR Section 8301(o). For proposed projects with fewer than 10 units, the Department may approve a property management agent with experience managing projects that do not qualify as rental housing projects, provided the agent has at least 24 months experience managing housing for the specific population targeted by the proposed project.

R. Funding Compatibility

Sponsors typically anticipate using an array of funding sources to fund the construction and permanent financing of their projects. The Sponsor should determine, prior to applying for the MHP funds, that the requirements of the non-MHP funding sources are compatible with the requirements of the MHP. For example, compatibility issues have arisen with local and federal funding sources related to:

- The required terms of the MHP security when the security for the MHP loan is in a leasehold interest (UMR Section 8316);
- The MHP prohibition of senior debt that has a provision for a “balloon” payment. Often bond financing provisions include interest rate resets with potential calls prior to the full amortization term of the loan. Any interest rate resets or similar provisions governing senior debt shall contain a specified interest rate cap, subject to the approval of the Department and shall not jeopardize the feasibility of the project. Details of this issue and the Department’s policy may be found on the Department’s website at: <http://www.hcd.ca.gov/fa/mhp/MHP-LoanClosing/ManagementMemo07-01.doc>
- Under MHP, senior debt with a variable interest rate is underwritten at the ceiling interest rate;
- The mandatory payment to HCD of the .42 percent debt service;
- The MHP requirement to target some of the project rents to extremely low income households that are below the federal income eligibility standard;
- The State statutory requirement that projects financed with MHP pay no less than the State prevailing wage rate.
- Terms of other public agencies’ financing requiring hard debt service

S. Prevailing Wage Requirements

Pursuant to Health and Safety Code section 50675.4(c)(2), projects receiving assistance under this NOFA are subject to State prevailing wage law, as set forth in Labor Code Section 1720 et seq.

T. Important Legal Matters

The Department reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such an action occurs, the Department will notify all interested parties. This NOFA provides a partial summary of the MHP statute and regulations. In the interest of brevity, it does not cover many aspects of those governing documents, some of which may be of critical importance to individual projects. For this reason, applicants are urged to carefully review the regulations before submitting applications.

Article XXXIV of the California Constitution requires advance voter approval of certain publicly funded and regulated low-income housing projects. Projects funded by MHP must either have Article XXXIV approval or be exempt from the need for this approval.

Sponsors must also be very careful to avoid violation of laws barring housing discrimination. The Department will review proposed tenant selection criteria for potential violations of these laws. It may condition funding on the elimination of restrictions that it believes to be impermissible, or reject an application where it determines that compliance with applicable law is not feasible.

U. Application Point Scoring

The criteria that will be used to score projects are those specified in Section 7346 and 7320 of the MHP regulations, except that the Adaptive Reuse/Infill/Proximity to Amenities criterion described in Section 7320(b)(7) will not be used.

Projects must receive a minimum point score of 125 out of 140, as determined by MHP staff, in order to be considered for a funding award. Additionally, projects must score at least four points in the Development and Ownership Experience of the Project Sponsor category and at least five points in the Project Readiness category.