

# HOUSING TRUST SILICON VALLEY



# Safety Net Capital Improvements Program

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## Program Guidelines

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This document provides general guidelines for the implementation of the Safety Net Capital Improvements Program.

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## **Chapter 1 - Introduction**

1.01 - Background. In January 2016, the Santa Clara County Board of Supervisors awarded the \$750,000 grant funds to Housing Trust Silicon Valley (HTSV) to manage an application and award process with qualified nonprofit entities in Santa Clara County who would use such funds for the rehabilitation/renovation of community facilities including, but not limited to, properties owned or leased by faith-based organizations, community-based organizations and government agencies to increase or enhance shelter, transitional housing or drop-in centers for homeless persons. This award was based on the Housing Task Force Implementation Plan considered by the Board of Supervisors on September 15, 2015.

1.02 – Purpose. The Safety Net Capital Improvements Program (SNCIP) is designed to provide forgivable loans and grants to qualifying community-based organizations and faith-based organizations to cover expenses associated with modifying or repairing facilities in order to increase the number of and geographic distribution of drop-in centers for homeless persons, providing them with access to food, mail, showers, restrooms and laundry facilities. These funds could also be used to bring additional mobile hygiene facilities to Santa Clara County. Community-based or faith-based organizations could also apply to the fund to provide temporary shelter /transitional housing to an individual or family.

1.03 – Impact. The goal of the SNCIP is to provide a combination of small and large funding awards so that an additional 100 persons could be served annually:

- a. Through emergency shelters and transitional housing, and/or daily drop-in centers;
- b. By increasing service units or person service days (PSDs);
- c. By increasing the geographic distribution of shelters and drop-in centers for homeless persons.

It is intended that this funding will also decrease negative impacts on the environment and businesses, and create an opportunity for other jurisdictions, individuals, businesses and private organizations to engage small communities in positive, impactful solutions to alleviating homelessness.

1.04 - Authority. The SNCIP was established pursuant to the Service Agreement between the County of Santa Clara Office of Supportive Housing and the Housing Trust Silicon Valley dated as of January 12, 2016.

## **Chapter 2 – Eligibility Requirements**

2.01 – Eligible Entities. Eligible entities include community-based organizations and faith-based organizations that maintain current nonprofit status pursuant to Section 501(c) (3) of the Internal Revenue Code, and government agencies. Applicants must also demonstrate the capacity and resources to provide increased services through emergency shelter and transitional housing facilities, and/or drop-in centers for homeless persons, providing them with access to basic services, including but not

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limited to food, mail service, showers, restroom and laundry facilities. The applicant must demonstrate the ability to provide the services for a ten- or five-year period depending on the award amount (see Section 3.06).

2.02 – Eligible Area. Subject property must be located in Santa Clara County and a portion of the facility must be used for the Target Population (defined below) in the provision of increased services.

2.03 – Eligible Target Population. The eligible target populations under the SNCIP are homeless persons and families (Target Population).

2.04 – Eligible Uses. Under the SNCIP, funds may be used for costs associated with the modification or repairing of emergency shelters, transitional housing or drop-in centers with the goal to increase the number of person service days or beds, and increase the geographic distribution of shelters and drop-in centers for homeless persons providing them with access to basic needs, including but not limited to food, mail, showers, restrooms and laundry facilities.

### Chapter 3 –Terms

The maximum funds awarded under the SNCIP will be \$660,000 including loans and grants. Recipients of SNCIP funds shall enter into a forgivable loan agreement or grant agreement with HTSV, as described in Section 3.03 below. Loans compliant with the agreement and its terms will result in forgiveness of the loan and the nonprofit entity will be released from its obligations under the agreement.

3.01 – Maximum Loan Amount. There is no maximum loan amount; however HTSV may select qualified capital improvement proposals up to \$660,000.

3.02 – Maximum Grant Amount. The maximum grant amount for facility minor repairs or modifications is \$20,000.

3.03 - Terms.

Loans: Compliance with the loan agreement, its requirements and term, will result in loan forgiveness. In the event of default, the loan shall be repaid on a proportionate basis as outlined in section 3.10 – Recapture of Funds. Compliance requirements are:

- a. Loans greater than \$200,000: 10-year term beginning after completion of the renovation as evidenced by a recorded Notice of Completion.
- b. Loans less than \$200,000: 5-year term beginning after completion of the renovation as evidenced by a recorded Notice of Completion.

Grants: Compliance with the grant agreement, its requirements and term, will result in the release of the UCC filing recorded at time of award. In the event of default, the grant shall be repaid on a proportionate basis as outlined in section 3.10 – Recapture of Funds.

3.04 – Interest Rate. Interest will accrue at a rate of 0.00% if the compliance period is met.

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### 3.05 –Ratios.

- a. The maximum loan-to-value ratio is 100% CLTV, after rehab/renovation. At the discretion of HTSV, a Fair Market Appraisal or valuation may be required. The cost of either valuation will be the responsibility of the applicant.
- b. The maximum grant-to-value ratio is 100% of actual cost.

3.06 – Security. Recipients of funds shall assure that the facilities will remain in the same use for the Target Population for a period of:

- 10 years for loans over \$200,000
- 5 years for loans under \$200,000
- 5 years for grants up to \$20,000

Compliance with this requirement shall be enforced by the condition requiring:

- a. Loans: a promissory note secured by a deed of trust and use restrictions on the subject property. After the end of the 10-year period or 5-year period, as applicable, the loan amount secured by the note and deed of trust is forgiven and use restrictions released.
- b. Grants: the filing of a financing statement through the State of California (UCC-1). After the end of the grant contract term, the UCC-1 filing will lapse and not be renewed.

3.07 – Matching Funds. There is no matching fund requirement.

3.08 – Shared Facility: Shelter facilities that are shared with other groups may be eligible for funding on a proportionate basis. Funds may support: 1) that part of the facility used by homeless; or 2) a proportionate share of the costs based on the extent of use of the facility by homeless.

3.09 – Faith-Based Facilities: Facilities rehabilitated using SNCIP funds for the purpose outlined in Section 2.04, may be used and may be intended to be used for sectarian instruction or as a place for religious worship.

3.10 - Recapture of Funds. HTSV shall be entitled to recapture a portion of SNCIP funds from the Recipient if, 1) for loans greater than \$200,000 within 10 years after project completion; or 2) for loans of \$200,000 or less within 5 years after project completion, if either of the following occurs:

- a. Recipient ceases to be a nonprofit agency.
- b. The facility is no longer used for provision of services for the Target Population.

Recaptured funds will be returned to the County of Santa Clara Office of Supportive Housing.

In the event of a default, the amount recaptured shall be calculated as follows:

Proportionate share of principal based on number of years, or fraction of the default year that the Recipient provided homeless shelter services as a nonprofit agency, under the terms and agreement as outlined in the Promissory Note.

## Chapter 4 – Application and Approval Process

4.01 – Application. Applications can be submitted by one or more eligible entities. If more than one entity is submitting a joint application, a Lead agency must be identified. The applications for the Safety Net Capital Improvement Program is available at <http://www.housingtrustsv.org/snci-homelessness>.

**All proposals require submission of evidence that the applicant is able to legally operate the proposed shelter, transitional housing or drop-in center, through proper zoning or conditional use permit, as may be required by jurisdictional regulations.**

### 1. Loan Application Documentation Requirements

- a. Demonstrated need and increase in service units/beds for the benefit of the TargetPopulation
- b. Detailed Scope of Work and estimates
- c. Complete set of design plans and specifications, *if applicable*
- d. Construction schedule
- e. Evidence of site control: Leasehold interest or ownership
- f. Copy of Appraisal completed within 60 days of application. HTSV maintains the discretion to request an appraisal or property valuation.
- g. Current Preliminary Title Report
- h. Three most recent audited financial statements
- i. Interim Financial Statements
- j. Project Budget
- k. Sources and Uses
- l. Operating Pro Forma
- m. 10-year Cash Flow Projection
- n. Service Plan
- o. Property Management Plan
- p. Relocation Plan, if applicable
- q. 3 year's Prior Operating Budget

### 2. Grant Application Documentation Requirements

- a. Demonstrated need and increase in service units/beds for the benefit of the TargetPopulation
- b. Detailed Scope of Work and estimates
- c. Construction schedule
- d. Evidence of site control: Leasehold interest or ownership
- e. Most recent audited financial statement
- f. Interim financial statements
- g. 5-year cash flow projections
- h. Service Plan

4.02 – Service Plan. The Service Plan must contain a description of the plan for service delivery including type of service, percentage increase in service (example: PSDs and/or beds), and the period of use of additional beds and services (example: annual, winter and/or inclement weather), that will meet the

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needs of homeless persons. Plan must also document plans to coordinate and utilize with other organizations serving the same homeless population.

4.03 - Application Review Process. Upon receipt of proposals, HTSV staff will conduct an initial review to determine whether the project is eligible and that the proposal is complete. The Applicant will be notified in writing if the initial review determines the proposal is either ineligible or incomplete. Staff may make requests for clarification to determine eligibility. Incomplete applications will be denied in writing.

4.04 – Review Committee. A Review Committee will be comprised of persons with knowledge or expertise capable of determining the best applicants under the Program, including members of the HTSV Program and Policy Committee and two County-designated panel members. The Review Committee will review all responses to this NOFA. It is the responsibility of the Review Committee to ensure that each application contains all the information and documents required to verify that the application is appropriate for funding. The Review Committee will evaluate the content of the applications and determine:

- Whether the proposed project appropriately addresses the identified needs, percentage increase in homeless service units or beds, number of homeless served, and coordination with and utilization of other agencies serving homeless;
- Whether Applicant has the experience in program management, particularly in programs serving the homeless;
- Whether the proposed project complies with existing state, county and city laws, ordinances, regulations and policies;
- Whether, the Applicant has the technical expertise and financial capacity to complete the proposed project; feasibility of timely implementation of the project; including meeting prevailing wage requirements;
- Whether cost estimates appear to be accurate and cost effective.

If an application is determined to be ineligible, the Applicant will be informed in writing and the application will be withdrawn from consideration.

**The Review Committee will evaluate applications based on information provided in the original submission, but reserves the option to request additional information for clarification purposes.**

The Review Committee may schedule interviews with Applicants to discuss their applications. Additionally, Review Committee members may visit the proposed project site(s), which may impact the final funding recommendation. Review Committee members may also call references provided by Applicants.

4.05 – Funding Recommendations. Following the interviews and site visits, if applicable, the Review Committee will score the respondents and recommend one or more Applicants who meet the minimum score requirement to HTSV for selection and negotiation of loan or grant agreements. Funding amounts may not be equal to the full amount requested in the application. At HTSV's discretion, the funding commitment may be increased or decreased based on funding availability and need. Once all available funding has been awarded, no further awards will be made.

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HTSV will confirm or revise the recommendations and will subsequently make tentative commitments. Final funding commitment will occur once an HTSV underwriter performs a full underwriting analysis of the approved projects and provides verification that the proposals are acceptable.

### Chapter 5 – General Responsibilities

5.01 – Licensing. Recipients must be in good standing with the State of California.

5.02 – Prevailing Wage Requirement. Recipients must adhere to the County of Santa Clara Prevailing Wage Requirements as outlined in Chapter 7 – Other Program Requirements, 7.01 – County of Santa Clara Prevailing Wage Requirements.

5.04 – Rehabilitation/Renovation. Properties rehabilitated with these funds shall be for the purpose of creating additional service capacity for the benefit of the Target Population. Under this eligible use, the Recipient shall be responsible for:

- a. Coordinating the development of the Scope of Work with HTSV approved contractors, which conforms to local regulations and requirements.
- b. Cost overruns in excess of the approved rehabilitation/renovation and contingency line items.
- c. Project coordination and management to ensure compliance.
- d. Obtaining all required permits and necessary fees paid to complete renovation/construction.
- e. Verification of current licenses and insurance policies of all contractors and subcontractors providing construction services.
- f. Site utilities, site security, builder's risk or other appropriate insurance and other cost generally associated with renovation/construction.
- g. Submit timely Progress Payment Requests as agreed upon.
- h. E. Obtaining all required permits and necessary fees paid to complete the installation.
- i. F. Verification of current license and insurance policy of the contractor providing installation services.

### Chapter 6 – Reporting Requirements

6.01 – Reporting Requirements. These Reporting Requirements are designed to comply with County of Santa Clara *Office of Supportive Housing* reporting provisions. Therefore, the reporting form and timing requirements for the SNCIP funds are:

- a. Recipient must submit a project progress report with each draw request, up to the completion of the project.
- b. Submit an annual service and performance goals plan for review and approval by May 15th, for the following program year.
- c. Submit a narrative annual performance report by July 15<sup>th</sup>, representing service performance and number of homeless persons served during the prior fiscal year (July 1 to June 30). Reports at a minimum shall include client demographic information, service provided and outcomes.

6.02 - HMIS Participation. All Recipients providing homeless services in receipt of funding from SNCIP are required to fully participate in the Homeless Management Information System (HMIS) and work

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closely with the HMIS Lead, to ensure the Recipient has the mechanisms, resources, and staffing in place to use the system appropriately and in a timely manner. Funded agencies are required to collect demographic information on all clients served by the funded projects, the services provided, and consent to release the information to HMIS Lead, agencies participating in HMIS and, Housing Trust Silicon Valley.

Funded agencies must utilize all appropriate aspects of HMIS in order to generate the statistical information required for reporting on all universal and program level elements of the HUD Data Standards. Statistical reports must be generated directly out of HMIS.

## Chapter 7 – Other Program Requirements

7.01 – County of Santa Clara Prevailing Wage Requirements. Recipients of the SNCIP funds must comply with the County of Santa Clara Prevailing Wage Requirements. Except for projects of \$1,000 or less, Vendors who perform building construction, alteration, demolition or repair must pay all workers on County-funded projects the prevailing wage pursuant to the California Labor Code, sections 1770 through 1777.7. A copy of the prevailing wage rate determination is issued by and available through the California Department of Industrial Relations at <http://www.dir.ca.gov/oprl/DPreWageDetermination.htm> and the U. S. Department of Labor at <http://www.wdol.gov/dba.aspx>.

7.02 – Non-Discrimination. Recipient shall comply with all applicable Federal, State and local laws and regulations, including Santa Clara County’s policies concerning nondiscrimination and equal opportunity in contracting. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; The Rehabilitation Act of 1973 (Sections 503 and 504); California Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, 1102, and 1102.1. Recipients shall not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation. Nor shall Recipient discriminate in provision of services provided under this contract because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status.

7.03 – No-Smoking Policy. Recipient and its employees, agents, sub-contractors and consultants, shall comply with the County of Santa Clara’s No-Smoking Policy under Chapter 5 of Division B13 of the Municipal Code at <https://library.municode.com/index.aspx?clientId=13790>.

7.04 – Nutrition Standards. Recipient shall comply with the County of Santa Clara Nutrition Standards based on the United States Department of Agriculture (USDA) *Dietary Guidelines for Americans 2010*, when County funds used to purchase beverages and food.

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County of Santa Clara Nutrition Standards can be found at

[http://www.sccgov.org/sites/planning/PlansPrograms/GeneralPlan/Health/Documents/NUTRITION\\_STANDARDARDS\\_2012.pdf](http://www.sccgov.org/sites/planning/PlansPrograms/GeneralPlan/Health/Documents/NUTRITION_STANDARDARDS_2012.pdf).

USDA Dietary Guidelines can be found at

<http://www.health.gov/dietaryguidelines/dga201/DietaryGuidelines2010.pdf>.

7.05 – Other Principles. Recipient warrants and agrees that Recipient shall be fiscally responsible during the Term of the Agreement and shall treat their employees fairly. To ensure compliance with these principles, Recipient represents warrants and agrees that it shall: (1) comply with all applicable federal, State, and local rules, regulations and laws; (2) maintain financial records, and make those records available upon request. Recipient further represents, warrants and agrees that Recipient will: (1) provide annually to HTSV, approved audited financial statements within 150 days from the end of the fiscal year; (2) provide updated or revised service plans, as applicable; and (3) upon HTSV’s request, provide HTSV reasonable access to facilities, financial and employee records that are related to the purpose of SNCIP, except where prohibited by federal or state laws, regulations or rules.

7.06 – Wage Theft Prevention. Recipient and its employees, agents, sub-contractors and consultants shall comply with all applicable federal, state, and local wage and hour laws, including, but not limited to, the Federal Fair Labor Standards Act, the California Labor Code, and any Minimum Wage Ordinance enacted by the County of Santa Clara or any city within the County of Santa Clara, pursuant to Santa Clara County Board of Supervisors Policy Manual, Section 5.5.5.4.

## Appendix A: Definitions

1. Approved Contractors: General contractors or subcontractors who have been preapproved by HTSV to perform the rehabilitation/renovation or repair work that will be funded with SNCI funds.
2. Applicant: Nonprofit private agency or organization, faith-based organizations, and any joint venture of public and nonprofit private agencies or organizations.
3. Eligible Entities: Eligible entities must have nonprofit status pursuant to Section 501(c)(3) of the Internal Revenue Code. Applicants must also demonstrate the capacity and resources to provide 24-hour shelter and appropriate services and programs for the Target Population.
4. Expansion: Increase in services or geographic locations into previously underserved areas within Santa Clara County.
5. Homeless: Individuals or families who are in shelters, transitional housing programs or who are living outside or in areas not meant for human habitation.
6. Nonprofit: An institution or organization which maintains nonprofit status pursuant to Section 501(c)(3) of the Internal Revenue Code, whereby no part of the net earnings benefit any private shareholder or individual.
7. PSD - Person service days: Each evening that a person is sheltered is counted as a PSD.
8. Recapture of Funds: Proportionate share of principal based on number of years, or fraction of the default year that the Recipient provided homeless shelter services as a nonprofit agency, under the terms and agreement as outlined in the Promissory Note. This will occur if recipient ceases to be a nonprofit agency, or the facility is no longer used for homeless shelter activities.
9. Recipient: Applicant approved for use of funds.
10. Rehabilitation/Renovation: Modifications to an existing facility which are necessary for cost-effective use as a homeless shelter, including restoration, repair, expansion, and all related physical improvements that will result in an increase of service units or beds.
11. Shelter: A facility that provides a variety of services to homeless persons to assist them with their immediate basic needs.
12. Services: Services provided in emergency shelters, transitional housing, and/or drop-in centers to the Target Population including, but not limited to providing them with access to shelter, food, mail, showers, restrooms, and laundry facilities.
13. Target Population: Homeless persons or families.
14. Transitional Housing: Housing that provides temporary residence for people experiencing homelessness, combined with services to assist the individual with developing stability in their lives.

