Packet of Background Materials

No Place Like Home Advisory Committee

No Place Like Home Statute

- Welfare and Institutions Code 5849 (18 pages)
- Government Code 15463 (2 pages)

No Place Like Home Advisory Committee Membership (2 pages)

- Lists the Committee Membership, as defined in statute.

About the California Department of Housing and Community Development (1 page)

- A brief summary of the role of the department.

California Housing Finance Agency MHSA Housing Program Overview (8 pages)

- A brief synopsis of the MHSA Housing program, a predecessor to the No Place Like Home Program.

No Place Like Home Proposed Program Framework (49 pages)

- Released in December 2016
- Public comment received through January 31, 2017
- The framework was released to elicit public comment in order to assist the Department of Housing and Community Development in creating draft program guidelines, which will also be released for public comment.
- The No Place Like Home Advisory Committee will review and make recommendations to the draft guidelines once they are available.

WELFARE AND INSTITUTIONS CODE - WIC

DIVISION 5. COMMUNITY MENTAL HEALTH SERVICES [5000 - 5952]

(Division 5 repealed and added by Stats. 1967, Ch. 1667.)

PART 3.9. The No Place Like Home Program [5849.1 - 5849.14]

(Part 3.9 added by Stats. 2016, Ch. 43, Sec. 5.)

5849.1.

(a) The Legislature finds and declares that this part is consistent with and furthers the purposes of the Mental Health Services Act, enacted by Proposition 63 at the November 2, 2004, statewide general election, within the meaning of Section 18 of that measure.

(b) The Legislature further finds and declares all of the following:

(1) Housing is a key factor for stabilization and recovery to occur and results in improved outcomes for individuals living with a mental illness.

(2) Untreated mental illness can increase the risk of homelessness, especially for single adults.

(3) California has the nation's largest homeless population that is disproportionally comprised of women with children, veterans, and the chronically homeless.

(4) California has the largest number of homeless veterans in the United States at 24 percent of the total population in our nation. Fifty percent of California's veterans live with serious mental illness and 70 percent have a substance use disorder.

(5) Fifty percent of mothers experiencing homelessness have experienced a major depressive episode since becoming homeless and 36 percent of these mothers live with post-traumatic stress disorder and 41 percent have a substance use disorder.

(6) Ninety-three percent of supportive housing tenants who live with mental illness and substance use disorders voluntarily participated in the services offered.

(7) Adults who receive 2 years of "whatever-it-takes," or Full Service Partnership services, experience a 68 percent reduction in homelessness.

(8) For every dollar of bond funds invested in permanent supportive housing, the state and local governments can leverage a significant amount of additional dollars through tax credits, Medicaid health services funding, and other housing development funds.

(9) Tenants of permanent supportive housing reduced their visits to the emergency department by 56 percent, and their hospital admissions by 45 percent.

(10) The cost in public services for a chronically homeless Californian ranges from $60,000 to $100,000 annually. When housed, these costs are cut in half and some reports show reductions in cost of more than 70 percent, including potentially less involvement with the health and criminal justice systems.

(11) Californians have identified homelessness as their top tier priority; this measure seeks to address the needs of the most vulnerable people within this population.

(12) Having counties provide mental health programming and services is a benefit to the state.

(13) The Department of Housing and Community Development is the state entity with sufficient expertise to implement and oversee a grant or loan program for permanent supportive housing of the target population.

(14) The California Health Facilities Financing Authority is authorized by law to issue bonds and to consult with the Mental Health Services Oversight and Accountability Commission and the State Department of Health Care Services concerning the implementation of a grant or loan program for California counties to support the development of programs that increase access to, and capacity for, crisis mental health services. It is therefore appropriate for the authority to issue bonds and contract for services with the Department of Housing and Community Development to provide grants or loans to California counties for permanent supportive housing for the target population.

(15) Use of bond funding will accelerate the availability of funding for the grant or loan program to provide permanent supportive housing for the target population as compared to relying on annual allocations from the Mental Health Services Fund and better allow counties to provide permanent supportive housing for homeless individuals living with mental illness.

(16) The findings and declarations set forth in subdivision (c) of Section 5849.35 are hereby incorporated herein.

(Amended by Stats. 2016, Ch. 322, Sec. 2. Effective September 13, 2016.)

5849.2.

As used in this part, the following definitions shall apply:

(a) "At risk of chronic homelessness" includes, but is not limited to, persons who are at high risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others, as defined in program guidelines.

(b) "Authority" means the California Health Facilities Financing Authority established pursuant to Part 7.2 (commencing with Section 15430) of Division 3 of Title 2 of the Government Code.

(c) "Chronically homeless" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on May 1, 2016.

(d) "Commission" means the Mental Health Services Oversight and Accountability Commission established by Section 5845.

(e) "Committee" means the No Place Like Home Program Advisory Committee established pursuant to Section 5849.3.

(f) "County" includes, but is not limited to, a city and county, and a city receiving funds pursuant to Section 5701.5.

(g) "Department" means the Department of Housing and Community Development.

(h) "Development sponsor" has the same meaning as "sponsor" as defined in Section 50675.2 of the Health and Safety Code.

(i) "Fund" means the No Place Like Home Fund established pursuant to Section 5849.4.

(j) "Homeless" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on May 1, 2016.

(k) "Permanent supportive housing" has the same meaning as "supportive housing," as defined in Section 50675.14 of the Health and Safety Code, except that "permanent supportive housing" shall include associated facilities if used to provide services to housing residents.

(l) "Program" means the process for awarding funds and distributing moneys to applicants established in Sections 5849.7, 5849.8, and 5849.9 and the ongoing monitoring and enforcement of the applicants' activities pursuant to Sections 5849.8, 5849.9, and 5849.11.

(1) "Competitive program" means that portion of the program established by Section 5849.8.

(2) "Distribution program" means that portion of the program described in Section 5849.9.

(m) "Target population" means individuals or households as provided in Section 5600.3 who are homeless, chronically homeless, or at risk of chronic homelessness.

(Amended by Stats. 2016, Ch. 322, Sec. 3. Effective September 13, 2016.)

5849.3.

(a) There is hereby established the No Place Like Home Program Advisory Committee. Membership on the committee shall be as follows:

(1) The Director of Housing and Community Development, or his or her designee, who shall serve as the chairperson of the committee.

(2) The Director of Health Care Services, or his or her designee, and an additional representative.

(3) The Secretary of Veterans Affairs, or his or her designee.

(4) The Director of Social Services, or his or her designee.

(5) The Treasurer, or his or her designee.

(6) The Chair of the Mental Health Services Oversight and Accountability Commission, or his or her designee.

(7) A chief administrative officer of a small county or a member of a county board of supervisors of a small county, as provided by subdivision (d) of Section 5849.6, to be appointed by the Governor.

(8) A chief administrative officer of a large county or a member of a county board of supervisors of a large county, as provided by subdivision (b) of Section 5849.6, to be appointed by the Governor.

(9) A director of a county behavioral health department, to be appointed by the Governor.

(10) An administrative officer of a city, to be appointed by the Governor.

(11) A representative of an affordable housing organization, to be appointed by the Speaker of the Assembly.

(12) A resident of supportive housing, to be appointed by the Governor.

(13) A representative of a community mental health organization, to be appointed by the Senate Committee on Rules.

(14) A representative of a local or regional continuum of care organization that coordinates homelessness funding, to be appointed by the Governor.

(b) The committee shall do all of the following:

(1) Assist and advise the department in the implementation of the program.

(2) Review and make recommendations on the department's guidelines.

(3) Review the department's progress in distributing moneys pursuant to this part.

(4) Provide advice and guidance more broadly on statewide homelessness issues.

(Amended by Stats. 2016, Ch. 322, Sec. 4. Effective September 13, 2016.)

5849.35.

(a) The authority may do all of the following:

(1) Consult with the commission and the State Department of Health Care Services concerning the implementation of the No Place Like Home Program, including the review of annual reports provided to the authority by the department pursuant to Section 5849.11.

(2) Enter into one or more contracts with the department for the department to provide, and the authority to pay the department for providing, services described in Sections 5849.7, 5849.8, and 5849.9, related to permanent supportive housing for the target population. Prior to entering into any contract pursuant to this paragraph, the executive director of the authority shall transmit to the commission a copy of the contract in substantially final form. The contract shall be deemed approved by the commission unless it acts within 10 days to disapprove the contract.

(3) On or before June 15 and December 15 of each year, the authority shall certify to the Controller the amounts the authority is required to pay as provided in Section 5890 for the following six month period to the department pursuant to any service contract entered into pursuant to paragraph (2).

(b) The department may do all of the following:

(1) Enter into one or more contracts with the authority to provide services described in Sections 5849.7, 5849.8, and 5849.9, related to permanent supportive housing for the target population. Payments received by the department under any service contract authorized by this paragraph shall be used, prior to any other allocation or distribution, to repay loans from the authority pursuant to Section 15463 of the Government Code.

(2) Enter into one or more loan agreements with the authority as security for the repayment of the revenue bonds issued by the authority pursuant to Section 15463 of the Government Code. The department shall deposit the proceeds of these loans, excluding any refinancing loans to redeem, refund, or retire bonds, into the fund. The department's obligations to make payments under these loan agreements shall be limited obligations payable solely from amounts received pursuant to its service contracts with the authority.

(3) The department may pledge and assign its right to receive all or a portion of the payments under the service contracts entered into pursuant to paragraph (1) directly to the authority or its bond trustee for the payment of principal, premiums, if any, and interest under any loan agreement authorized by paragraph (2).

(c) The Legislature hereby finds and declares both of the following:

(1) The consideration to be paid by the authority to the department for the services provided pursuant to the contracts authorized by paragraph (2) of subdivision (a) and paragraph (1) of subdivision (b) is fair and reasonable and in the public interest.

(2) The service contracts and payments made by the authority to the department pursuant to a service contract authorized by paragraph (2) of subdivision (a) and paragraph (1) of subdivision (b) and the loan agreements and loan repayments made by the department to the authority pursuant to a loan agreement authorized by paragraph (2) of subdivision (b) shall not constitute a debt or liability, or a pledge of the faith and credit, of the state or any political subdivision.

(d) The state hereby covenants with the holders from time to time of any bonds issued by the authority pursuant to Section 15463 of the Government Code that it will not alter, amend, or restrict the provisions of this section, subdivision (f) of Section 5890, or subdivision (b) of Section 5891 in any manner adverse to the interests of those bondholders so long as any of those bonds remain outstanding. The authority may include this covenant in the resolution, indenture, or other documents governing the bonds.

(e) Agreements under this section are not subject to, and need not comply with, the requirements of any other law applicable to the execution of those agreements, including, but not limited to, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(f) Part 2 (commencing with Section 10290) of Division 2 of the Public Contract Code shall not apply to any contract entered into between the authority and the department under this section.

(Added by Stats. 2016, Ch. 322, Sec. 5. Effective September 13, 2016.)

5849.4.

(a) The No Place Like Home Fund is hereby created within the State Treasury and, notwithstanding Section 13340 of the Government Code, continuously appropriated to the department, the authority, and the Treasurer for the purposes of this part. Accounts and subaccounts may be created within the fund as needed. Up to 5 percent of the amount deposited in the fund may be used for administrative expenses in implementing this part.

(b) There shall be paid into the fund the following:

(1) Any moneys from the receipt of loan proceeds by the department derived from the issuance of bonds by the authority under subdivision (b) of Section 15463 of the Government Code.

(2) Any other federal or state grant, or from any private donation or grant, for the purposes of this part.

(3) Any interest payment, loan repayments, or other return of funds.

(Amended by Stats. 2016, Ch. 322, Sec. 6. Effective September 13, 2016.)

5849.5.

The department may adopt guidelines or regulations, including emergency regulations to expedite the award of moneys pursuant to this part, in consultation with the California State Association of Counties and other stakeholders, as necessary to exercise the powers and perform the duties conferred or imposed on it by this part. Any guideline or regulation adopted pursuant to this section shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The department shall consult with key stakeholders, including, but not limited to, counties.

(Amended by Stats. 2016, Ch. 322, Sec. 7. Effective September 13, 2016.)

5849.6.

For the purpose of administering Sections 5849.7 and 5849.8, the department shall organize counties into the following competitive groupings based on population:

(a) The County of Los Angeles.

(b) Large counties with a population greater than 750,000.

(c) Medium counties with a population between 200,000 to 750,000.

(d) Small counties with a population less than 200,000.

The competitive program shall distribute funding among the groupings based on a calculation made by the department that shall include the number of homeless persons residing within each county, as determined by the department, and considers minimum funding levels necessary for a permanent supportive housing development. The department, at its discretion, may consider other factors in the calculation if it supports the objectives of this part.

(Added by Stats. 2016, Ch. 43, Sec. 5. Effective July 1, 2016.)

5849.7.

(a) In order to finance permanent supportive housing for the target population, the department may enter into one or more contracts with the authority as authorized pursuant to Section 5849.35 to provide services for the benefit of the people of the state as described in this section and Sections 5849.8 and 5849.9. The department shall use its best efforts to provide or cause to be provided permanent supportive housing for the target population in consideration for service contract payments to be received from the authority.

(b) Under any service contract with the authority, the department shall administer a competitive program, pursuant to Section 5849.8, and distribution program, pursuant to Section 5849.9, for awarding a total amount not to exceed two billion dollars ($2,000,000,000) among counties to finance capital costs including, but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for the target population. For purposes of this section and Sections 5849.8 and 5849.9, measurement of the dollar limit on amounts to be distributed by the department shall be based on the principal amount of bonds issued by the authority and loaned to the department, exclusive of any refunding bonds but including any net premium derived from the sale of the bonds, for deposit in the fund. There shall be no dollar limit on the distribution of

moneys in the fund derived from the sources described in paragraphs (2) and (3) of subdivision (b) of Section 5849.4.

(c) For the competitive program established by Section 5849.8, the following shall apply:

(1) A county may apply as the sole applicant if it is the development sponsor or jointly with a separate entity as development sponsor.

(2) Funded developments shall integrate the target population with the general public.

(3) Funded developments shall utilize low barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services.

(4) The guidelines may provide for alternative housing models, such as shared housing models of fewer than five units. Integration requirements may be modified in shared housing.

(5) Funds shall be offered as deferred payment loans to finance capital costs including acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves of, permanent supportive housing for the target population.

(6) The department shall adopt guidelines establishing income and rent standards.

(Amended by Stats. 2016, Ch. 322, Sec. 8. Effective September 13, 2016.)

5849.8.

(a) Under any service contract entered into pursuant to Section 5849.35, the department may allocate an amount not to exceed one billion eight hundred million dollars ($1,800,000,000) from the fund for the purposes of the competitive program described in this subdivision and the alternative process described in subdivision (b). The department shall develop a competitive application process for the purpose of awarding moneys pursuant to this section. In considering applications, the department shall do all of the following:

(1) Restrict eligibility to applicants that meet the following minimum criteria:

(A) The county commits to provide mental health supportive services and to coordinate the provision of or referral to other services, including, but not limited to, substance use treatment services, to the tenants of the supportive housing development for at least 20 years. Services shall be provided onsite at the supportive housing development or in a location otherwise easily accessible to tenants. The county may use, but is not restricted to using, any of the following available funding sources as allowed by state and federal law:

(i) The Local Mental Health Services Fund established pursuant to subdivision (f) of Section 5892.

(ii) The Mental Health Account within the Local Health Welfare Trust Fund established pursuant to Section 17600.10.

(iii) The Behavioral Health Subaccount within the County Local Revenue Fund 2011 established pursuant to paragraph (4) of subdivision (f) of Section 30025 of the Government Code.

(iv) Funds received from other private or public entities.

(v) Other county funds.

(B) The county has developed a county plan to combat homelessness, which includes a description of homelessness countywide, any special challenges or barriers to serving the target population, county resources applied to address the issue, available community-based resources, an outline of partners and collaborations, and proposed solutions.

(C) Meet other threshold requirements including, but not limited to, developer capacity to develop, own, and operate a permanent supportive housing development for the target population, application proposes a financially feasible development with reasonable development costs.

(2) The department shall evaluate applications using, at minimum, the following criteria:

(A) The extent to which units assisted by the program are restricted to persons who are chronically homeless or at risk of chronic homelessness within the target population.

(B) The extent to which funds are leveraged for capital costs.

(C) The extent to which projects achieve deeper affordability through the use of non-state project-based rental assistance, operating subsidies, or other funding.

(D) Project readiness.

(E) The extent to which applicants offer a range of onsite and off-site supportive services to tenants, including mental health services, behavioral health services, primary health, employment, and other tenancy support services.

(F) Past history of implementing programs that use evidence-based best practices that have led to the reduction of the number of chronic homeless or at risk of chronic homelessness individuals within the target population.

(b) The department may establish an alternative process for allocating funds directly to counties, as calculated in Section 5849.6, with at least 5 percent of the state's homeless population and that demonstrate the capacity to directly administer loan funds for permanent supportive housing serving the target population and the ability to prioritize individuals with mental health supportive needs who are homeless or at risk of chronic homelessness, consistent with this part and as determined by the department. The department shall adopt guidelines establishing the parameters of an alternative process, if any, and requirements for local administration of funds, including, but not limited to, project selection process, eligible use of funds, loan terms, rent and occupancy restrictions, provision of services, and reporting and monitoring requirements. Counties participating in the alternative process shall not be eligible for the competitive process and shall be limited to funds in proportion to their share of the percentage of the statewide homeless population, as calculated by the department in Section 5849.6. Funds not committed to supportive housing developments within two years following award of funds to counties shall be returned to the state for the purposes of the competitive program. The department shall consider the following when selecting participating counties:

(1) Demonstrated ability to finance permanent supportive housing with local and federal funds, and monitor requirements for the life of the loan.

(2) Past history of delivering supportive services to the target population in housing.

(3) Past history of committing project-based vouchers to supportive housing.

(4) Ability to prioritize the most vulnerable within the target population through coordinated entry system.

(c) The department shall set aside 8 percent of funds offered in Rounds 1 through 4, inclusive, for the competitive program for small counties as provided in subdivision (d) of Section 5849.6.

(d) The department shall award funds for the competitive program in at least four rounds as follows:

(1) The department shall issue its first request for proposal for the competitive program no later than 180 days after the effective date of a final judgment, with no further opportunity for appeals, in any court proceeding affirming the validity of the contracts authorized by the authority and the department pursuant to Section 5849.35 and any bonds authorized to be issued by the authority pursuant to Section 15463 of the Government Code and any contracts related to those bonds.

(2) The second round shall be completed no later than one year after the completion of the first round.

(3) The third round shall be completed no later than one year after the completion of the second round.

(4) The fourth round shall be completed no later than one year after the completion of the third round.

(5) Subsequent rounds shall occur annually thereafter in order to fully exhaust remaining funds and the department may discontinue the use of the competitive groupings in Section 5849.6, the alternative process in subdivision (b) for any funds not awarded by the county, and the rural set aside funds as set forth in subdivision (c).

(e) (1) Any loans made by the department pursuant to this section shall be in the form of secured deferred payment loans to pay for the eligible costs of development. All unpaid principal and accumulated interest is due and payable no later than completion of the term of the loan, which shall be established through program guidelines adopted pursuant to Section 5849.5. The loan shall bear simple interest at a rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. For the first 15 years of the loan term, the amount of the required loan payments shall not exceed forty-two hundredths of 1 percent per annum.

(2) The department may establish maximum loan-to-value requirements for some or all of the types of projects that are eligible for funding under this part, which shall be established through program guidelines adopted pursuant to Section 5849.5.

(3) The department shall establish per-unit and per-project loan limits for all project types.

(f) (1) The department may designate an amount not to exceed 4 percent of funds allocated for the competitive program, not including funding allocated pursuant to subdivision (b), in order to cure or avert a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this part. The funds so designated shall be known as the "default reserve."

(2) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assistance pursuant to this part to protect the department's security interest.

(3) The payment or advance of funds by the department pursuant to this subdivision shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

(g) (1) Prior to disbursement of any funds for loans made pursuant to this section, the department shall enter into a regulatory agreement with the development sponsor that provides for all of the following:

(A) Sets standards for tenant selection to ensure occupancy of assisted units by eligible households of very low and low income for the term of the agreement.

(B) Governs the terms of occupancy agreements.

(C) Contains provisions to maintain affordable rent levels to serve eligible households.

(D) Provides for periodic inspections and review of year-end fiscal audits and related reports by the department.

(E) Permits a developer to distribute earnings in an amount established by the department and based on the number of units in the rental housing development.

(F) Has a term for not less than the original term of the loan.

(G) Contains any other provisions necessary to carry out the purposes of this part.

(2) The agreement shall be binding upon the developer and successors in interest upon sale or transfer of the rental housing development regardless of any prepayment of the loan.

(3) The agreement shall be recorded in the office of the county recorder in the county in which the real property subject to the agreement is located.

(h) (1) The department shall monitor county compliance with applicable program regulations, loan agreements and regulatory agreements and any agreements related to the program that designate the department as a third-party beneficiary, and enforce those regulations and agreements to the extent necessary and desirable in order to provide, to the greatest degree possible, the successful provision of permanent supportive housing.

(2) The department shall annually report to the authority the status of its efforts pursuant to this section and Section 5849.9, as set forth in Section 5849.11.

(i) The department may provide technical assistance to counties or developers of supportive housing to facilitate the construction of permanent supportive housing for the target population.

(Amended by Stats. 2016, Ch. 322, Sec. 9. Effective September 13, 2016.)

5849.9.

(a) Under any service contract entered into under Section 5849.35, in addition to the competitive program established by Section 5849.8, the department may distribute an amount not to exceed two hundred million dollars ($200,000,000) from the fund on an "over-the-counter" basis to finance the construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for individuals in the target population with a priority for those with mental health supportive needs who are homeless or at risk of chronic homelessness. Funds to be awarded pursuant to this section shall be available to all counties within the state proportionate to the number of homeless persons residing within each county as calculated in Section 5849.6 or in the amount of five hundred thousand dollars ($500,000), whichever is greater. A county receiving these funds shall commit to provide mental health supportive services and coordinate the provision of, or referral to, other services, including, but not limited to, substance abuse treatment services, to the tenants of the supportive housing development for at least 20 years. Services shall be provided onsite at the supportive housing development or at a location otherwise easily accessible to the tenants.

(b) Funds not awarded within 18 months following the first allocation of moneys in accordance with subdivision (d) shall be used for the purposes of the competitive program.

(c) The moneys described in subdivision (a) shall be administered either in accordance with the procedures for awarding funds to local agencies established by the existing Mental Health Services Act housing program administered by the State Department of Health Care Services and the California Housing Finance Agency or alternative procedures developed by the department for distributing these moneys that enhance the efficiency and goals of the distribution program.

(d) The department shall make the first allocation of moneys pursuant to this section as soon as reasonably practical and in any event no later than 150 days after the effective date of a final judgment, with no further opportunity for appeals, in any court proceeding affirming the validity of the contracts authorized by the authority and the department pursuant to Section 5849.35 and any bonds authorized to be issued by the authority pursuant to Section 15463 of the Government Code and any contracts related to those bonds.

(Amended by Stats. 2016, Ch. 322, Sec. 10. Effective September 13, 2016.)

5849.10.

(a) The sum of six million two hundred thousand dollars ($6,200,000) is hereby appropriated from the Mental Health Services Fund to the department to provide technical and application preparation assistance to counties.

(b) Eligible use of technical and application preparation assistance shall include, but is not limited to, assistance in performing one or more of the following activities:

(1) Applying for program funds.

(2) Implementing activities funded by moneys distributed pursuant to this part, including the development of supportive housing for the target population.

(3) Coordinating funded activities with local homelessness systems, including coordinated access systems developed pursuant to Section 578.7(a)(8) of Title 24 of the Code of Federal Regulations, as that section read on May 1, 2016.

(4) Delivering a range of supportive services to tenants.

(5) Collecting data, evaluating program activities, and sharing data among multiple systems, such as the Mental Health Services Act, enacted by Proposition 63 at the November 2, 2004, statewide general election, the Medi-Cal Act (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9) and implementing regulations, and homelessness systems.

(c) The department shall provide funds to a county upon application as follows:

(1) To a large county and to the County of Los Angeles, the department shall provide one hundred fifty thousand dollars ($150,000).

(2) To a medium county, the department shall provide one hundred thousand dollars ($100,000).

(3) To a small county, the department shall provide seventy-five thousand dollars ($75,000).

(d) If a county does not expend the moneys allocated pursuant to subdivision (c) by June 30, 2020, those moneys shall be used to augment the funding pursuant to subdivision (e).

(e) The department may contract for expert technical assistance and application preparation assistance. The department shall deploy such assistance to counties based upon a process to be defined in guidelines.

(f) The department may establish a unit for the purpose of providing technical assistance to counties.

(Added by Stats. 2016, Ch. 43, Sec. 5. Effective July 1, 2016.)

5849.11.

(a) The counties shall annually report to the department on activities funded under this part, including information on the funded supportive housing development. Reported information shall include location of projects, number of units assisted, occupancy restrictions, number of individuals and households served, related income levels, and homeless, veteran, and mental health status.

(b) The department shall submit a report on the program to the Legislature by December 31 of each year, commencing with the year after the first full year in which the program is in effect. The report shall contain the following:

(1) The processes established for distributing funds.

(2) The distribution of funds among counties.

(3) Any recommendations as to modifications to the program for the purpose of improving efficiency or furthering the goals of the program.

(c) The report required to be submitted by subdivision (b) shall be submitted in compliance with Section 9795 of the Government Code.

(d) The department shall submit a report to the authority by December 31 of each year, commencing with the year after the first full year in which the program is in effect, that contains the information described in subdivision (a) and paragraphs (1) and (2) of subdivision (b) for all counties participating in the program and the services that have been provided pursuant to any service contracts entered into pursuant to Section 5849.35.

(Amended by Stats. 2016, Ch. 322, Sec. 11. Effective September 13, 2016.)

5849.12.

(a) Upon an appropriation of funds for the purpose of this section, the department shall contract with a public or private research university in this state to evaluate the program. The department shall develop the research design and issue a request for proposal for a contract for the evaluation, with the assistance of the Legislative Analyst's Office and the Department of Finance.

(b) The department shall submit the final research design and request for proposal required by subdivision (a) to the Chairperson of the Joint Legislative Budget Committee no more than 30 days prior to executing a contract for the evaluation.

(Added by Stats. 2016, Ch. 43, Sec. 5. Effective July 1, 2016.)

5849.13.

An action to determine the validity of any contract or loan authorized pursuant to Section 5849.35 or of any bond authorized to be issued pursuant to Section 15463 of the Government Code, and any contracts related to those bonds, may be brought in accordance with Section 17700 of the Government Code.

(Repealed and added by Stats. 2016, Ch. 322, Sec. 13. Effective September 13, 2016.)

5849.14.

The Department of Finance may authorize one or more loans from the General Fund to the No Place Like Home Fund for cashflow purposes in an aggregate amount not to exceed two million dollars ($2,000,000) subject to the following conditions:

(a) The loans are for either of the following purposes:

(1) To allow the department to begin program implementation activities, including, but not limited to, drafting program guidelines and regulations.

(2) To allow the department, the authority, and the Treasurer to implement Section 5849.35 of this Code and Section 15463 of the Government Code, including, but not limited to, payment for financial advisory and legal services to prepare for, and in connection with, any validation action pursuant to Section 5849.13 or any other court action regarding this part or Section 15463 of the Government Code.

(b) The loans are short term, and shall be repaid within 30 days after the deposit of bond proceeds into the fund pursuant to paragraph (1) of subdivision (b) of Section 5849.4.

(c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.

(Amended by Stats. 2016, Ch. 322, Sec. 14. Effective September 13, 2016.)

Government Code 15463.

(a) For purposes of this section, the following definitions shall apply:
(1) "No Place Like Home Program" has the same meaning as "program" as defined in Section 5849.2 of the Welfare and Institutions Code.
(2) "No Place Like Home Fund" means the No Place Like Home Fund established pursuant to Section 5849.4 of the Welfare and Institutions Code.
(3) "Permanent supportive housing" has the same meaning as "supportive housing" as defined in Section 50675.14 of the Health and Safety Code, except that "permanent supportive housing" shall include associated facilities if used to provide services to housing residents.
(b) The authority may issue taxable or tax-exempt revenue bonds in an amount not to exceed two billion dollars ($2,000,000,000), exclusive of refunding bonds but including any net premium derived from the sale of the bonds, pursuant to Sections 15441 to 15450, inclusive, for the purpose of financing permanent supportive housing pursuant to the No Place Like Home Program and through loans under subdivision (d). The authority may also utilize bond proceeds to fund necessary reserves for principal and interest, capitalized interest, credit enhancement or liquidity costs, costs of issuance, administrative expenses under Section 5849.4 of the Welfare and Institutions Code, and to reimburse loans under Section 5849.14 of the Welfare and Institutions Code.
(c) The authority may provide for the issuance of bonds of the authority for the purpose of redeeming, refunding, or retiring any bonds or any series or issue of bonds then outstanding issued under subdivision (b), including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption, purchase, or maturity of the bonds. Subdivisions (b) and (c) of Section 15446 apply to, and in connection with, bonds issued under this subdivision. Sections 15441 to 15445, inclusive, and Sections 15447 to 15450, inclusive, apply to, and in connection with, bonds issued under this subdivision in the same manner and to the same extent as bonds issued under subdivision (b).
(d) The authority may make secured or unsecured loans to the Department of Housing and Community Development in connection with financing permanent supportive housing pursuant to the No Place Like Home Program or to refund bonds previously issued pursuant to this section, in accordance with an agreement between the authority and the Department of Housing and Community Development. Loan proceeds may also be used to fund reserves for principal and interest, capitalized interest, credit enhancement and liquidity costs, expenses of funding, financing, and refinancing, administrative expenses under Section 5849.4 of the Welfare and Institutions Code, and to reimburse loans under Section 5849.14 of the Welfare and Institutions Code.
(e) Each of the authority and the Department of Housing and Community Development may enter into any agreement for credit enhancement or liquidity, execute any instruments, and do any other acts it deems necessary, convenient, or desirable in connection with revenue bonds issued pursuant to this section or carry out any power expressly granted pursuant to this section.
(f) (1) This section provides a complete, additional, and alternative method for performing the acts authorized by this section and shall be construed as supplemental and additional to powers conferred by other laws; provided, however,

that the issuance of the bonds and refunding bonds and the execution of any agreements under this section are not subject to, and need not comply with, the requirements of any other law applicable to the issuance of those bonds or refunding bonds and the execution of those agreements, including, but not limited to, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(2) Except as provided in paragraph (1), funding or financing under this section shall not exempt the permanent supportive housing from the requirements of any other law otherwise applicable to the permanent supportive housing.

(Added by Stats. 2016, Ch. 322, Sec. 1. Effective September 13, 2016.)

No Place Like Home Advisory Committee

Designated by Statute	Member	Title
Director of Housing and Community Development, Chair	Ben Metcalf	Director of Housing and Community Development
Director of Health Care Services or Designee	Mari Cantwell	Chief Deputy Director-Health Care Programs
Department of Health Care Services Additional Representative	Karen Baylor	Deputy Director-Mental Health & Substance Use Disorder Services
Secretary of Veterans Affairs or Designee	Keith Boylan	Deputy Secretary, Veterans Services
Director of Social Services or Designee	Alicia Sutton	Housing Branch Chief
State Treasurer or Designee	Vince Brown Tim Schaefer (Alternate)	Deputy Treasurer for Administration and Fiscal Policy Deputy Treasurer, Public Finance
Chair of the Mental Health Services Oversight and Accountability Commission or Designee	Toby Ewing	Executive Director of Mental Health Services Oversight and Accountability Commission

Governor's Appointees:

Appointment Criteria	Appointee	Title
Chief Administrative Officer or Member of a County Board of Supervisors, Small County	Robert Bendorf	County Administrator for Yuba County
Chief Administrative Officer or Member of a County Board of Supervisors, Large County	Patrick Kennedy	Supervisor for District Two on the Sacramento County Board of Supervisors
Director of a County Behavioral Health Department	Alfredo Aguirre	Director of Behavioral Health-San Diego County Health and Human Services Agency
Administrative Officer of a City	Jacqueline "Jacky" Morales-Ferrand	Director at the City of San Jose Housing Department

No Place Like Home Advisory Committee

Resident of Supportive Housing	Vacant	
Representative of a Local or Regional Continuum of Care Organization that Coordinates Homelessness Funding	Va Lecia Adams-Kellum	President and CEO at the St. Joseph Center

Senate Rules Committee Appointee:

Appointment Criteria	**Appointee**	**Title**
Representative of a Community Mental Health Organization	Maggie Merritt	Executive Director of the Steinberg Institute

Speaker of the Assembly Appointee:

Appointment Criteria	**Appointee**	**Title**
Representative of an Affordable Housing Organization	Vacant	

About the California Department of Housing and Community Development (HCD)

Our Mission: Provide leadership, policies, and programs to preserve and expand safe and affordable housing opportunities and promote strong communities for all Californians

- **Grants and Funding** — By administering programs that provide grants and loans (from both state and federal housing programs), HCD creates rental and homeownership opportunities for Californians from all walks of life, including veterans, seniors, young families starting out, people with disabilities, farmworkers, and individuals and families who are experiencing homelessness and trying to get back on their feet. Over the last three decades, HCD has provided more than three billion dollars of funding for the development of affordable housing and associated infrastructure, but HCD's role does not end once the awards are made. Through long-term monitoring, HCD ensures the developments continue to provide safe and affordable homes, and that the homes remain well-maintained and financially sound.
- **Mobilehome Registration** — Similar to the way California's Department of Motor Vehicles manages titling and registration for automobiles, HCD manages the titling and registration for mobilehomes. HCD also protects families and individuals who live in mobilehomes by inspecting mobilehome parks (in areas where the local government has not assumed enforcement) for health and safety violations. HCD further protects consumers by enforcing regulations for those who build and sell manufactured homes.
- **Building Standards** — HCD protects the health and safety of Californians by enforcing standards for housing construction and maintenance of farmworker housing and manufactured/factory-built homes. HCD also proposes amendments to California's residential building standards for new construction to the California Building Standards Commission and helps train local government inspectors to better understand the new requirements. HCD creates specialized standards for CALGreen (the nation's first mandated green-building code).
- **Planning and Community Development** — As a basic human need, housing is one of the most important parts of any community, and how we plan for housing has wide reaching impacts on the environment, education, health, and the economy. HCD plays a critical role in the housing-planning process, which was designed to ensure that communities plan housing that meet the needs of everyone in California's communities. HCD works with each region to determine the region's housing need, and then reviews every city and county's housing plan (the housing element of the general plan) to determine whether or not the plan complies with state law.
- **Policy and Research** — HCD develops policies that support housing and community development, and conducts research and analysis of California's housing markets and needs. HCD produces California's Statewide Housing Plan (required by state law), California's "Consolidated Plan" (required for California to receive millions of federal dollars for housing and community development), and other special reports.

CalHFA℠

CALIFORNIA HOUSING FINANCE AGENCY

MHSA Housing Program Overview

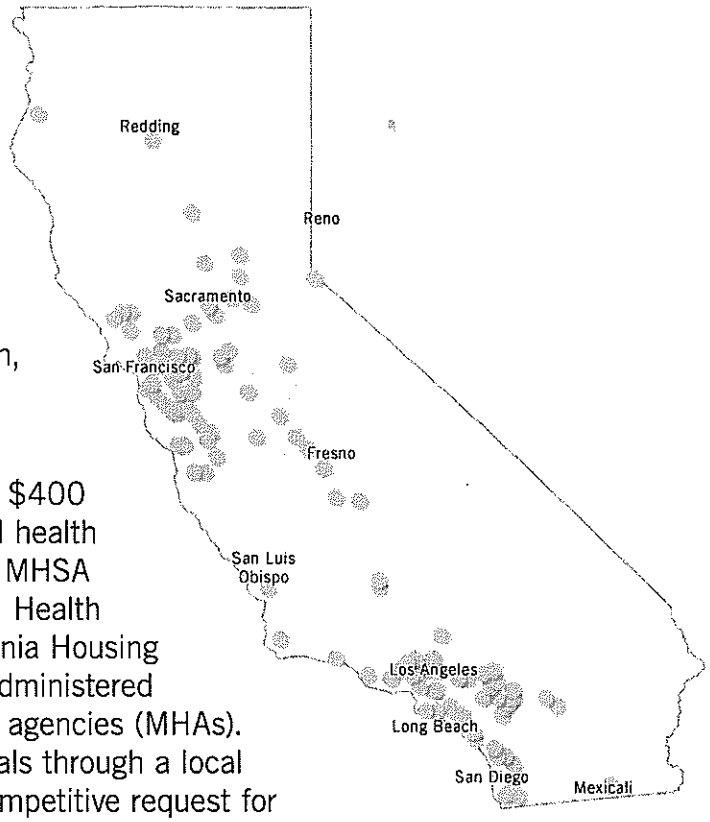
Housing Component of the Mental Health Services Act

JULY, 2016

MHSA Housing Program Overview

The Mental Health Service Act Housing Program was developed in 2008 as a result of voter approved Proposition 63 and offers permanent financing and capitalized operating subsidies for the development of permanent supportive housing to serve persons with serious mental illness and their families who are homeless or at risk of homelessness. MHSA Housing Program funds are allocated for the development, acquisition, construction, and/or rehabilitation of permanent supportive housing.

Statewide Distribution of Funded Properties



Using a one-time MHSA appropriation of $400 million shared by 51 participating mental health agencies, the participants assigned their MHSA funds to California Department of Mental Health (DMH), who assigned them to the California Housing Finance Agency (CalHFA) who, in turn, administered the funds on behalf of the mental health agencies (MHAs). MHAs generally solicited housing proposals through a local over-the-counter process or through a competitive request for housing proposals. The goal of each MHA was to award funds to those projects that best leveraged the limited MHSA resources, while still meeting the need to create permanent supportive housing opportunities across the state, while providing greater accessibility and integration of housing in communities.

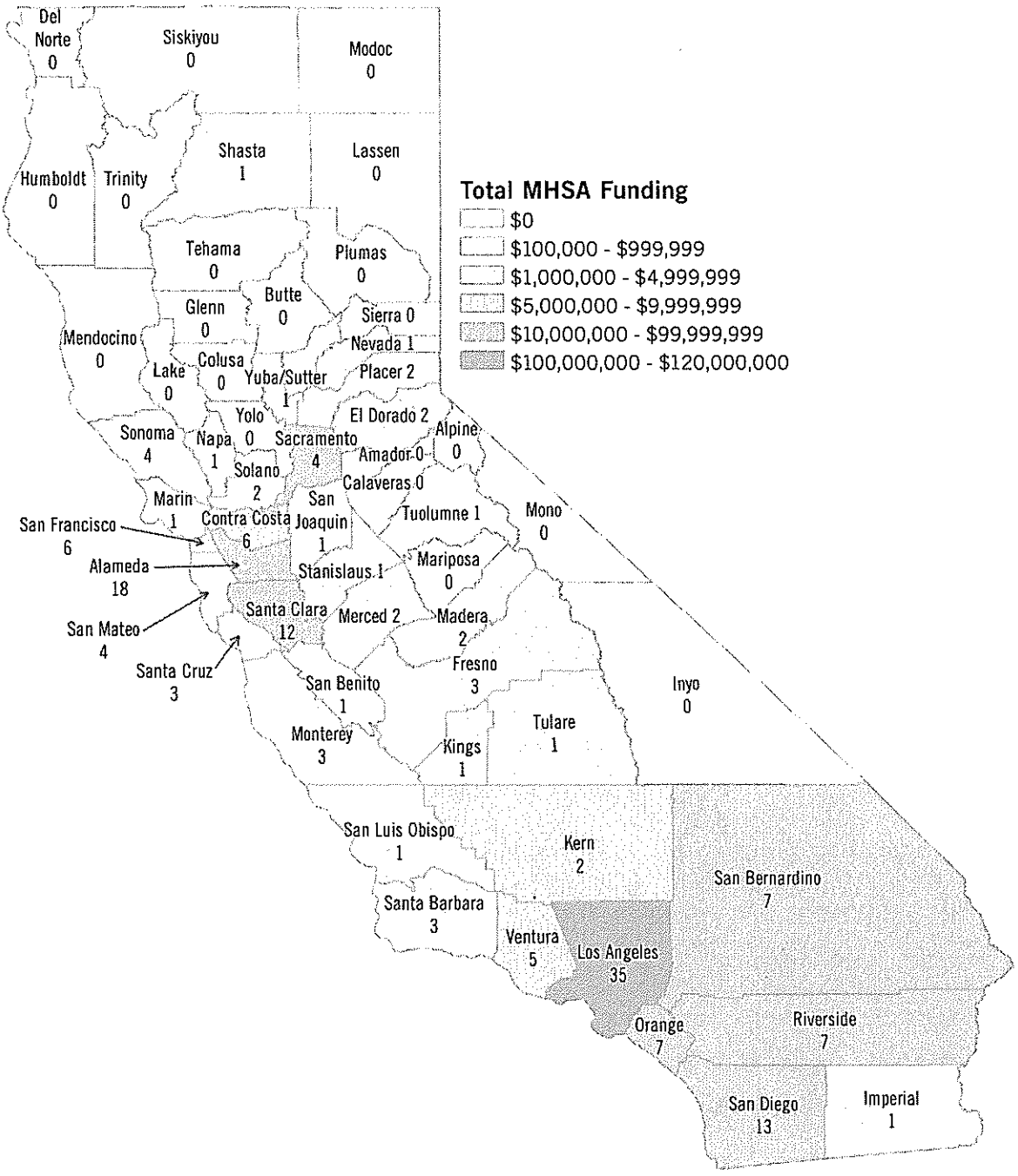
Since the implementation of the MHSA Housing Program by DMH and CalHFA in May of 2008, over $391 million of MHSA funds have been allocated to housing proposals financed by MHSA capital development loans and long-term capitalized operating subsidy reserves. MHSA units are typically located within larger affordable rental housing developments and restrict occupancy to MHSA clients that include individuals, families, seniors, and Transitional Aged Youth leaving the foster care system. Some MHSA units also allow for occupancy preferences for veterans. Local MHAs commit to provide MHSA residents with an individualized array of supportive services to assist with their recovery and increase the likelihood of them becoming fully functioning community members. The California Department of Health Care Services (DHCS) took over DMH responsibilities in 2012.

The MHSA Housing Program sunset on May 30, 2016 with the expiration of the 8-year Interagency Agreement between CalHFA and DHCS.

Statistics for MHSA Loans

- Based on loans closed or approved for financing thru May 30, 2016, over $267 million in MHSA funds will support the development of over 2,500 MHSA housing opportunities with 184 projects that include over 10,100 affordable rental units. The average MHSA contribution is $105,800 per unit.

MHSA Projects and Total Funding by County



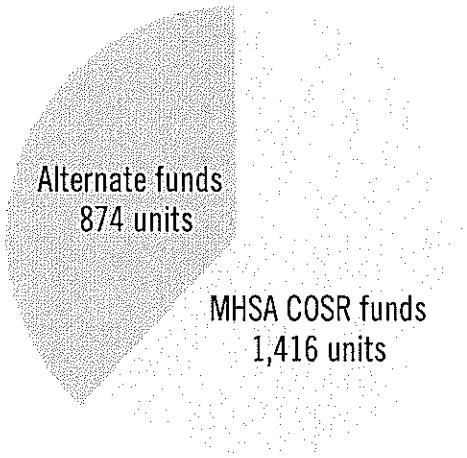
- 65% are New Construction developments
- 35% are Acquisition/Rehab developments

A state-wide interactive map that includes individual project descriptions is available on the CalHFA website at www.calhfa.ca.gov.

MHSA and Other Rental Subsidies

- MHSA funds provided over $122.5 million in Capitalized Operating Subsidy Reserves (COSR) for 59% of the MHSA units, with an average contribution of $81,240 per unit;
- Reserves are sized to provide 15-20 years of subsidy to ensure MHSA residents pay rent that is the higher of a) 30% of SSI/SSP or b) 30% of total household income, less the cost of utilities.
- Approximately 1/3 of the MHSA regulated units have alternate rental subsidies (i.e. Section 8, VASH vouchers, Continuum of Care, or Shelter Plus Care subsidies).

Rental Subsidies Sources



Affordability

- Approximately 78% of the total units developed regulate rents to 40% or less of Area Median Income (AMI).
- Over 90% of the total units developed are considered affordable with rents regulated to less than 60% of AMI (this includes the 40% AMI units).

Housing for Seniors and Transitional Aged Youth

- 19.7% of the total units , and 12.7% of the MHSA units developed will serve Seniors 55 or older;
- 3.3% of the total units, and 6.5% of the MHSA units developed will serve Transitional Aged Youth aged 18-24.

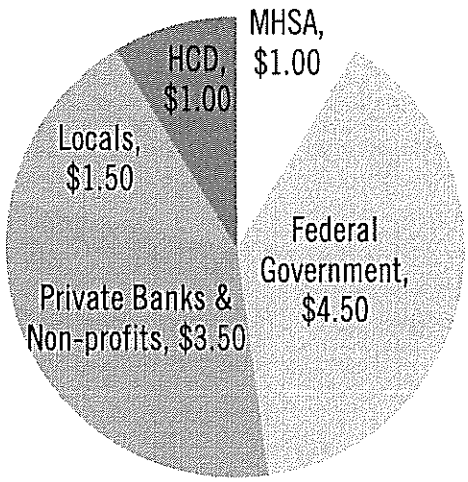
Housing for Veterans

- Veterans with a mental illness at risk of homelessness, or homeless are eligible to reside in MHSA regulated units if they are ineligible for VA supportive services.
- Residents voluntarily identify themselves as Veterans, but not all choose to do so. Rent rolls from early 2016 showed that 39 MHSA projects housed 65 veterans in MHSA regulated units and an additional 107 veterans in non-MHSA regulated units.

Leveraged Sources of Funds

- MHSA funds leverage sufficient public, local, state and federal funding to develop a total of 10,129 units with average statewide total development costs of:
  - › $220,000 per acquisition/rehab unit;
  - › $345,200 per newly constructed unit; and
  - › $395,500 per unit for projects that involved acquisition/rehab and new construction;
- 65% of MHSA projects applied for and received tax credit allocations (with close to ½ coming from 9% credits).

Leveraging the MHSA Seed Dollar



- Less than 10% of MHSA projects have MHSA as the only funding source.
- Over 75% of MHSA projects have some form of local financing.
- Nearly 75% of MHSA projects have private funding (often in the form of a loan).
- Nearly half of projects have financing from the California Department of Housing and Community Development.

In summary - The MHSA funds have been leveraged over 10 times; for each dollar that MHSA provides, the federal government provides $4.5, private banks and non-profits provide $3.5, locals provide $1.5, and HCD provides $1.

Top Producing Counties

Of the 184 projects developed with MHSA financing, the three counties with the highest number of projects and units are:

- Los Angeles County allocated a total of over $84.6 million to develop 37 projects with 1,952 total units that include 829 MHSA units. They also allocated over $35.1 million to subsidize 360 MHSA units with COSRs.
- San Diego County allocated a total of over $22.9 million to develop 14 projects with 1,139 total units, that include 229 MHSA units. They also allocated over $11.3 million to subsidize 125 MHSA units with COSRs.
- Alameda County allocated a total of over $10.9 million to develop 14 projects with 761 units that include 95 MHSA units. They also allocated over $5.4 million to subsidize 58 MHSA units with COSRs.

Mental Health Services Act Housing Program (MHSA)
End of Program Fund Utilization by Participating County
May 30, 2016

Participating Counties Utilizing Original $400MM of MHSA Appropriations	Total Available Funds - Original allocation plus any additional assigned funds and accrued interest, less the CalHFA Admin fee	MHSA Funds Returned to Counties thru May 30, 2016	Column A Total Funds Encumbered for Loans - Based on approved, committed, and closed loans	Column B Total Funds Encumbered for COSRs - Based on approved, committed, and closed loans	Total Projects to be Developed with MHSA Loans[3]	Total Units in MHSA Funded Projects	Total MHSA Regulated Units in MHSA Funded Projects	Total Units assisted with MHSA COSR Funds
Alameda[1]	$16,468,611.25		$10,968,225.00	$5,481,100.00	14	761	95	58
Amador	$519,363.02	$519,363.02						
Butte	$2,326,718.65		$1,575,884.00	$736,345.11	1	15	14	14
City of Berkeley	$1,283,493.44		$1,258,600.00		2	90	17	0
Calaveras	$641,206.54	$641,206.54						
Colusa	$322,124.42	$322,124.42						
Contra Costa	$9,356,910.54		$4,734,994.00	$2,899,430.00	7	159	33	28
Del Norte	$418,445.30							
El Dorado	$2,261,496.31	$13,126.31	$1,489,570.00	$758,800.00	2	88	11	11
Fresno	$9,543,706.00		$3,375,000.00		4	121	69	0
Glenn	$423,771.19	$423,771.19						
Humboldt	$2,012,546.15		$1,343,957.00	$651,800.00	1	32	15	15
Imperial	$2,727,696.45		$1,872,000.00	$855,674.67	1	72	18	18
Kern	$8,060,441.23		$5,382,815.00	$2,644,100.00	2	80	43	43
Kings	$2,204,581.80		$1,469,400.00	$734,700.00	1	10	10	10
Lake	$976,094.18							
Lassen	$415,332.45							
Los Angeles[2]	$135,407,869.15		$84,613,107.00	$35,126,598.00	37	1952	829	360
Madera	$2,581,376.08	$968,282.08	$983,683.00	$629,411.00	2	12	12	12
Marin	$2,214,393.90		$475,000.00	$250,000.00	1	50	5	5
Mendocino	$1,334,359.50	$1,334,359.50						
Merced	$2,694,669.14	$21,487.14	$1,754,500.00	$918,682.00	2	77	20	20
Monterey	$4,681,993.83		$2,881,493.00	$1,798,900.00	3	43	28	19
Napa	$1,875,103.20		$1,218,600.00	$609,300.00	1	24	18	18
Nevada	$1,688,666.18		$1,074,000.00	$513,888.00	2	9	9	9
Orange	$34,812,564.00		$19,345,298.00	$15,467,266.00	11	587	160	152
Placer	$2,431,129.00		$1,499,300.00	$836,734.00	2	17	17	17
Riverside	$19,503,170.03		$12,930,082.00	$6,564,890.00	7	679	105	90
Sacramento	$12,568,457.12		$7,775,000.00	$3,800,000.00	4	334	81	58
San Benito	$910,190.79		$585,700.00	$319,000.00	1	41	4	4
San Bernardino	$20,792,243.72		$12,247,545.00	$6,409,086.00	8	765	110	73
San Diego	$35,454,251.03		$22,984,895.00	$11,369,356.00	14	1139	229	125
San Francisco	$10,127,583.90		$6,600,000.00	$3,500,000.00	7	769	66	35
San Joaquin	$6,482,351.58		$4,427,523.00	$1,987,474.00	3	213	39	39
San Luis Obispo	$2,653,318.21		$1,943,508.00	$575,525.00	1	8	8	8
San Mateo	$6,818,140.92	$1,073,038.18	$5,742,845.00		5	200	50	0
Santa Barbara	$5,138,567.30		$2,210,840.00	$550,000.00	2	90	23	3
Santa Clara	$21,510,423.37	$394,198.37	$13,846,225.00	$7,270,000.00	12	776	113	75
Santa Cruz	$3,001,613.16		$2,060,680.00	$937,425.00	3	161	15	10
Shasta	$2,760,891.30		$1,790,700.00	$668,668.00	1	55	19	19
Siskiyou	$595,169.69							
Solano	$3,977,352.81	$724,952.81	$2,108,100.00	$1,144,300.00	2	153	17	17
Sonoma	$4,648,918.87		$3,037,000.00	$1,581,932.00	4	145	30	22
Stanislaus	$4,962,675.19		$2,679,970.00	$1,175,000.00	2	23	22	18
Sutter/Yuba	$2,369,086.75		$545,000.00	$276,410.00	1	10	10	10
Tehama	$872,053.71							
Tri-Cities	$5,614,722.91		$5,612,402.00		3	148	64	0
Tulare	$4,537,220.12	$2,697,220.12	$1,540,000.00	$300,000.00	1	22	22	22
Tuolumne	$809,516.31	$11,816.31	$500,000.00	$297,700.00	1	6	6	6
Ventura	$8,361,487.50		$5,470,900.00	$2,889,303.00	5	113	65	65
Yolo	$3,122,785.75		$3,100,000.00		1	80	20	0
TOTAL	$437,276,854.94	$9,144,945.99	$267,054,341.00	$122,528,797.78	184	10,129	2,541	1,508

FOR JOINTLY FUNDED PROJECTS:

[1] The appropriations in columns A & B represent funding for the Harmon Gardens Project, but the Project/unit counts (in the blue fields) appear within the City of Berkeley numbers as this was a joint funded Project.

[2] The appropriations in columns A & B represent funding for the Cedar Springs Project, but the Project/Unit counts (in the blue fields) appear within the Tri-Cities numbers as this was a joint funded Project.

[3] Final numbers once all Projects and units have been developed (estimated to be in late 2018).

Meeting the Challenge: The Local Government Special Needs Housing Program

Even though the MHSA Housing Program no longer provides funding commitments, the challenge of developing permanent supportive housing continues. CalHFA created a new voluntary loan program for local governments to continue to develop permanent supportive housing for MHSA-eligible persons. The Local Government Special Needs Housing Program (SNHP) builds upon the lessons learned of the MHSA Housing Program through the eight-year implementation and allows for the continuation of successful state and local partnerships to increase the availability of housing coupled with services for our most vulnerable citizens. The benefits of the SNHP are that local MHAs can continue to solicit and select housing proposals that best meet local needs, while relying on the experience of the state's housing finance agency, CalHFA, to ensure MHSA funding is offered to those developments that are likely to remain financially viable over the long term.

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EQUAL HOUSING OPPORTUNITY

07/16

The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in admission and access to its programs or activities.

No Place Like Home Program (AB 1618)

Proposed Program Framework
PUBLIC COMMENT DRAFT

State of California
Governor Edmund G. Brown Jr.

Alexis Podesta, Acting Secretary
Business, Consumer Services, and Housing Agency

Ben Metcalf, Director
Department of Housing and Community Development

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1. Summary and Proposed Timeline

On July 1, 2016, Governor Brown signed landmark legislation[1] enacting the No Place Like Home (NPLH) program to dedicate $2 billion in bond proceeds to invest in the development of permanent supportive housing for persons who are living with a severe mental illness (SMI) and are in need of mental health and/or substance use services and are experiencing chronic homelessness, or are at-risk of chronic homelessness, or homelessness. The bonds are repaid by funding from the Mental Health Services Act (MHSA) Fund.

The NPLH statutes[2] authorize the California Health Facilities Financing Authority (CHFFA) to issue $2 billion in bonds and contract with the Department of Housing and Community Development (HCD or the Department) to provide grants or loans to California counties for permanent supportive housing for the Target Population. Additionally, the authorizing statutes provide that CHFFA may commence an action to validate the bonds and related contracts prior to the Department making funding available for the program.

A 15-member No Place Like Home Advisory Committee consisting of State agencies, city and county officials, and mental health and housing experts will be formed to advise the Department and receive input from the public regarding the development and implementation of the program. We expect the Committee to be in place in January 2017.

The HCD would like to acknowledge the following departments, commissions and entities identified in the statute or involved in developing this program: Business Consumer Services and Housing Agency, Department of Health Care Services, Department of Social Services, Department of Veteran Affairs, Department of Finance, Legislative Analyst's Office, State Treasurer's Office, State Controller's Office, California Health Facilities Financing Authority, California Housing Finance Agency, Mental Health Services Oversight Commission, Joint Legislative Budget Committee, and the California State Association of Counties. We also thank the broad array of mental health and housing organizations, including service providers, consumers and advocates for their assistance and feedback in this effort.

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[1] AB 1618, Chapter 43, Statutes of 2016, effective July 1, 2016, as amended by AB 1628, Chapter 322, Statutes of 2016, effective September 13, 2016.

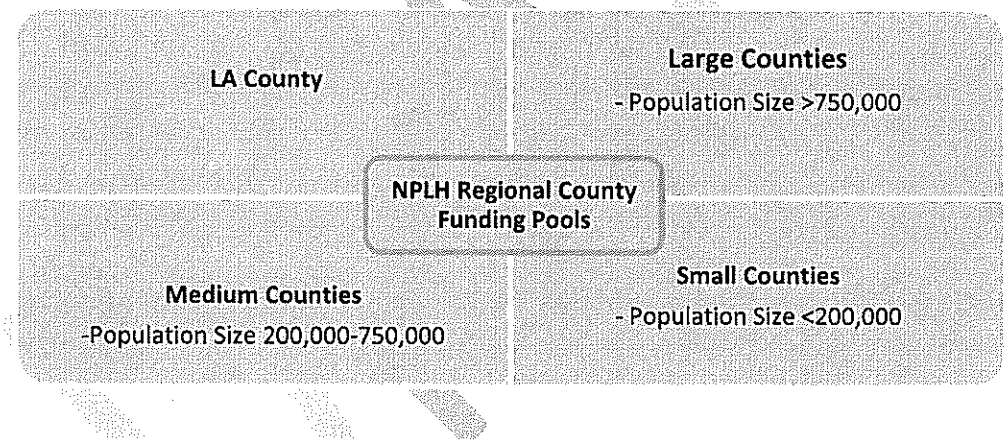
[2] The No Place Like Homes Statutes are Government Code Section 15463, and Part 3.9 of Division 5 (commencing with Section 5849.1) of the Welfare and Institutions Code, and subdivision (f) of 5890 of the Welfare and Institutions Code.

Program funds shall be used to finance capital costs for multifamily rental housing, including shared housing and scattered-site housing. Eligible costs include, but are not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating subsidy reserves for NPLH-funded units.

The administration and allocation of the bond funds includes the following components:

Competitive Program: $1.8 billion to rental housing developments in counties organized into four competitive groups based on population:

- Los Angeles County
- Large counties with a population greater than 750,000
- Medium counties with a population between 200,000 to 750,000
- Small counties with a population less than 200,000. Eight percent of each round is set aside for small counties within the competitive grant.



Counties may apply for these funds as the sole applicant(s) if they are the development sponsor, or jointly with a developer as development sponsor. Funds distributed through the competitive program will be made available as loans underwritten by HCD to individual multifamily rental properties. There will be at least four rounds of funding in the competitive program. See Sections 5 and 6 for more information.

Alternative Process: Counties with at least five percent of the State's homeless population may choose to administer their own allocation of NPLH funds. Under the Alternative Process, projects shall be selected and underwritten by the County, and the County shall hold the Notes and Deeds of Trust. The County shall also be responsible for long-term monitoring of the funded projects and may use a portion of its available allocation for program administration. If these funds are not committed to supportive

housing within two years they will be returned to the competitive program. As of November 2016, Los Angeles, San Francisco, San Diego, and Santa Clara counties have homeless populations that meet the five percent threshold. See Section 14 for more information. HCD may establish additional parameters for administration of these funds as necessary to implement the requirements of the program or provide required State oversight over bond-funded activities.

Over-the-Counter Funds: In addition to the above, $200 million is also available to all counties based on their proportional homeless count with a minimum allocation to each county of $500,000. Counties may submit projects for these funds as the sole applicant(s) if they are the development sponsor, or jointly with a developer as development sponsor. These funds shall be provided as loans to projects and underwritten and administered by the Department, except that counties whose noncompetitive formula allocation equals $500,000 may choose to administer these funds on their own to acquire 1-4 unit properties. For these 1-4 unit properties, up to 10% of their allocation may be used for local administration expenses. Counties may also choose to use their noncompetitive funds as capital leverage for a larger project submitted for funding under the competitive program. Funds not awarded in the first 18 months will be redirected to the competitive pool. The over-the-counter Notice of Funding Availability (NOFA) will be released no later than the first round of the competitive NOFA. See Section 7 for more information.

Technical Assistance: Counties may also apply for some of the $6.2 million in funding provided in the form of a grant for technical assistance related to NPLH program planning and implementation. Amounts are available based on the county size. See Section 4 for more information.

The timeline for the design, implementation and release of the initial NOFA is detailed below. Additional information is available on the NPLH Program website.

Tentative Schedule for all Program Components:

Initial Research and Stakeholder Outreach	Fall 2016
Release of Framework Paper and Start of Public Comment Period	Winter 2016
Advisory Committee Meetings Begin	Winter 2017
Development of Guidelines	Spring 2017
Completion of Guidelines and NOFA	Summer 2017
Release of NOFA	Winter 2018*
**Subject to completion of the validation process*	

2. NPLH Program Goals

- Provide financing for acquisition, design, construction, rehabilitation and preservation costs, and to capitalize operating reserves of permanent supportive housing for individuals living with a serious mental illness who are Chronically Homeless, At-Risk of Chronic Homelessness, or Homeless. (Welfare and Institutions Code Sections 5849.7, 5849.2).

- Encourage the use of local Coordinated Entry Systems (CES) and more effective coordination between local departments providing services to address the root cause of homelessness. Require the use of low-barrier tenant selection practices and Housing First management approaches that will prioritize available units for the NPLH Target Population, to ensure flexible, voluntary, and individualized supportive services for tenants.

- Align housing resources toward homelessness with mainstream resources targeted to supportive service needs, including, but not limited to, mental and physical health and substance use disorder services, independent living skills, and access to income support.

- Promote innovation in program services and delivery in an effective and efficient way, thereby improving outreach, continuity of care, and outcomes.

- Promote tenant integration into mainstream society through integrated housing complexes that promote a sense of belonging, are located in areas in close proximity to other community services, and provide opportunities to improve quality of life.

- Improve the health and well-being of tenants through access to stable, affordable housing, that includes specialized services to best meet their needs and improve their quality of life.

3. Definitions

There are three populations of homeless individuals within the NPLH Target Population: Chronically Homeless, those At-Risk of Chronic Homelessness, and Homeless. The term "At-Risk of Chronic Homelessness" is a new term that exists only in the NPLH program. NPLH tenants must be adults living with a "serious mental disorder," or seriously emotionally disturbed children or adolescents, as defined under Welfare and Institutions Code, Section 5600.3. (See definitions below.)

Chronically Homeless: (HUD Definition at 24 CFR 578.3)

(1) Includes an individual or family who:

(A) Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter, and

(B) 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 year, or on at least four separate occasions in the last three years, and

(C) Can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability.

(2) An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) above, before entering that facility, or

(3) A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) including a family whose composition has fluctuated while the head of household has been homeless.

At-Risk of Chronic Homelessness:

(1) Includes, but is not limited to:

(A) Persons who are at high-risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others, as defined in NPLH program guidelines.

Key Questions

1. ***Should the definition of At-Risk of Chronic Homelessness be expanded to include persons who have been institutionalized longer than 90 days who were homeless prior to their institutionalization and have no fixed domicile upon discharge and/or release from an institutional facility and/or residential treatment program?***
2. ***Should the definition of At-Risk of Chronic Homelessness be expanded to include persons who have cycled through homelessness and have at least three hospital admissions over the past year?***
3. ***Should the definition of At-Risk of Chronic Homelessness be expanded to include Transition-Age Youth?***

Homeless: (HUD Definition at 24 CFR 578.3)

Includes, but is not limited to:

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(A) An individual or family with a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground, or
(B) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, State, or local government programs for low-income individuals), or

(C) An individual who is exiting an institution where he or she 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.

(2) An individual or family who will imminently lose their primary nighttime residence, provided that:

(A) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance,

(B) No subsequent residence has been identified, and

(C) The individual or family lacks the resources or support networks, such as family, friends, faith-based or other social networks, needed to obtain other permanent housing,

(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless, but who:

(A) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a),

(B) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60-days immediately preceding the date of application for homeless assistance,

(C) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance, and

(D) Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment, or

(4) Any individual or family who:

(A) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, 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,

(B) Has no other residence, and

(C) Lacks the resources or support networks, such as family, friends, and faith-based or other social networks to obtain other permanent housing.

Continuum of Care:

As defined by 24 Code of Federal Regulations (CFR) 578.3, Continuum of Care refers to the group organized to provide coordinated services to homeless individuals. This group is composed of representatives of organizations such as non-profit homeless providers, faith-based organizations, businesses, governments, public housing agencies, victim service providers, medical providers, advocates, law enforcement, social service providers, school districts, universities, mental health services providers, affordable housing developers, and organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons, to the extent they reside within the geographic area and are available to participate.

Coordinated Entry System:

The centralized system developed pursuant to HUD requirements and guidance to assess the eligibility and needs of each individual or family who seeks homeless assistance and prioritize access to assistance based on individual needs and strengths. For more information see HUD's Coordinated Entry Policy Brief.

Development Sponsor:

Development sponsor has the same meaning as "sponsor" as defined in Health and Safety Code Section 50675.2(g), and includes any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, duly constituted governing body of an Indian reservation or rancheria, or other legal entity, or any combination thereof, certified by the Department as qualified to own, manage, or

rehabilitate, a rental housing development. A sponsor may be organized as a for-profit, limited-profit, or non-profit corporation.

County Homeless Plan

A county plan to combat homelessness, which includes a description of homelessness countywide, any special challenges or barriers to serving the Target Population, county resources applied to address the issue, available community-based resources, an outline of partners and collaborations, and proposed solutions.

Housing First:

An evidence-based model that uses housing as a tool, rather than a reward, for recovery, and centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed, and requested, on a voluntary basis and do not make housing contingent on participation in services or programs.

Permanent Supportive Housing:

Housing with no limit on length of stay that is occupied by persons with lease agreements who qualify under the Target Population, and is linked to on-site or off-site services that are flexible, voluntary, and individualized in order to assist an individual or family retain their housing, improve their health status, and maximize their ability to live, and, when possible, work in the community. "Permanent supportive housing" shall include associated facilities if used to provide services to housing residents.

Serious Mental Disorder:

Excerpts below are from Welfare and Institutions Code, Section 5600.3; for a full definition see WIC Section 5600.3.

(1) "Serious mental disorder" means a mental disorder that is severe in degree and persistent in duration, which may cause behavioral functioning which interferes substantially with the primary activities of daily living, and which may result in an inability to maintain stable adjustment and independent functioning without treatment, support, and rehabilitation for a long or indefinite period of time. Serious mental disorders include, but are not limited to, schizophrenia, bipolar disorder, post-traumatic stress disorder, as well as major affective disorders or other severely disabling mental disorders. This section shall not be construed to exclude persons with serious mental disorder and diagnosis of substance abuse, developmental disability, or other physical or mental disorder.

(2) Persons qualifying under this definition shall meet the following criteria:

(A) The person has a mental disorder as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than substance use disorder or developmental disorder or acquired traumatic brain injury pursuant to subdivision (a) of Section 4354 unless that person also has a serious mental disorder as defined in paragraph (1) above.

(B) (i) As a result of the mental disorder, the person has substantial functional impairments or symptoms, or a psychiatric history demonstrating that without treatment there is an imminent risk of decompensation to having substantial impairments or symptoms. (ii) For the purpose of this part, "functional impairment" means being substantially impaired as the result of a mental disorder in independent living, social relationships, vocational skills, or physical condition.

(C) As a result of a mental functional impairment and circumstances, the person is likely to become so disabled as to require public assistance, services, or entitlements.

(3) For the purpose of organizing outreach and treatment options, and to the extent resources are available, this target population includes, but is not limited to, persons who are any of the following:

(A) Homeless persons who are mentally ill,

(B) Persons evaluated by appropriately licensed persons as requiring care in acute treatment facilities including State hospitals, acute inpatient facilities, institutes for mental diseases, and crisis residential programs,

(C) Persons arrested or convicted of crimes,

(D) Persons who require acute treatment as a result of a first episode of mental illness with psychotic features, or

(E) Veterans as set forth in the Welfare and Institutions Code, Section 5600.3(B) 5.

"Seriously Emotionally Disturbed Children or Adolescents" (from Welfare and Institutions Code, Section 5600.3) means minors under the age of 18 years who have a mental disorder as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a primary substance use disorder or

developmental disorder, which results in behavior inappropriate to the child's age according to expected developmental norms.

Persons qualifying under this definition shall meet the following criteria:

(1) As a result of the mental disorder, the child has substantial impairment in at least two of the following areas: self-care, school functioning, family relationships, or ability to function in the community; and either of the following occur:

(A) The child is at-risk of removal from home or has already been removed from the home, or

(B) The mental disorder and impairments have been present for more than six months or are likely to continue for more than one year without treatment.

(2) The child displays one of the following: psychotic features, risk of suicide or risk of violence due to a mental disorder.

(3) The child meets special education eligibility requirements under Chapter 26.5 (commencing with Section 7570) of Division 7 of Title 1 of the Government Code.

Target Population:

The Target Population is comprised of individuals or households who are Chronically Homeless, At-Risk of Chronic Homelessness, or Homeless. All populations must also be living with a "serious mental disorder," or a serious emotional disturbance, as defined in Welfare and Institutions Code, Section 5600.3.

4. Technical Assistance (TA) Over-the-Counter

Pursuant to the Welfare and Institutions Code, Section 5849.10, $6.2 million is available to provide technical assistance (TA) to counties. The Department shall provide funds to a county in the form of a grant as follows:

- $150,000 to the County of Los Angeles and to large counties (population greater than 750,000),
- $100,000 to medium counties (population between 200,000 to 750,000), and
- $75,000 to small counties (population less than 200,000).

See Appendix B for county designation information.

Eligible uses of TA funds shall include, but are not limited to, providing technical assistance around the performance of the following activities:

- Applying for program funds,
- Implementing NPLH activities,
- Coordinating funded activities with local homelessness systems, including CESs,
- Delivering a range of supportive services to tenants
- Collecting data, sharing data amongst multiple systems, evaluating program activities, and, meeting other NPLH program requirements related to these systems.
- Promoting evidence-based service delivery, including soliciting consumer feedback,
- Hiring staff or consultants to assist with:
    - Identifying potential sites
    - Developing a process to identify potential developers
    - Monitoring activities of developers to ensure adherence with NPLH requirements
    - Brokering relationships between the county and affordable housing developers and/or housing authorities
    - Identifying and applying for additional resources for capital, supportive services, and operating costs
- Coordinating and partnering with other county and community providers (e.g., social services, healthcare, education, homeless providers) to increase understanding of the intersections and overlapping needs of these sectors' shared clientele
- Coordinating and communicating with HCD, DHCS, and other state agencies to support learning, identification of additional training and TA needs, and regional collaboration, and.
- Developing or updating a homeless plan

Unspent Allocations:

If a county does not expend the allocated funds by June 30, 2020, funds shall revert back to the Department

Remaining Funds:

After allocating TA funds to counties, the Department may use the remaining $450,000, and any other unspent TA funds, to contract for other TA. TA provided through the Department's TA funds could include activities such as:

- Assistance to counties and/or regions of counties to create or enhance developer capacity to build supportive housing for the Target Population,
- Assessment of TA and training needs of counties to build staff expertise and support county capacity to work effectively with housing developers and other supportive service providers.

- Provide cross-training opportunities between housing, behavioral health and other county provider agencies to enhance understanding and cooperation.
- Housing providers might offer training to behavioral health providers on:
    - Fair housing law
    - Reasonable accommodation requirements
    - Housing admission, lease and violation policies
    - Understanding of various housing models, practices, and trends being successfully implemented with behavioral health clients
- Funding programs that support the creation and operation of housing for the Target Population.
- Behavioral health providers might offer training to assist housing staff with:
    - Achieving a basic understanding of mental illness and substance use disorders
    - Identifying early signs of self-neglect, depression, anxiety or substance abuse among residents
    - Addressing and averting crisis situations,
    - Creating a recovery-oriented environment
    - Approaching residents and steering them to appropriate services,
    - Responding to mental health or substance use emergencies,
- Understanding the unique procedures and protocols being pursued in their particular counties
- Assistance for creating Continuums of Care or to create or strengthen CESs,
- Training and capacity-building support to counties, regions, or Continuums of Care on appropriate services promoting housing stability,
- Assistance in creating a data warehouse that links Continuum of Care and Coordinated Entry/access system data, with the goal of providing the State more accurate data on the needs of homeless residents of California, and/or
- Coordinating NPLH funding with other local, federal and state funding sources for capital, services, and operating to streamline the development and effective operation of supportive housing.

Proposed Timeline:

TA NOFA release	January/February 2017
Applications Accepted (rolling deadline)	February-June 2017
Award Letters (as applications are received)	February-August 2017

Key Question:

1. Are there any other TA activities the Department should consider funding?

5. Competitive Allocation

Background:

The NPLH statute authorizes the Department to award up to $1.8 billion through a competitive program among counties within the State. In addition, the Department may establish an alternative process for allocating funds directly to counties that have at least five percent of the State's homeless population. (As of November 2016, these counties are Los Angeles, San Diego, San Francisco, and Santa Clara). While these counties may participate in the Alternative Process, they may opt instead to participate in the Competitive Program (the proposed Alternative Process is discussed further in Section 14). See Appendix A for Competitive Allocations.

Counties are grouped into categories based on their total population using population data from the California Department of Finance (DOF) E-1 2016 Population Report. Funds are allocated to each group through a formula based on the number of homeless persons in each county, and any additional factors needed to ensure that enough money is made available within each pool to develop permanent supportive housing. Additional formula factors may also be considered. The formula will determine how much money the Department will make available:

- In each competitive funding round to each group of counties,
- To counties that are eligible for the alternative process with more than five percent of the State's homeless population.

Alternative Process		Competitive Program
Alternative Program ▪ Los Angeles ▪ Santa Clara ▪ San Diego ▪ San Francisco *These counties have five percent or more of the State's homeless population and can decide to administer their own allocation.*	**OR**	Los Angeles
Competitive Program		
Large Counties ▪ Population size >750K		Large Counties (includes Santa Clara, San Diego, San Francisco)
Medium Counties ▪ Population size 200 -750K		Medium Counties
Small Counties ▪ Population size <200K		Small Counties

Formula Goals and Objectives

The NPLH statute directs HCD to establish a funding formula that considers factors that are appropriate to the allocation of funds under the competitive program, including, but not limited to, the number of persons experiencing homelessness residing in each county. Key questions considered in selecting the proposed formula factors were:

a. Target Population: Does the formula allocate funds to counties with the most demonstrated need related to homelessness?

b. Accessibility: Is the data readily available and can it be replicated for all counties?

c. Transparency: Is the formula easy to understand?

Formula Factors

Based on these general goals, the proposed formula allocates funds to competitive funding pools based on the following two factors:

1. Homeless Point-in-Time Count (PIT) – weighted at 70 percent; and
2. Extremely Low Income (ELI) Renter Cost Burden – weighted at 30 percent.

The NPLH statute requires the Department to consider the number of homeless in a county when determining the amount of funds to be made available to each funding pool. The Homeless PIT Count (Factor 1) was chosen as the measure of homelessness because the PIT count is one of the most comprehensive homelessness measures in the state. It is a snapshot of a county's unduplicated one-night estimates of both sheltered and unsheltered homeless populations. The Department of Housing and Urban Development (HUD) requires Continuums of Care (CoC) to count persons experiencing homelessness regardless of where they reside (e.g., in a shelter or in places not meant for human habitation, such as the streets, abandoned buildings, vehicles, or parks). The one-night counts are conducted by CoCs statewide and occur during the last week in January of each year. CoC's, which are local planning bodies responsible for the coordination of full range homelessness services in a geographic service area, cover virtually all the counties in the State. All CoCs use a variety of HUD-approved methods to produce the counts. HUD reviews the data for accuracy and quality prior to publishing it.

Although the PIT Count is the most direct measure of homelessness, it is important that the formula not solely rely on PIT. There is some concern by HUD and others that overreliance on PIT count may disadvantage communities that have fewer resources to conduct a thorough count; therefore, in addition to PIT count, the Extremely Low Income Renter Cost Burden (Factor 2) is proposed to be used in the allocation formula. This factor measures the number of ELI households (households earning no more than 30 percent of the Area Median Income) that have severe rent burden (are paying more than 50 percent of their income for rent). ELI households that have severe rent burden are more likely to become homeless than other renter households. The Department is weighting PIT heavier, because it is the best measure of homelessness statewide.

Small County Set-Aside

Counties with populations of less than 200,000 shall be eligible to receive a minimum of eight percent of the total funds available in a given funding round, or an amount greater than eight percent when considering their need under the proposed formula. Based on available 2015 data, eight percent will be set-aside for Small Counties. This may change as the formula data is updated over time.

Other Factors Considered

The Department considered using a weighted average of the Total Development Cost (TDC) of actual projects closed between 2009 and 2016 for the Mental Health Services Act (MHSA) Housing Program administered by the Department of Health Services and the California Housing Finance Agency. This formula factor was not used for the following reasons:

- By the time an NPLH project is ready for construction, the TDC data used in the formula allocation may be outdated or be inconsistent with current costs,
- The county designations by population size include a mix of the State's higher and lower housing cost areas, making it difficult to justify using an average as an adequate representation of TDC among individual counties in each group,
- Not all of the counties had MHSA projects so their TDC data was not represented.

Other formula factors also proposed for use in the HUD CoC Program were considered for NPLH, but rejected in order to keep the formula as simple and transparent as possible while using the best measures of homelessness or housing need related to the NPLH Target Population; people experiencing Chronic Homelessness, At-Risk of Chronic Homelessness, or Homelessness.

The amounts listed in Appendix A [3] are calculated using the formula allocation.

Additional Information On Formula Allocations:

- If a county participates in the Alternative Program, a funding allocation is made specifically for that county's use provided the county administers the funds in accordance with the minimum program requirements discussed in Section 14. These counties cannot access funds through the regional funding pools if they choose to participate in the Alternative Program.
- Other counties must submit projects to compete for the funds available within the regional funding pools.
- The estimated amounts reflected in Appendix A will be made available over several years and funding rounds. Unallocated funds in a regional funding pool will be used to fund eligible unfunded projects in the other regional funding pools according to their application ranking in order to allocate all funds available under a particular

[3] These amounts reflect available funds after subtracting five percent for Department administration and two percent for a default reserve from the amounts available to the regional competitive funding pools as permitted under the Welfare and Institutions Code, Section 5849.8 (f). Allocating two percent for the default reserve is based on historical use of such reserves.

NOFA, or these funds will be reallocated through the next NOFA. The Department may also add funds to a particular NOFA to fund all eligible projects within the regional funding pools.

6. Competitive Program Threshold Requirements and Application Rating Criteria

Pursuant to the Welfare and Institutions Code, Sections 5849.7(b) and 5849.8 (a)(1)(A) through (C), the Department shall administer a competitive program with the following minimum threshold criteria:

- A county may apply as the sole applicant if it is the development sponsor, or jointly with a separate entity as development sponsor,[4]

- Funded developments shall integrate the Target Population with the general public,

- Funded developments shall utilize low barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services,

- Funds shall be provided as deferred payment loans directly to projects to finance capital costs including acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves for permanent supportive housing for the Target Population,

- Projects shall use Department income and rent standards, each county must commit to provide mental health services and to coordinate the provision of, or referral to, other services, including, but not limited to, substance use treatment services to the tenants of the supportive housing development for a minimum of 20 years; services shall be provided onsite at the supportive housing development or in a location easily accessible to tenants,

- The county shall have a county plan to combat homelessness, which includes a description of homelessness countywide, any special challenges or barriers to

[4] Pursuant to Section 8301 of the Department's Uniform Multifamily Regulations (UMRs), "Sponsor" means the legal entity or combination of legal entities with continuing control of the Rental Housing Development. Where the borrowing entity is, or will be, organized as a limited partnership, Sponsor includes the general partner or general partners who have effective control over the operation of the partnership, or, if the general partner is controlled by another entity, the controlling entity. Sponsor does not include the seller of the property to be developed as the Project, unless the seller will retain control of the Project for the period of time necessary to ensure Project feasibility as determined by the Department.

serving the Target Population, county resources applied to address the issue, available community-based resources, an outline of partners and collaborations, proposed solutions, and

- Projects shall meet other threshold requirements including, but not limited to, developer capacity to develop, own, and operate a permanent supportive housing development for the Target Population, and project financial feasibility.

Funds distributed through the competitive program will be made available as loans to individual multifamily rental properties underwritten by HCD.

Threshold Factors:

Based on the above requirements, applications shall be evaluated for threshold compliance, as follows:

Threshold Category	Comments
Applicant Eligibility	• County may apply as sole applicant if it is the project sponsor, as defined in UMR section 8301, or jointly with a developer/sponsor. • Two or more counties may apply together as joint applicants on a project if there is a commitment to collaborate in service provision or in providing other resources to the project. Note: Although the county must be an applicant for the funds, the ultimate borrower on loans made by HCD with these funds will be the Project Sponsor under the Department's Uniform Multifamily Regulations.[5]
Capacity to Develop, Own, and Operate, Permanent Supportive Housing	• To encourage developer participation and to help ensure project sustainability, the Department requires that an Applicant or its development partners must have a minimum of two affordable rental housing projects, including one project which contains one or more permanent supportive housing (PSH) units serving chronically homeless, homeless or those At-Risk of chronic homelessness funded by a federal, State or local housing agency, within the last 10 years, whose audited financials indicate the projects are not in default. All PSH projects qualify as affordable

[5] See previous footnote.

Threshold Category	Comments
	housing. • The Lead Service Provider and the Property Manager must each demonstrate a minimum of three years' experience in serving people experiencing chronic homelessness or homeless people with serious mental illness. ***Key Question:*** • ***Are these minimum experience thresholds achievable?***
Integration of the Target Population with the General Public	• In order to promote the integration of the persons living with mental health disabilities with other tenants, in projects of more than 20 units underwritten by the Department, NPLH will fund/restrict no more than 49 percent of a project's total units. This limitation shall not be interpreted to preclude occupancy of any project units by persons with disabilities, or restrictions by other funding sources that result in more than 49 percent of the total project units being restricted to persons with disabilities, subject to the requirements of California Constitution Article XXXIV, Section 1, clarified by Public Housing Election Implementation Law (California Health & Safety Code §37000 et seq.) • Projects of 20 units or less underwritten by the Department are subject to California Constitution Article XXXIV, Section 1, clarified by Public Housing Election Implementation Law (California Health & Safety Code §37000 et seq.). • NPLH units must be integrated into the project and not be separated from other tenant populations within the project. • Applications must explain how projects encourage social interaction through community building activities, architectural design (community space, wide hallways, etc.), and do not impose restrictions in coming and going of guests beyond typical limitations imposed by other unsubsidized rental housing.

Threshold Category	Comments
Project Financial Feasibility / Underwriting Standards	• Projects must have a minimum of five units (except as permitted in the Noncompetitive County Allocation). Scattered site housing of five or more units is permitted as long as the housing has common ownership, financing, and property management, and each household signs a lease. A single family home is a one unit, a duplex is two units, a triplex is three units, a fourplex is four units, et cetera. • The Department will restrict NPLH units from 15 percent -30 percent of the Area Median Income (AMI). NPLH households cannot earn more than 30 percent of the AMI. If a project has rental subsidies or a COSR, the tenant-paid portion of the rents will be restricted to no more than 30 percent of household income, or higher if required by the rental subsidy source. Higher contract rents will also be permitted if permitted by the rental subsidy source. • Projects of five or more units are subject to the Department's Uniform Multifamily Regulations (UMRs), except as may be modified by the program guidelines in order to meet statutory requirements or objectives. • The Department will allow both nine percent and four percent Low Income Housing Tax Credit (LIHTC) funded projects, and will provide higher loan limits for projects utilizing four percent LIHTC funding. • See Section 10 for a discussion of COSR limits, per unit subsidy limits, and maximum loan amounts.
20-Year Commitment to Provide Supportive Services to NPLH Tenants	• The application must contain a commitment letter from the county to provide mental health services, and to coordinate the provision of, or referral to, other supportive services, including, but not limited to, substance use treatment services, for a minimum of 20 years. • The application must contain the county-approved Supportive Services Plan for the NPLH units which will be scored in the application rating process. Minimum services that must be made

Threshold Category	Comments
	available to NPLH tenants are identified in the Supportive Services Plan discussed in Section 11. Counties may add additional services to their plan as appropriate. • Supportive Service Plans must identify any additional subpopulation targeting, or occupancy preference, for NPLH units that a project wishes to undertake beyond what is permitted under the NPLH Target Population requirements. In this instance, counties must provide a legal opinion letter explaining how this additional targeting/preference complies with federal and State fair housing and anti-discrimination requirements, and any other related requirements. Any additional subpopulation targeting or occupancy preference for NPLH units must be approved by the Department prior to project rent-up.
Utilization of Low-Barrier Tenant Selection Practices that Prioritize Vulnerable Populations	• NPLH-funded projects will utilize Housing First practices, as set forth in the Welfare and Institutions Code, Section 8255(b) (SB 1380). • To be referred to a NPLH unit, a tenant must have a qualifying diagnosis of a serious mental disorder (see Section 3; Definitions) or, if a child or adolescent is the qualifying tenant, have a serious emotional disturbance diagnosis by a qualified medical professional. A county shall not limit eligibility to clients of the county mental health system, or county residents currently receiving any MHSA or other mental health services, and shall not restrict ongoing tenancy to clients or recipients of county services. • The Department will develop homeless documentation requirements that will allow projects and CESs to meet the definitions for Chronically Homeless, At-Risk of Chronic Homelessness, and Homeless. These requirements will aim to minimize some of the barriers to accessing housing. For example, the Department may allow an assessment of eligibility under the "Chronic Homeless," "At-Risk of Chronic Homelessness," and "Homeless" definitions, at intake, and completion of a HCD Certification Form. See Section 3 for a discussion of the definitions of Chronically Homeless, At-Risk of

Threshold Category	Comments
	Chronic Homelessness, and Homeless. ***Key Question:*** ***1. What other alternative method(s) can be utilized to document Chronic Homelessness, At-Risk of Chronic Homelessness, and Homelessness to minimize barriers to documentation?***
Eligible Housing Types	• Multifamily rental housing projects receiving NPLH funds must provide a minimum of five permanent supportive housing units. • Shared housing or scattered site housing of five units or more qualifies as multifamily housing and will be evaluated under the Department's Uniform Multifamily Regulations (UMRs). The housing must have common ownership, financing, and property management, and each household must sign a lease. A single family home is one unit, a duplex is two units, a triplex is three units; a fourplex is four units, etc. • Shared housing of one to four units may be permitted in counties with Non-competitive County Allocations totaling no more than $500,000, if the funds are used for housing acquisition with or without rehabilitation., the county holds the loan for the NPLH funds, and the county assumes ultimate responsibility for management of any rehabilitation work and long-term monitoring to ensure all program requirements are met. See Section 7 for more information on the Noncompetitive County Allocations. • All structures must be on a permanent foundation, and meet all State and local building code, and health and safety requirements, including, but not limited to, requirements for minimum square footage. ***Key Questions:*** ***1. What ideas or concerns do you have around doing shared housing?*** ***2. Under what circumstances will group home licensing requirements be triggered by shared housing?***

Threshold Category	Comments
Demonstrated a Developed County Plan to Combat Homelessness and Proposed Solutions- " County Homelessness Plan"	• Each county must provide its Plan to reduce homelessness. This Plan can be a local homeless Continuum of Care plan, an MHSA expenditure plan that that includes a specific section discussing how expenditures address homelessness, or other county planning document that addresses homelessness. • The Plan should include a description of homelessness countywide, any special challenges or barriers to serving the Target Population, county resources applied to address the issue, available community-based resources, an outline of partners and collaborations, and proposed solutions. • The plan must be an approved county plan that was subject to public input, and is easily available to the public. • Counties may use their NPLH technical assistance funds to develop or update these plans if they do not already have them.

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Rating Factors

Pursuant to the Welfare and Institutions Code, Section 5849.8 (a)(2), the Department shall evaluate applications under a competitive process, (assuming the total amount of funds requested exceeds the amount of funds available under the current NOFA), using, at minimum, the following criteria:

- Extent to which units assisted by the program are restricted to persons who are Chronically Homeless or At-Risk of Chronic Homelessness,
- Extent to which non-HCD funds are leveraged for capital costs (except that use of a County's NPLH Noncompetitive Allocation funds may count as leverage),
- Extent to which projects achieve deeper affordability through the use of non-State project-based rental assistance, non-HCD operating subsidies, or other funding,
- Project readiness,
- Extent to which applicants offer a range of on-site and off-site supportive services to tenants, including mental health services, substance use disorder services, primary health, employment, and other tenancy support services, and

- Past history of implementing programs that use evidence-based best practices that have led to the reduction of the number of chronically homeless or at-risk of chronic homelessness individuals within the Target Population.

Proposed Application Process:

To better facilitate project readiness and improve coordination with the California Tax Credit Allocation Committee (TCAC) nine percent Low Income Housing Tax Credit (LIHTC) application rounds, the Department plans to offer two funding rounds per year through a competitive application process, as detailed in a NOFA.

Applications will be evaluated for compliance with the threshold requirements discussed above. Applications that meet the minimum threshold requirements will be scored as set forth below. The application rating factors will be designed to be "self-scoring" where feasible, and a process for appealing the Department's determinations will be available.

D. Scoring Category	
Units Restricted to Chronically Homeless or At-Risk of Chronic Homelessness	Percentage of total project units proposed to be restricted to those who are Chronically Homeless or At-Risk of Chronic Homelessness using a CES to provide tenant referrals.
Capital Leverage	• Applications will be scored based on the ratio of identified permanent enforceable non-HCD development funding to the NPLH requested amount. (Exception: use of a county's NPLH Noncompetitive Allocation funds may count as leverage), • Land donations can count toward this commitment based on current appraised value, • May calculate the percentage of capital leverage on a per-unit basis to score, • May cap the percentage of capital leverage needed to score full points.
Leverage of Operating/Rental Subsidies (Deeper Affordability)	• Applications will be scored based on the commitment of operating subsidies and private funding, or any other non-State project-based rental assistance to support the NPLH units, • May be calculated on a per-unit basis to score, • 100 percent of NPLH units with committed non-State operating subsidy will receive full points; (however, the

D. Scoring Category	
	Department is also proposing to fund capitalized operating subsidy reserves; See Rental Subsidies Section 10), • Operating leverage may include, but is not limited to, Section 8 Housing Choice Vouchers, VASH Vouchers, Family Unification Program Vouchers, Shelter Plus Care Rental Subsidy, Project-Based Vouchers, or other permanent project-based housing subsidies.
Project Readiness **(Projects must meet minimum point score in this category)**	• Acceptable site control under UMR Section 8303, • Market study meeting TCAC's requirements and appraisal, • Completion of all required environmental clearances including a Phase I that shows no Recognized Environmental Concerns (REC), or other dangerous conditions, or a Phase I/II with remediation adequately budgeted, • Obtaining all required land use approvals except building permits and other ministerial approvals, and, if applicable, obtaining local design review approval.
Extent of Onsite and Offsite Supportive Services *(Including mental health services, behavioral health services, primary health, employment, and other tenancy support services)*	Based on county-approved, project-specific Supportive Services Plan submitted with the application, the plan must include: • Number and type of Minimum Services offered on-site. (Services tenants must be provided access to), • Number and type of Expanded Services offered on-site, • Transportation plan to off-site services, • Frequency of available services. See Threshold Section 6 and Supportive Services Plan Section 11 for a discussion of requirements for service provider experience, service funding commitments, use of low-barrier tenant selection practices, staff-to-client ratios, and other elements of a supportive services plan. ***Key Question:*** 1. ***Should the Department provide more points to projects with staff to client ratio of 1:25 or lower?***

D. Scoring Category	
Past History of Evidence-Based Best Practices	Points will be awarded to projects that provide evidence of past history of incorporating evidenced-based practices successfully in addressing housing placement, and retention barriers, for Chronically Homeless and At-Risk of Chronic Homelessness target populations. Practices that focus on things such as: • Project design and safety features • Provision of services including, but not limited to, ▪ A critical time intervention model, ▪ Service provision that follows practices that the Substance Abuse and Mental Health Services Administration (SAMHSA) recognizes as evidence-based, ▪ Cognitive Behavioral Therapy, ▪ Motivational interviewing engagement tools, and/or ▪ Trauma-informed care. ***Key Question:*** ***What Best Practices should be prioritized in the rating process?***
Additional Point Score Areas	Possible additional point score areas may include the following: • Efforts to streamline entitlement approvals and development timeline. **Collaboration:** • A county applies jointly with a developer or, • If not applying jointly with a developer, the county can provide a letter or written agreement documenting collaboration on the proposed project between their housing department or, a consultant with affordable housing development experience, • Other demonstrated collaboration between housing

D. Scoring Category	
	department and/or CoC and behavioral health agencies, • Demonstrated collaboration between Applicant and health plans and/or, in counties with Whole Person Care or Drug Medi-Cal Organized Delivery System pilots, the pilot's lead entities, to encourage linkage of non-MHSA services dollars to NPLH units, as well as tracking of health outcomes. **Use of a Coordinated Entry System (CES)** - Projects that commit to utilize the local CES for their tenant referrals will be incentivized. • CESs must prioritize for NPLH units who are the most vulnerable or have the highest barriers to housing stability, • Those who are At-Risk of Chronic Homelessness who do not meet the definition of Homelessness, may be referred through a system other than the CES, if that process prioritizes vulnerability in housing needs. ***Key Question:*** 1. ***What rating factors should be prioritized/assigned the most points?*** 2. ***What other factors should be evaluated or taken into consideration?***

7. Non-Competitive Formula Allocation

Background

The Department may distribute up to $200 million in "over-the-counter" (OTC) or non-competitive program funding to finance the construction, rehabilitation, or preservation of housing serving the NPLH Target Population, and to capitalize operating reserves for such projects.

Fund Distribution:

The Department will award OTC funds proportionate to the number of persons experiencing homelessness who reside within each county, based on the most current sheltered and unsheltered Homeless PIT Count, or in the amount of $500,000, whichever is greater. See Appendix C for estimated Non-Competitive Allocations per County.

The following are the general requirements for the NPLH OTC allocation:

a. The Department will make funds available continuously for eighteen (18) months.

b. The County may apply as sole applicant if it is the project sponsor, as defined in UMR Section 8301, or jointly with a developer/sponsor.

c. Applicants may submit single-county applications or collaborate with one or more counties to submit a multi-county application(s) using the funds available under the formula to each collaborating county. Collaborating counties must demonstrate a benefit to the NPLH Target Population in their respective counties.

d. All housing funded under this Non-Competitive Allocation must meet the same threshold requirements as the competitive program.

e. These funds will be provided in the form of loans to projects and administered and underwritten by the Department, with the exception of funds used for shared housing of fewer than five units, as permitted in subsection (h) below.

f. Scattered site or shared housing of five or more units is permitted as long as the housing has common ownership, financing, and property management, and each household signs a lease. A single family home is one unit, a duplex is two units, a triplex is three units, a fourplex is four units, etc.

g. The Department will issue a NOFA for both the OTC and the competitive program concurrently, and provide incentive points in the competitive program to counties that couple the OTC funds with funds for projects submitted under the competitive allocation.

h. For counties with allocations of $500,000, the Department will permit rental-shared housing of one to four units as an acquisition with or without rehabilitation activity, with a 20-year affordability period. Under this option, the county is ultimately responsible for ensuring that:

- The project is financially feasible for the 20-year period of affordability,
- Income, Target Population, rent restrictions, and local habitability standards are met, and the county enters into a regulatory agreement covering these issues that is recorded on title. (The Department may make sample agreements available),
- Supportive Services are provided,
- Oversight of any rehabilitation work performed, and ongoing monitoring is done by the county or another contracted entity to ensure program requirements are met.
- Under this option, counties may use up to 10 percent of their allocation for administrative expenses.
- All funds will be provided once the property has been acquired.

8. Occupancy and Rent Restrictions

All NPLH funded units must be occupied by at least one NPLH eligible resident. Occupancy of these units will be restricted exclusively to the "Target Population" of persons who meet the criteria identified in the Welfare and Institutions Code, Section 5600.3 and are Chronically Homeless, At-Risk of Chronic Homelessness, or Homeless, as defined in the NPLH statute and guidelines, and, if income-eligible, the family of the Target Population.

- The Department will restrict NPLH units from 15 to 30 percent of the AMI. NPLH households cannot earn more than 30 percent AMI. If a project has rental subsidies or a COSR, the tenant-paid portion of the rents will be restricted to no more than 30 percent of household income, or higher if required by the rental subsidy source. Higher contract rents will also be permitted if permitted by the rental subsidy source.

9. Eligible Use of Funds

Program funds shall be used to finance capital costs, including, but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating subsidy reserves for NPLH funded units for the Target Population.

10. Assistance Terms

Development Funding:

For loans which the Department will administer, the Department proposes to structure development funding as residual receipt permanent financing loans, with small required payments to cover long-term monitoring costs (.42 percent), similar to the Veterans Housing and Homeless Prevention Program (VHHP). Loans will not be available for construction financing. Per-unit loan limits will be established based on affordability restriction levels, geographic location, unit size, and whether the project is accessing four or nine percent tax credits (or no tax credits), following a county-based sizing method similar to VHHP, but allowing for higher levels of funding if a project needs a Capitalized Operating Subsidy Reserve (discussed below). A per project loan limit will also apply. Eligible costs will be limited to those attributable to NPLH units, and include cost categories for the above-eligible activities in accordance with approved Department allowances. For multifamily loans which the Department will administer, projects will also be subject to the Department's Uniform Multifamily Regulations (UMRs).

Capitalized Operating Subsidy Reserve (COSR):

In some projects developed through the MHSA Housing Program, COSR funding levels have been insufficient to meet projected needs due to an under-estimation of operating costs, higher than expected unit turnover and furnishing replacement costs, and inadequate coverage of rents due to the length of time it is taking for MHSA clients to get SSI/SSP or access Section 8 rental subsidies, or tenant ineligibility for SSI.

Drawing on lessons learned through the MHSA Housing Program, the Department is seeking to refine the COSR sizing methodology for loans it will administer in order to help address operating shortfalls. In the coming months, the Department will be completing projections for COSR-sizing in large, medium, and small counties based on the following proposed methodologies. The modeling will assume that the Department subsidizes no more than 49 percent of the total project units as NPLH units since for the majority of NPLH projects, this will be the case. The modeling also assumes that a COSR should last 20 years.

A. Rent-Based Cap:

Under this methodology, COSRs will be sized on a project-by-project basis based on a typical AMI rent per county, (for example, 45 percent AMI), at different unit sizes, with an annual escalator for operating expenses, and a smaller annual escalator for tenant income. Assumptions will be made regarding:

- The percentage of NPLH units/tenants expected to receive Section 8 or other local rental subsidy,
- The percentage expected to receive SSI/ SSP within two years of initial occupancy without rental subsidy, and
- The percentage expected to remain at zero income indefinitely without rental subsidy. These percentages will be based on available project data from VHHP, MHSA, and other relevant sources.

B. Budget-Based Cap:

Under a budget-based model, instead of sizing a project's COSR based on a standard AMI rent level, an increase in the percentage of costs attributable to NPLH units will be applied, along with the assumptions for tenant income, rent subsidy, and inflation used above.

Under both models, ineligible costs under the COSR will include:

- Loan Payments (except payments for Department loans),
- Ground lease payments,
- Sponsor distributions,
- Costs associated with non-NPLH units,
- Allowable deferred developer fees, asset management fees or partnership management fees that can be paid for out of cash flow from the non-NPLH units or for which the payment of the NPLH pro-rata share of these fees would jeopardize the 20-year viability of the COSR,
- Deposits to contingent operating reserves beyond those required by the Department under the UMRs or by other project financing sources,
- Vacancy loss beyond three months for a tenant who has left the unit,
- Supportive services costs not permitted as part of the project budget under the UMRs.

The Department will issue a memorandum discussing the results of this modeling, along with the proposed framework for the COSR, including discussion of some COSR administration issues, when it issues the NPLH Program Guidelines for public comment (anticipated spring 2017). The memo will also include a discussion of per-unit subsidy limits and maximum loan amounts.

11. Supportive Services Plan and Requirements

NPLH requires that projects utilize low barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services.

Counties, in collaboration with a project's developer, must develop a project-specific service plan that addresses the needs of the NPLH Target Population, and must commit to providing, or coordinating, services to the project's residents for a minimum of 20 years.

Services shall be provided on-site at the housing development or in a location otherwise easily accessible to tenants. Services must also be provided in a manner that is culturally competent and accessible to persons with language or other communication barriers.

Available Supportive Services:

Participation in supportive services is voluntary. Services offered to NPLH tenants shall be flexible, voluntary, and individualized.

Below is a list of services that must be made available to NPLH tenants. These services can be provided directly by the county, or the county may coordinate the provision of or referral/linkage to these services as appropriate according to an individual tenant's supportive service needs.

Except as otherwise noted below, services can be provided either on-site or off-site; however, applications submitted within the competitive funding allocations will be given additional rating points for services provided on-site. The availability of 24/7 case management services or crisis lines after hours may also receive more points.

- On-site case management.
- Mental health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups,
- Substance use services, such as treatment, relapse prevention, and peer support groups,
- Physical health care, including access to routine and preventative health and dental care, medication management, and wellness services,
- Benefits counseling and advocacy, including assistance in accessing SSI/SSP, enrolling in Medi-Cal, and obtaining other needed services,

- Life skills (such as unit maintenance and upkeep, cooking, laundry, and money management),
- Transportation planning and assistance for access to off-site services,
- On-site peer support and advocacy,
- Housing retention services,
- Linkages to community resources,
- Recreational and social activities.

Enhanced Services:

The Department strongly encourages counties to offer enhanced services to NPLH tenants, which may include, but are not limited to:

- Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable accommodations in the education process,
- Employment services, such as supported employment, job readiness, job skills training, job placement, and retention services, or programs promoting volunteer opportunities for those unable to work,
- Tenant advocacy programs that engage and train tenants to become tenant representatives or advocates,
- Co-occurring supports and services,
- Community-based services, partnerships, and programs.

Supportive Service Plan:

The county's approved supportive service plan for the project must be submitted with the project's application for NPLH funds, and must include the information listed below. A sample format will be provided by the Department that will include tables for providing the information in a format that will expedite review.

- Description of NPLH Target Population to be served,
- Tenant outreach activities including referral sources and low-barrier tenant selection process,
- Description of tenant engagement and retention strategies to be used,
- Description of each service to be offered, how frequently each service will be offered or provided, who will be providing the services and the location of the services,
- Supportive service line item budget,
- Reasonable Accommodation policy and procedures, including appeal process,
- Eviction prevention practices and services,

- Service provider and property manager communication protocols,
- Identification of the parties responsible for Homeless Management Information System (HMIS) if using a CES and other required reporting. See Section 13 for more information on "Outcome Measures,"
- Description of ongoing training for supportive services and property management staff,
- Description of how the physical design of the project fosters tenant engagement, on-site supportive service provision, safety and security, and sustainability of furnishings, equipment, and fixtures. See Section 12 for more information on related "Best Practices",
- Description of how the supportive services are culturally and linguistically competent, including how services will be provided to NPLH tenants who do not speak English and how communication between the property manager and the non-English speaking tenants will be facilitated, and
- Identification of any additional subpopulation targeting or occupancy preference for NPLH units that a project wishes to undertake beyond what is permitted under the NPLH Target Population requirements. In this instance, counties must provide a legal opinion letter explaining how this additional targeting/preference complies with federal and State fair housing and anti-discrimination requirements. Any additional subpopulation targeting or occupancy preference for NPLH units must be approved by the Department.

Written Agreements:

The county application must include the following for each project:

- Copies of signed written agreements between the county, contracted service providers, and the project owner and property manager must be provided which are consistent with the information set forth in the Supportive Service Plan,

- A copy of the tenant selection plan and property management plan that is materially consistent with the philosophy and practices set forth in the Supportive Services Plan.

The Department may request updated documents prior to award of funds or loan closing.

12. Best Practices

Pursuant to the Welfare and Institutions Code, Section 5849.8 (a)(2)(F), all applications in the regional competitive funding allocations will be evaluated based on the applicant's past history of implementing programs that use evidence-based best practices that have led to the reduction of the number of Chronically Homeless or those At-Risk of Chronic Homelessness.

The following is a list of Best Practices that applicants may want to consider implementing in their projects. These are recommended practices and are not application threshold requirements. Elements of some of these practices related to supportive services may be part of the supportive services rating factor.

Safety Features

Safety concerns (internally and externally) should be factored in site selection and development of the project, including, but not limited to, the following:

- Ample lighting that promotes overall safety, including safety lighting that reduces or eliminates blind or dark spaces where people can hide,
- Secured entrance and exit points allowing admittance to residents or guests that residents admit,
- Security cameras to be placed at all entrances, common areas and exits. Written policy on the use of the cameras (including usage of cameras, authorized access of footage and conditions of release to authorities),
- Visitor policy that clearly defines the policies for visitors, to include the hours visitors are allowed on the property and physical spaces visitors may access. This policy is to be posted in public areas for resident awareness and reviewed with the resident at the time the lease is signed,
- Centralized common areas, with multiple entries and exits and visibility to the area from outside of it, such as windows in walls or doors.

Housing Components:

- Incorporate elements of nature to help individuals better assimilate to being indoors (such as large windows in the units and common areas),
- For pest control and overall durability, use of sustainable materials for furniture, equipment and fixtures.

Other Components:

- Availability of onsite property manager and 24-hour on-call supportive services staff,

- Standardized ongoing staff training on roles, responsibilities, and best practices focused on low barrier tenant selection practices, tenant engagement and retention,
- Use of peers in the provision of services, peer advocacy and support,
- Post in common areas and annually review with residents written policies such as reasonable accommodation, smoking, noise, pets, and grievance procedures.

13. Outcome Measures

The Department is required to evaluate the NPLH program in order to make recommendations for improvements. Specific performance measures, as outlined below, will be required to be reported by counties for use in the evaluation. Additional outcome measures are also proposed.

Pursuant to the Welfare and Institutions Code, Section 5849.11, counties shall annually report the following information:

- Project location, services, and amenities,
- Number of NPLH-assisted units and total assisted and non-assisted units,
- Project occupancy restrictions,
- Number of individuals and households served,
- Income levels for NPLH tenants,
- Homeless status (upon entry),
- Veteran status,
- Current mental health status (no identifying information will be collected as part of this report).

Proposed additional outcome measures submitted by the county may include:

Project/Tenant Characteristics: (Can be obtained through a CoC's Homeless Management Information System (HMIS))

- Demographic data (race, ethnicity, gender, age, etc) for each tenant,
- Disability type(s) (SMI with or without other physical or developmental disabilities, chronic health conditions, or substance use),
- Length of time each tenant was homeless or institutionalized prior to being housed and prior living situation (streets, shelter, institutional setting, etc.),
- Referral source (CES, County DMH, other source),
- Number of days from referral to move-in for each tenant,
- Each tenant's length of residency, measured in days,

- Information on which tenants have moved out of the project and to where each tenant moved, including returns to homelessness,
- Vacancy rate,
- Information on which tenants have moved into non-PSH affordable housing or private market housing.

Additional Measures:

- Source(s) of income, and annual increases in each tenant's income from employment, public benefits, or other sources,
- Information on which tenants have moved to lower or higher levels of care

To the extent counties possess the following data, the following information is relevant to the Department's evaluation:

Utilization:

- Emergency room visits for each tenant before and after housing,
- Average number of hospital and psychiatric facility admissions and inpatient days (including inpatient days in psychiatric facilities) before and after move-in,
- Number of arrests and returns to jail or prison before and after move-in, and
- Reduction in public benefit payments resulting from employment.

Impact on MHSA:

- Use of MHSA funds for services,
- Amount of MHSA funds contributed per project for services,
- Impact of supportive services and bond interest costs on MHSA funding.

State Reporting:

In addition to county reporting requirements, the Department will report annually to the Legislature on its method of distribution for NPLH funds, the distribution of funds among counties, and any recommendations as to modifications to the program for the purpose of improving efficiency or furthering the goals of the program. Additional information may be requested of counties as needed to comply with other Department reporting requirements.

Key Questions:

1. ***Are there any other outcome measures the Department should consider using?***
2. ***Of the measures proposed, are there any that the Department should eliminate?***
3. ***What are the challenges with data collection that the Department should be aware of in designing this part of the program?***

14. Alternative Program

Pursuant to the Welfare and Institutions Code, Section 5849.8(b), the Department may establish an alternative process for allocating funds directly to counties with at least five percent of the State's homeless population. As of November 2016, these counties are Los Angeles, San Diego, San Francisco, and Santa Clara. See Appendix A for proposed allocation amounts.

Under the Alternative Program, projects shall be selected and underwritten by the County according to its own criteria, and the County shall hold the Notes and Deeds of Trust. The County shall also be responsible for long-term monitoring of funded projects.

Administration:

Alternative Process counties may take up to 10 percent of their formula allocation for Administration costs. These funds will be available annually and will be disbursed proportionate to the County's annual allocation. Counties may also charge other reasonable and customary fees to projects.

To administer their own allocation of NPLH funds, these counties must:

- Demonstrate the capacity to directly administer loan funds for permanent supportive housing serving the Target Population,
- Have the ability to prioritize individuals with mental health needs who are Chronically Homeless or At-Risk of Chronic Homelessness consistent with program requirements.

Counties participating in the Alternative Program shall not be eligible for funds under the Competitive process.

Through a solicitation of interest process conducted by the Department, prior to the release of the competitive NOFA, the Department will determine each county's capacity

to administer NPLH funds based on the criteria below. County allocations, including funds used for Administration activities, may be released by the Department over a four to six year period based on the anticipated demand for funds within that county.

1. Demonstrated ability to finance permanent supportive housing with local and federal funds and ability to monitor the requirements for the life of the loan;

    - The county must provide evidence of administration of at least one affordable housing program within the past five years that funded a minimum of two multi-family rental project loans per year, including at least one loan per year for permanent supportive housing.
    - The county must clearly describe its current project selection process and requirements, underwriting standards, financial management systems, and long-term monitoring systems in place for program(s) it submits as evidence of its capacity.
    - The county must establish a Method of Distribution (MOD) for NPLH funds which examines, at a minimum, developer, service provider, and property manager capacity, as well as project financial feasibility and readiness. Other minimum standards for project financial feasibility and long-term monitoring will be established in the Department's program guidelines. Counties must address how their proposed MOD for NPLH funds will meet other NPLH program requirements in statute and program guidelines.

Key Question:

1. ***If an Alternative Program county cannot meet the above requirements, should the Department allow these counties to contract with one or more cities or housing authorities in the county that can meet these requirements on their own to administer the county's NPLH allocation?***

1. Past performance in delivering supportive services to the Target Population in housing:

    - The county must provide a list of projects where it is currently providing or coordinating the provision of supportive services to the Target Population. The county also must discuss the types of services offered, financing sources, and location of services for each project.

2. Past history of committing project-based vouchers to supportive housing;

- The county must provide a list of projects with the number of units where the county Public Housing Authorities (PHA) have committed project-based vouchers (PBV) within the last two years to supportive housing units serving the NPLH Target Population.

3. Ability to prioritize the most vulnerable within the Target Population through a Coordinated Entry System (CES):

   - The county must have a CES that is operating by the time the Department certifies the county to participate,
   - The county must demonstrate how it will be able to prioritize the most vulnerable within the NPLH Target Populations by utilizing the CES or another similar system if the CES cannot refer individuals who were homeless, but have been living in an institution for longer than 90 days.

4. Demonstration that NPLH project selection process will ensure projects meet the statutory threshold requirements (Section 5849.7(b)) as set forth in the Department's NPLH Program Guidelines;

   These include, but are not limited to:

   - Integration requirements: In order to promote the integration of the persons living with mental health disabilities with other tenants:

     (1) NPLH units must be integrated into the project and not be separated from other tenant populations within the project, and

     (2) Funded projects must encourage social interaction through community building activities, architectural design (for example, community space, wide hallways, etc.), and, do not impose restrictions in coming and going, or guests beyond typical limitations imposed by other unsubsidized rental housing.

     (3) In projects of more than 20 units, an Alternative Program county may choose to fund/restrict no more than 49 percent of a project's total units. If an Alternative Program county chooses not to impose this restriction, the county must document for the Department the specific measures it will take to ensure that the requirements of *Olmstead v. L.C.* and are being met in the implementation of the NPLH program. The Alternative Program county will also be required to describe the processes it has in place to ensure that projects meet federal and State accessibility, fair housing, and nondiscrimination requirements.

- Low-barrier Tenant Selection: Practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services for 20 years. As part of this evaluation, counties must also discuss how the Housing First requirements of SB 1380 (Chaptered 9-29-16) will be evaluated and achieved.

- Eligible Uses of Funds: Funds shall be offered to finance eligible NPLH capital costs including capitalized operating reserves,

- Financial Feasibility: requirements/underwriting standards that enable projects to remain affordable to NPLH tenants for a minimum of 55 years.

5. Reporting and Program Evaluation:

   Each county must certify compliance with all of the Department's reporting and program evaluation requirements, including:

   - Providing an annual schedule of proposed NPLH-NOFA/Request For Proposal releases and amounts made available, and awards made,
   - Quarterly Expenditure Reports,
   - Data on required program outcome measures. See Section 13 for more information on program outcome measures,
   - Other information as may be required by the legislature.

Department Monitoring Responsibilities:

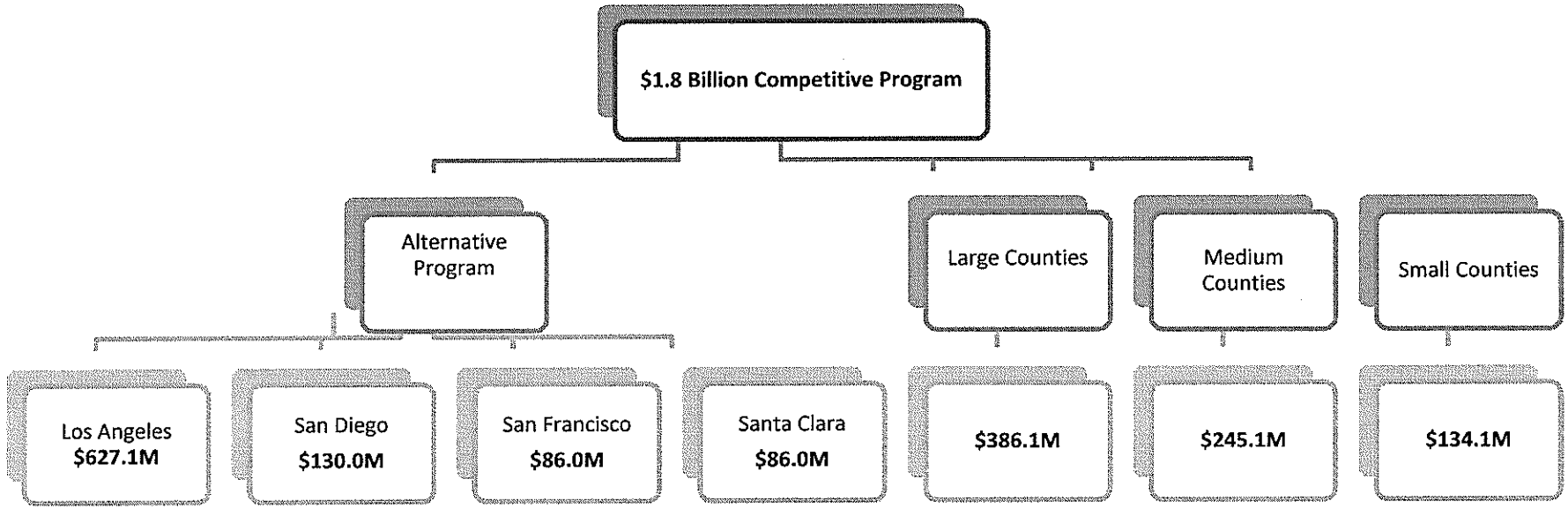
The Department may conduct annual monitoring of the Alternative Program until completion of all NPLH projects to ensure basic administrative processes are in place, funds are being drawn for eligible expenses, and basic statutory and State Program guideline requirements are being met. Additional monitoring may be done in subsequent years if the Department has good cause to believe that program requirements are not being met.

HCD may establish additional parameters for administration of these funds as necessary to implement the requirements of the program or provide required State oversight over bond-funded activities.

Unused Funds:

Funds not committed to supportive housing developments within two years following the allocation of funds to the Alternative Program counties shall be returned to the State for distribution through the competitive allocation process.

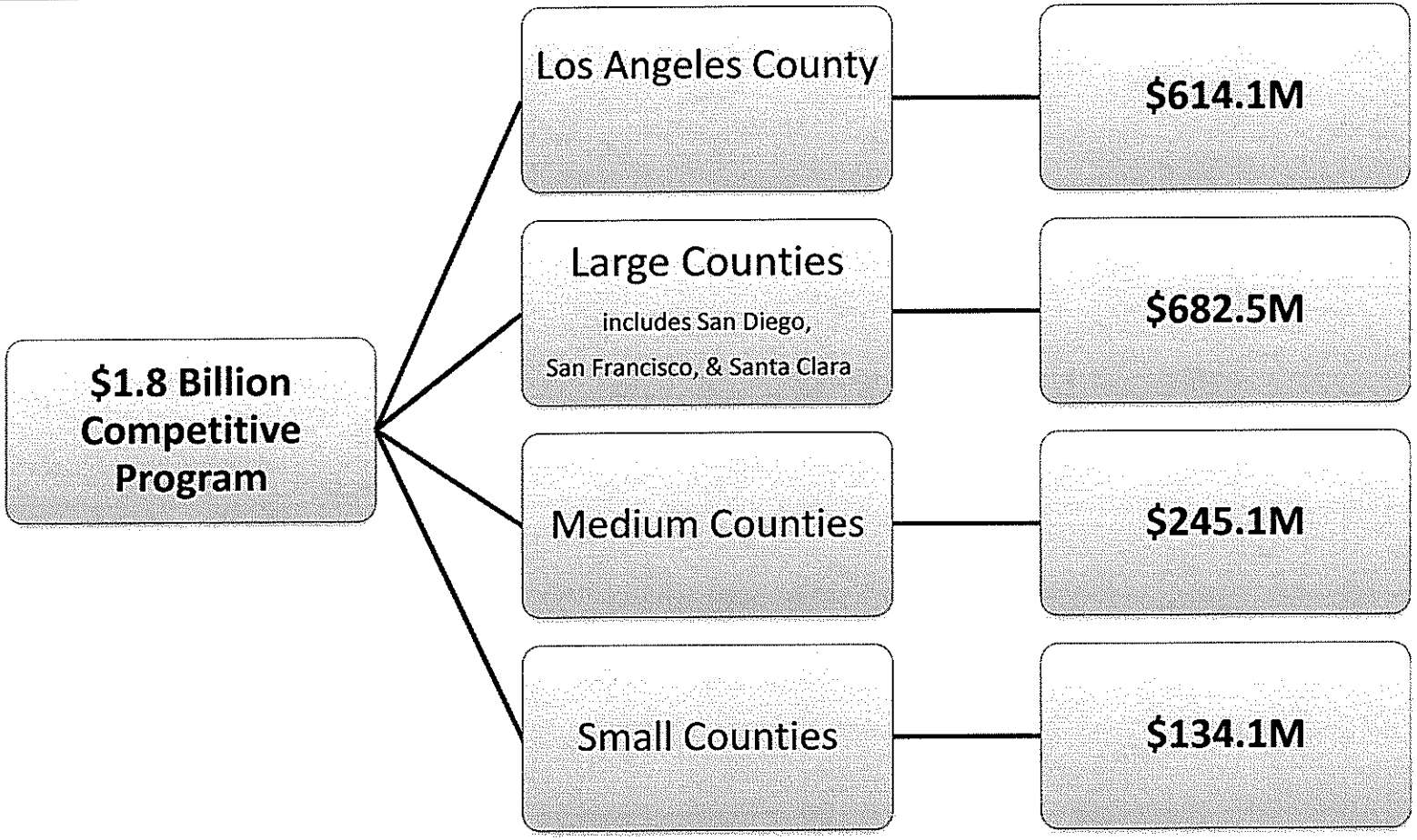
Appendix A: Tentative Total Competitive Program Formula Allocations[6]



See Section 5 for more information.

[6] Amounts above are rounded and reflect deductions for State administration ($90 million) and default reserves ($15.6 million).

Formula Allocation – NPLH Tentative Competitive Allocations (No Alternative Process Participation)[7]



[7] See Section 5 for more information. Amounts above are rounded and reflect deductions for State administration ($90 million) and default reserves ($34.2 million).

Appendix B: County Designations

*Los Angeles	Large Counties	Medium Counties	Small Counties
	Alameda	Butte	Alpine
	Contra Costa	Marin	Amador
	Fresno	Merced	Calaveras
	Kern	Monterey	Colusa
	Orange	Placer	Del Norte
	Riverside	San Joaquin	El Dorado
	Sacramento	San Luis Obispo	Glenn
	San Bernardino	Santa Barbara	Humboldt
	*San Diego	Santa Cruz	Imperial
	*San Francisco	Solano	Inyo
	*Santa Clara	Sonoma	Kings
	San Mateo	Stanislaus	Lake
	Ventura	Tulare	Lassen
		Yolo	Madera
			Mariposa
			Mendocino
			Modoc
			Mono
			Napa
			Nevada
			Plumas
			San Benito
			Shasta
			Sierra
			Siskiyou
			Sutter
			Tehama
			Trinity
			Tuolumne
			Yuba

* These counties currently have five percent or more of the State's homeless population and may elect to administer their own NPLH allocations.

Appendix C: Tentative Non-Competitive Allocations by County [8]

Alternative Program			Small Counties		
1	Los Angeles	$69,870,183	1	Humboldt	$1,860,867
2	San Diego	$13,771,432	2	Mendocino	$1,493,880
3	San Francisco	$10,673,299	3	San Benito	$1,027,664
4	Santa Clara	$10,328,363	4	Imperial	$874,883
Total		**$104,643,277**	5	Yuba	$791,720
Large Counties			6	Shasta	$684,322
1	Orange	$7,014,447	7	El Dorado	$500,000
2	Alameda	$6,365,524	8	Madera	$500,000
3	Sacramento	$4,190,374	9	Kings	$500,000
4	Riverside	$3,738,333	10	Napa	$500,000
5	San Bernardino	$3,387,096	11	Nevada	$500,000
6	Contra Costa	$3,201,240	12	Sutter	$500,000
7	San Mateo	$2,338,109	13	Lake	$500,000
8	Fresno	$2,298,733	14	Tehama	$500,000
9	Ventura	$2,234,156	15	Tuolumne	$500,000
10	Kern	$1,504,905	16	Calaveras	$500,000
Total		**$36,272,917**	17	Siskiyou	$500,000
Medium Counties			18	Amador	$500,000
1	Sonoma	$4,880,247	19	Lassen	$500,000
2	Monterey	$3,637,529	20	Glenn	$500,000
3	Santa Cruz	$3,095,711	21	Del Norte	$500,000
4	Santa Barbara	$2,725,573	22	Colusa	$500,000
5	San Joaquin	$2,692,496	23	Plumas	$500,000
6	San Luis Obispo	$2,388,511	24	Inyo	$500,000
7	Stanislaus	$2,219,980	25	Mariposa	$500,000
8	Marin	$2,078,225	26	Mono	$500,000
9	Solano	$1,706,512	27	Trinity	$500,000
10	Merced	$1,416,702	28	Modoc	$500,000
11	Tulare	$1,004,038	29	Sierra	$500,000
12	Butte	$901,659	30	Alpine	$500,000
13	Placer	$816,606	**Total**		**$18,733,336**
14	Yolo	$786,681			
Total		**$30,350,470**	**Non-Competitive Total $190,000,000**		

[8] $200 million less $10 million for State Administration = $190 million to counties