Contra Costa County
Department of Conservation and Development

AFFORDABLE HOUSING PROGRAM POLICIES AND PROCEDURES

LOCAL FUNDS – INCLUSIONARY IN-LIEU FEES & MEASURE X HOUSING FUND

October 2022

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Funding Sources and Eligible Activities

The 2022-2023 Affordable Housing Program NOFA will include two local funding sources: Inclusionary Housing In-Lieu Fees and Measure X Housing Fund. There are no stand-alone* State funding sources in the 2022-2023 Affordable Housing Program NOFA.

*The Measure X Housing Fund is augmented by funding from the State Local Housing Trust Fund Program.

Inclusionary Housing In-Lieu Fees

Every residential project in unincorporated Contra Costa County consisting of five units or more is subject to the County's Inclusionary Housing Ordinance Chapter 822-4 of the County Ordinance Code. The IHO promotes affordable housing by requiring 15% of units in the development to be affordable units. Alternative methods of compliance include the payment of a fee in-lieu of building affordable units on-site, building off-site, or any other feasible alternative. The in-lieu fees are approved and conditioned as part of the project's entitlements, paid at the time of building permit issuance, and deposited in a fund with DCD. These funds may only be spent on new affordable housing construction in unincorporated Contra Costa County.

The funding award would be:

- Provided as a forgivable low-interest loan, secured against the affordable housing property, to be reconveyed after the property is in service as affordable housing for five years;
- Affordable for the construction of housing for households earning up to 80% AMI;
- Preference for projects with larger units (two or more bedrooms); but
- May not be used to support affordable housing required to be built as part of a market-rate project using density bonus or to meet inclusionary housing requirements. This targets the funding to affordable units that might not be built but for the assistance.

Measure X Housing Fund

Measure X is a countywide 20-year, ½ cent sales tax approved by Contra Costa County voters on November 3, 2020. Collection of the tax began on April 1, 2021. The ballot measure language stated that the intent of Measure X is "to keep Contra Costa's regional hospital open and staffed; fund community health centers, emergency response; support crucial safety-net services; invest in early childhood services; protect vulnerable populations; and for other essential county services."

On November 16, 2021, the County Board of Supervisors approved the allocation of Measure X funding to establish a new funding for housing-related activities, now termed the Measure X Housing Fund (MX Housing Fund). Eligible projects under the Measure X Housing Fund for Year 1 project funds to be distributed through the Affordable Housing Program include:

- Affordable housing for populations earning up to 80% area median income (AMI), with a focus on ≤50% AMI
    - Acquisition, pre-development, construction, rehabilitation, and operating and reserve funds.
- Innovation pilot programs and capacity building technical assistance for affordable housing activities (acquisition, pre-development, construction, rehabilitation, and operating and reserve funds).
- Grant writing for affordable housing activities (acquisition, pre-development, construction, rehabilitation, and operating and reserve funds).

Additionally eligible Measure X Housing Fund activities to be funded through a separately administered process include: supportive services necessary to maintain housing, including legal services and rental assistance; homeless crisis response activities, including emergency and interim housing; innovation and pilot programs for housing and homeless crisis response-related activities; technical assistance and capacity building for housing and homeless crisis response-related activities; grant writing for housing and homeless crisis response-related activities. For information on these funds, visit: http://www.contracosta.ca.gov/aff-hsg-dev

Goals, Priorities, Income Limits, and Population Served

As approved by the County Board of Supervisors on September 20, 2022, the Goals of the MX Housing Fund are as follows:

- Support the affordable housing needs of Contra Costa County residents.
    - Top priority to fund affordable housing production and preservation.
- Prioritize filling funding gaps not addressed by other sources.
- Leverage funds wherever possible.
- Maintain flexibility to respond to the County's housing needs as they evolve.

The Board of Supervisors also approved the following parameters for funding eligibility:

- The program shall prioritize funding for projects serving households earning up to 50% AMI—this is the designated target population for MX Housing Fund dollars.
- Projects serving households earning up to 80% AMI are eligible.

Additionally, a minimum of 30% of funds awarded by the State Local Housing Trust Fund (LHTF) and those matched by the MX Housing Fund must fund projects serving households earning 30% AMI or below and a minimum of 50% of LHTF and MX Housing Fund match funds must support projects serving households defined by the State as "Low Income," as identified in Appendix C.

Funding Minimums

Affordable housing funding award minimums as follows:

- Pre-Development: $25,000
- Renovation and Microhome projects: $250,000
- Pilot/innovation and capacity-building projects: $25,000
- Everything else: $500,000

Local Housing Trust Fund Match

Projects funded using the Local Housing Trust Fund award or Measure X Housing Fund match ($6.24M of total funds) are required to enter into a 55-year regulatory agreement, imposing tenant income and rent restrictions, for all units assisted by program funds

Local Housing Trust Fund Eligible Cities

Projects funded using the Local Housing Trust Fund award or Measure X Housing Fund match ($6.24M of total funds) are required to be located in cities or counties that had, at the time of the County's application to the State for funding, an adopted Housing Element determined by the State to be in compliance with state Housing Element Law. In Contra Costa County, the following jurisdictions had adopted housing elements found in compliance with State Housing Element law as of May 25, 2022. As such, the following jurisdictions are eligible to use Local Housing Trust funds or Measure X Housing Fund match:

- Unincorporated Contra Costa County
- Danville
- El Cerrito
- Hercules
- Martinez
- Moraga
- Oakley
- Pinole
- Pittsburg
- Pleasant Hill
- Richmond
- San Pablo
- San Ramon
- Walnut Creek

Funding Types

Loans

- Capital projects (capital and rehabilitation projects)
- Homeownership project loans will be for 20+ years
- Rental project loans will be for 55+ years

Grants

- Pilot/innovation and capacity-building projects

Funding Distribution Process

- Reimbursable grants will require awardees to pay funds up front and be funded on a reimbursable basis.
- Up-front grants (if offered, will be for Innovation Projects only) will fund awardees in advance of incurring expenses. Funding may be distributed as a lump sum at the onset of

the project or incrementally as work is completed, depending on the terms of the funding agreement.

Funding Terms

Within one year of contingent notification of grant award, awardees must enter into a grant agreement. Measure X Housing Fund grant awards must be expended within two years of execution of the grant agreement.

Within two years of contingent notification of loan award, awardees must enter into a loan agreement. Projects funded by Measure X Housing Fund loans must commence work within one year of execution of the loan agreement.

NOFA, Application Submission, Review & Funding Process

Each year, Contra Costa County (County) Department of Conservation and Development (DCD) issues a Notice of Funding Available (NOFA) to award available federal, State, and local funding to projects throughout the County. Funds may include CDBG Urban County, HOME Consortium, HOME-ARP, HOPWA, State, or local funding. See Appendix A for a typical NOFA schedule.

Application Submission

Applicants are required to complete an application and turn it in by the due date and time. Applications submitted after the due date deadline will not be accepted.

Applications are available online at http://www.citydataservices.net/. Instructions for accessing the applications will be provided at the annual technical assistance meeting. This meeting is held annually in the fall. Applicants are strongly encouraged to attend the annual technical assistance meeting where staff will explain application requirements and be available for questions.

Review and Funding Process

Applications are reviewed by DCD staff for eligibility, completeness, meeting threshold requirements, and competitiveness. Incomplete applications may not be accepted. Due to limited funds, not all eligible applications will be funded.

Project Scoring Worksheet & Ranking Criteria by Funding Source

Applications that pass the initial threshold review will be scored using the Project Scoring Worksheet in Appendix B for each funding source applied for. The following will be assessed and contribute to project scores in the areas of Project Readiness, Financial & Cost Analysis, Developer Experience & Capacity, and Project Targeting & Characteristics.

Submitted Applications are Public Records

All applications submitted for funding may be made available to the public pursuant to a request under the California Public Records Act.

Appeal Process

Any persons, firm, partnership, or corporation aggrieved by a decision pursuant to the actions of the affordable housing program shall be afforded an opportunity for review of that decision by the Director of the Department of Conservation and Development, or designee. Upon review of the case, a final decision will be rendered by the Director, subject to appeal to the Board of Supervisors, under the appeal procedures in Title 1, Chapter 14-4 in the County Ordinance Code.

Time Frame for Use of Funds

Applicants for funds must demonstrate that all funding for the project will be secured and that the applicant will be prepared to enter into binding legal agreements within 12 months of the start of the fiscal year for which funds are awarded. In addition, projects must begin construction within 12 months from formal commitment of funds. This means that competitive projects will have secured permanent financing commitments shortly after DCD allocation of funding. It is the Developer's responsibility to keep DCD staff apprised of all schedules and milestones for the project. Failure to do so could mean the loss of funds. Failure to move the project forward in a reasonable time frame could also result in loss of funds.

Application Evaluation Criteria

Applications submitted in response to the annual NOFA are assessed against eligibility requirements, programmatic thresholds, and evaluation criteria in order to fairly evaluate and rank these applications. County staff also strives to use the funds throughout the County and not overly allocate funds in a single area.

Applications will first be reviewed by DCD staff to determine if the State/local eligibility and programmatic thresholds are satisfied. Projects meeting requirements will be evaluated according to the evaluation criteria.

DCD staff makes its funding recommendations to the Affordable Housing Finance Committee (AHFC). Its recommendations are forwarded to the Board of Supervisors for approval. The AHFC is a board appointed citizen advisory committee consisting of City, County, and Community representatives.

Threshold Requirements

Projects must be targeted to lower income households and must comply with affordable rent and sales price restrictions. See Appendix C for income and rent limits. It is the applicant's responsibility to review program requirements for each funding source they are applying for. All projects submitted for funding consideration must meet the following criteria to be eligible for a funding commitment.

Site Control

Developers must have site control, and evidence of site control must be included in the application. Evidence may include one of the following:

- Grant deed evidencing fee title ownership;
- Purchase agreement;
- Option to purchase or lease;
- Long term lease agreement;

- Executed land sales contract or enforceable agreement for acquisition; or
- Exclusive Negotiating Agreement, Lease Disposition & Development Agreement, or Disposition & Development Agreement.

Capacity and Experience of the Developer and Development Team (Including Asset/Property Management)

The developer and development team must have demonstrated experience and capacity for completing projects similar to what is proposed in terms of scope, size, budget, financing structure, ability to obtain financing, and schedule. Experience includes the successful development and completion of three projects of a similar size and scope by the developer. The developer must have its own paid staff who are assigned to the project, who have worked on similar projects, and whose résumés demonstrate their ability to guide the project through all stages of the development process. See Appendix D for additional information.

An applicant must demonstrate the proposed asset/property management agent has the experience and capacity to manage a project of a similar size, scope, and funding source restrictions as being proposed for funding. Copies of annual monitoring compliance audits and completion letters issued by local, state, or federal monitors should be submitted for projects within Contra Costa County.

Financially Feasible Project

Though applicants are awarded points for leveraging other sources, Inclusionary In-Lieu and MX Housing Fund funds may be “first in”. However, all funding sources must be identified before funding is distributed. Funds may not replace other permanent funding on the project, except when a permanent funding source is no longer viable.

Project Implementation Schedule and Timing

Projects will be required to submit and be evaluated on a project implementation schedule including all major milestones (property acquisition, development entitlements, construction start, occupancy, etc.). The timeline for project completion must make reasonable assumptions. Applicants must provide a narrative regarding whether or not discretionary approvals are required for planning or building permits and the project’s status and schedule relating to this. Projects that do not require discretionary planning approvals must provide a letter documenting that the project does not need planning approvals from the projects jurisdiction’s Planning Department.

Project Criteria

Project must meet one of the following criteria:

- Long-term affordable rental housing which is either permanent or transitional housing in nature; or
- Homeownership activities that provide long-term affordable ownership housing that qualifies as ownership housing under CDBG or HOME regulations; or
- Special needs housing, including permanent supportive housing, group homes, or emergency shelters.

- County policy further establishes a goal of 100% of assisted units reserved for households with incomes at or below 50% AMI and 10% of assisted units affordable at or below 30% AMI.

Local Support

Projects will be required to generate local support, including contacts with local governmental officials, public agencies, neighborhood, and community organizations, etc. The developer must show that the project has the support of the local jurisdiction where the project is proposed (financial support for the project is encouraged but not required).

Allowed Construction and Operating Budget

Developer Fee

A developer fee is an eligible cost and must reflect a reasonable rate. Allowable fees for mixed-income projects, minor rehabilitation projects, or rehabilitation of existing affordable housing will be negotiated on a project-by-project basis. Developer fees are contingent upon satisfactory completion of the project.

Rental Projects Utilizing 9% Tax Credits

For projects that will be financed, in part, with 9% competitive Low Income Housing Tax Credits, the total Developer Fee payments shall not exceed the amount that may be included in project costs allowed by the TCAC program. No more than $2.2 million in cash to the developer at construction close will be allowed. Developer Fees in excess of $2.2 million must be deferred or contributed to the development as sponsor equity.

Rental Projects Utilizing 4% Tax Credits

For projects that will be financed, in part, with 4% Low Income Housing Tax Credits, the total Developer Fee payments shall not exceed the amount that may be included in project costs allowed by the TCAC program. No more than $2.5 million in cash to the developer at construction close will be allowed. Developer Fees in excess of $2.5 million must be deferred or contributed to the development as sponsor equity.

Rental Projects Utilizing State HCD Accelerator Funds

For projects that will be financed, in part, with State HCD Accelerator funds, the total Developer Fee payments shall not exceed the amount that may be included in project costs allowed by the Accelerator program. No more than $2.2 million in cash to the developer at construction close will be allowed. Developer Fees in excess of $2.2 million must be deferred or contributed to the development as sponsor equity.

Non-Tax Credit Projects – Rental or Homeownership

For projects that will not be funded with Low Income Housing Tax Credits, the County standard is that the developer fee shall range between 2% and 10% of total development costs, depending on the complexity of the development.

Developer Fee %	# of Units in Project
10%	Up to 8 units
7%	9 to 20 units
5%	21 to 50 units
3%	51to 70 units

2%	Unit count >70 units

Developer Fee - Rehabilitation programs

For ongoing rehabilitation programs (either scattered site rental or owner-occupied homeownership), staff personnel costs shall be considered as a developer fee. The maximum allowable developer fee is 10% of the CDBG, HOME, HOME-ARP, and/or HOPWA subsidy. For example, if the Applicant is requesting $500,000 in funds for a scattered site rental rehabilitation program, the maximum allowable developer fee request is $50,000. Thus, $450,000 will be available for direct rehabilitation costs.

Construction Contingency

The development must include a minimum 8% hard construction cost contingency for new construction projects and a minimum 15% hard construction cost contingency for rehabilitation projects are required in the development budget. In addition, the development must include a soft cost contingency of a minimum 10% of soft costs, excluding developer and administrative fees, construction loan interest, and reserves.

Partnership Management and Asset Management Fee

The total of the partnership management and asset management fee is limited to $38,000 per year during the tax credit period and $25,000 per year after year 15. For projects also funded with State HCD funding an increase of 3.5% for each subsequent year is allowed. For projects with no State HCD funding, automatic escalation is not allowed.

Operating Budget Requirements

Operating budgets and 20-year pro forma must conform to the following criteria:

- The operating budget must show at least break-even cash flow within 18 months of initial rent-up. If this is not achievable, a written explanation in the financial narrative should accompany the application;
- Include operating and replacement reserves (See Replacement and Operating Reserve Requirements below);
- 5% annual vacancy/collection loss for family, senior, and preservation projects and 10% annual vacancy/collection loss for SRO or special needs projects;
- 3.5% annual increase for expenses (other than property taxes and replacement reserves deposits);
- 2% annual increase for property tax;
- 2.5% annual increase for rental income;
- Do not assume Section 8 project based rental assistance unless the County Housing Authority has previously made an award for the proposed project;
- The cash flow projection must demonstrate that annual revenues meet or exceed annual expenses over the 20-year term; and
- A debt coverage ratio of up to 1.15 is allowed if required by senior lenders.

The operating budget will be reviewed to ensure it is sufficient for proper maintenance and management but is not excessive compared to other similar properties. If the applicant is proposing different standards than those outlined above, a written explanation and justification is required.

Replacement and Operating Reserve Requirements

County financing is generally in place longer than other financing sources (55 years, except homeownership financing through MX Housing Fund (20+ years)). As a result, the owner's ability to maintain and repair the project over the long term is extremely important to DCD. Exceptions to the stated requirements will be granted in rare cases only. Use of replacement and operating reserves is subject to prior review and approval by DCD, or other senior lenders.

Replacement Reserves: For new construction projects, the initial amount of annual deposits to the replacement reserve account shall be equal to at least the lesser of 0.6% of estimated construction costs associated with structures in the project, excluding construction contingency and general requirements, or $500 per unit.

For rehabilitation projects, developers will be required to submit a third-party physical needs assessment in which the lifecycle and cost of major building systems is estimated. In the absence of an approved physical needs assessment or other reliable indicators of the need for replacement reserve funds, DCD may assume that the initial amount of the annual deposits shall be $600 per unit. Substantial rehabilitation projects should use reserve standards for new construction projects.

Replacement Reserve Calculation Example	
Estimated Construction Costs (Structures)	$10,000,000
0.6% of Structures	$60,000
Total # of Units	50
$500/Unit	$25,000

In the above example, the required annual replacement reserve deposit would be $25,000 (less than the 0.6% of the Structures Cost amount).

b. Operating Reserves: initial operating reserve of 2% of the gross rental income must be capitalized on a monthly basis until the reserve reaches an amount equal to six months operating costs (including debt service costs). The operating reserve must be maintained at the level of six months of operating costs for the period during which the property is regulated by the County Regulatory Agreement.

Reasonable Development Costs

Projects must not exceed reasonable development costs. The applicant must include rationale for all budget line items. If project budgets are deemed unusually high or low, DCD staff may request additional information. If costs go up during the loan closing phase, DCD reserves the right to evaluate an application and withdraw funding based on new information.

Final Work Write-up

All projects must demonstrate cost reasonableness verified by an independent third party. A final work-write up showing the costs per unit will be required.

Special Needs & Permanent Supportive Housing

If the proposed housing development targets a special needs population, a Resident Services Plan to provide supportive services must be submitted. This may include services provided directly by the applicant organization. If services are to be provided by other organizations, a MOU or letter of intent to enter into a MOU must be attached. The Resident Services Plan must state how many special needs set-aside units there will be in the project and the exact population that will be targeted; must demonstrate that the essential supportive and social service needs of the target population will be met; and must include individual case management services.

Public Recognition of Funding

Applicant will be required to publicly recognize the funding provided by Contra Costa County in all newspaper articles and any other public relations opportunities related to this project. DCD staff and members of the Board of Supervisors must be invited to participate in groundbreaking and grand opening ceremonies, if held.

Loan Terms and Requirements Before Loan Closing

Loan and Contract Terms – Rental Projects

Standard loan terms are 3 percent simple interest with a 55-year term and with annual payments due from surplus cash or residual receipts.

It is the County's goal to assist developers in achieving financially viable projects and to leverage other financing; therefore, loan terms may be changed based on DCD staff review of a written request with supporting documentation. Draft loan documents (loan agreement, regulatory agreement, deed of trust, and promissory note) are circulated to the project developer prior to execution. It is the developer's responsibility to negotiate this requirement with other lenders.

Annual Payments Due

The annual audit of the project must calculate the amount of payment owed to each separate lender every year as part of the ongoing multi-year reporting requirements. Typical payments are made in an amount equal to the sum of (1) the County Loan Prorata Percentage of the Lender's Share of Residual Receipts and (2) the County additional Prorata Share multiplied by borrower's Shared Portion of Residual Receipts (each such payment is considered an "annual payment"). The County shall apply all annual payments first, to accrued interest; and second, to principal.

All loans are due on sale, refinancing, or transfer (except to a related entity, such as a limited partnership, subject to the County approval).

The County will not consider any requests to lower its interest rate below that of the lenders associated with the home city if the project is not located in unincorporated Contra Costa County. This might be a City, Successor Agency, Housing Authority, and/or other local public body acting as lender.

County loans are secured by a deed of trust recorded on the property. Income, occupancy, and rent restrictions are placed on the property through a recorded regulatory agreement.

Insurance Requirements

Proof of insurance is required prior to execution of loan documents. If the project will be owned by an LP or LLC, the LP or LLC must be able to provide proof of the required insurance (see below).
During development, the developer/owner/borrower must have commercial general liability insurance

with limits not less than $2 million each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal injury, Bradform Property Damage, and Products Completed Operations (which limits may be met through excess/umbrella coverage in the amount of $15 million). Automobile insurance coverage is required with ~~of~~ at least $1 million per occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned, non-owned, and hired vehicles, as applicable. Workers' Compensation to the extent required by law, including Employer's Liability coverage, with limits not less than $1 million per incident is required. Builders' Risk insurance during the course of construction is required, and upon completion of construction, property insurance covering the Development, in form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the County, naming the County as a Loss Payee, as its interests may appear. Flood insurance must be obtained if required by applicable federal regulations. Commercial crime insurance is required covering all officers and employees, for loss of Loan proceeds caused by dishonesty, in an amount approved by the County, naming the County a Loss Payee, as its interests may appear. DCD also requires property (hazard) damage insurance for rehabilitation projects in an amount equal to 100% of the replacement cost of the structure.

Commercial General Liability, Automobile Liability, and Property insurance policies must be endorsed to name as an additional insured the County and its officers, agents, employees, and members of the County Board of Supervisors.

The format of the endorsement that is acceptable by the County's Risk Management Department, is as follows:

- Endorsement for additional insureds must be on a separate additional page
- Must name Contra Costa County and its officers and employees as additional insured for general liability (it's best to include the name and address as indicated below)
- Name of insured must be included (this is your organization)
- Policy number must be included on the endorsement page

"Contra Costa County and its officers and employees"
Contra Costa County DCD
30 Muir Road
Martinez, CA 94553

After completion of construction, similar levels of liability and hazard coverage are required throughout the term of the loan and are specified by the Regulatory Agreement. The required insurance must be provided under an occurrence form. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit must be three times the occurrence limits specified above.

Any general contractor, agent, or subcontractor working on the development under direct contract with the borrower or subcontract are to maintain insurance of the types and in at least the minimum amounts described above for Workers' Compensation, Commercial General Liability, and Automobile

Liability, except that the limit of liability for commercial general liability insurance for subcontractors must be $1 million, and must require that such insurance will meet all of the general requirements naming the County as an additional insured as stated above.

All policies and bonds are to contain: (i) the agreement of the insurer to give the County at least ten (10) days' notice prior to cancellation or material change for nonpayment of premium, and thirty (30) days' notice prior to cancellation for any other change or cancellation in said policies; (ii) an agreement that such policies are primary and non-contributing with any insurance that may be carried by the County; (iii) a provision that no act or omission of Borrower shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (iv) a waiver by the insurer of all rights of subrogation against the County and its authorized parties in connection with any loss or damage thereby insured against.

Requirements may change based on the County's Risk Management standards.

County Project Delivery Costs

County costs associated with the implementation of the project, such as ensuring project compliance with federal requirements and development of legal documents, will be covered by additional CDBG, HOME, HOME-ARP, or HOPWA funds allocated to the project. These funds will not be added to the loan but will be considered project costs when calculating the maximum subsidy amount.

Disbursement of Funds

Funds are generally disbursed on a reimbursement basis upon submission of invoices and specified backup documentation. Funds for acquisition of properties may be provided through deposit of funds into an escrow account with written instructions from the developer to the County.

Loan Retention

County requires at least $50,000 (up to 10% of the County loan) of the County funds be retained by DCD as performance retention. The retention will be released upon recordation of a Notice of Completion, release of all liens, satisfactory compliance with all reporting requirements, and approval by DCD of the project cost certification. Reporting requirements will be outlined in more detail in the loan agreement and include a completion occupancy report with household beneficiary information including but not limited to income, race, and ethnicity for all County assisted units, cost report, resolution of Davis-Bacon issues, final relocation reports, and proof of compliance with NEPA mitigations.

Subordination Requirements

Any agreement by the County to subordinate the Deed of Trust and/or Regulatory Agreement to an encumbrance securing and/or evidencing a Senior Loan will be subject to the satisfaction of each of the following conditions: *(Note that the term "borrower" in the section below applies to the ownership entity of the project.)*

- All of the proceeds of the Senior Loan, less any transaction costs, are used to provide acquisition, construction, and/or permanent financing for the development.

- The lender of the Senior Loan is a state or federally chartered financial institution, a nonprofit corporation, or a public entity that is not affiliated with the borrower or any of the borrower's affiliates, other than as a depositor or a lender.
- Borrower demonstrates to the County's satisfaction that subordination of the Deed of Trust and the Regulatory Agreement is necessary to secure adequate acquisition, construction, and/or permanent financing to ensure the viability of the development, including the operation of the development, including the operation of the development as affordable housing, as required by the County loan documents. To satisfy this requirement, borrower must provide to the County, in addition to any other information reasonably required by the County, evidence demonstrating that the proposed amount of the Senior Loan is necessary to provide adequate acquisition, construction, and/or permanent financing to ensure the viability of the development, and adequate financing for the development would not be available without the proposed subordination.
- The subordination agreement(s) is structured to minimize the risk that the Deed of Trust and the Regulatory Agreement will be extinguished as a result of a foreclosure by the bank or other holder of the Senior Loan. To satisfy this requirement, the subordination agreement must provide the County with adequate rights to cure any defaults by borrower, including: (1) providing the County or its successor with copies of any notices of default at the same time and in the same manner as provided to borrower; and (2) providing the County with a cure period of at least sixty (60) days to cure any default.
- The subordination(s) of the County loan is effective only during the original term of the bank loan and any extension of its term that is approved in writing by the County.
- The subordination does not limit the effect of the Deed of Trust and the Regulatory Agreement before a foreclosure, nor require the consent of the lender prior to the County exercising any remedies available to the County under the County loan documents.

County Policies

In addition to above requirements, the County has established the following standards:

Green and Sustainable Building

Green and sustainable building is encouraged. It strives to improve design and construction practices so that new buildings will last longer, cost less to operate, and contribute to increased productivity and better working environments for workers and/or residents. In addition, green building works to protect natural resources and improve the built environment so ecosystems, people, enterprises, and communities can thrive and prosper. Green and sustainable building requires thorough planning, thoughtful design, and quality construction.

Evidence of Community Outreach

The developer must show that the project has the support of the jurisdiction where the project is located. For new construction or substantial rehabilitation projects, the developer must submit evidence of community outreach to residents surrounding the proposed development and to relevant community groups. Evidence of community outreach must include copies of announcements of the meetings (flyers, advertisements, etc.), meeting agendas, any handouts or other information used at the meetings, and sign-in sheets. For acquisition and rehabilitation projects, the developer must demonstrate that meetings with the existing tenants have occurred, and the tenants are aware of the extent of rehabilitation and work which will occur on site. Applicants must provide a narrative regarding whether or not discretionary approvals are required for planning or building permits, project status, and development schedule. Projects that do not require discretionary planning approvals may provide a letter of support from the jurisdiction's Planning or Housing Department.

County Legal Costs

The loan closing costs associated with County funds shall be borne by the project. Contra Costa County uses both outside legal consultants and County Counsel. As discussed in Part 2, Section E, the project allocation of funding is increased by an amount sufficient to cover county legal costs. As these documents are tailored to each project, the costs may range between $10,000 and $30,000 depending on the amount of negotiation and re-drafting required.

Multifamily Housing Revenue Bonds

Projects that receive an allocation of funding from the County and are applying for Multifamily Housing Revenue Bonds from the California Debt Limit Allocation Committee for either construction or permanent funding, must contact DCD bond administration staff to discuss the County's role as bond issuer.

Definitions

Glossary of Acronyms and Terms

Acquisition of Rental Housing	*Acquisition is the purchase of existing rental housing. This must be combined with rehabilitation if the property does not meet the HOME property standards at the time of purchase.*
AFFH	Affirmatively Furthering Fair Housing
AHFC	Affordable Housing Finance Committee
Annual Action Plan	The Annual Action Plan describes the projects and activities that the CPD formula block grant recipients plan to carry out with that grant year's funding and that will contribute to their Con Plan goals.
Area Median Income (AMI)	AMI stands for Area Median Income. AMI is the midpoint of a region's income distribution – half of households in a region earn more than the median and half earn less than the median. For housing policy, income thresholds set relative to the area median income – such as 50% of the area median income – identify households eligible to live in income-restricted housing units and the affordability of housing units to low-income households.
CEQA	California Environmental Quality Act
Certificate of Occupancy (C of O)	The Certification of Occupancy (often referred to as the C of O) is a certification by the state or local code official that the unit meets the applicable building standards required to allow occupancy.

Circulars	Instructions or information issued by the Office of Management and Budget (OMB) to Federal agencies. These are expected to have a continuing effect of two years or more.
Code of Federal Regulations (CFR)	The codification of the general and permanent rules published in the Federal Register by the departments and agencies of the Federal government.
Community Development Block Grant (CDBG)	A program that provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.
Community Housing Development Organization (CHDO)	A private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations at 24 CFR Part 92.2. A Participating Jurisdiction (PJ) must award at least 15 percent of its annual HOME allocation to housing that is owned, developed, or sponsored by Community Housing Development Organizations.
Community Residence	A multi-unit residence designed for HOPWA-eligible persons to provide a lower cost residential alternative to institutional care; to prevent or delay the need for such care; to provide permanent or transitory residential setting with appropriate services to enhance the quality of life for those who are unable to live independently; and to enable such persons to participate as fully as possible in community life.
Consolidated Plan (Con Plan)	The Con Plan consists of a needs assessment, a market analysis, and a strategic plan, in which PJs lay out priority needs and goals over the planning period. CPD formula block grant recipients are required to submit a Con Plan every three to five years.
Consortia	A group of geographically contiguous units of general local government may choose to form a consortium, particularly when one or more members are not eligible to receive a formula allocation, or their formula allocation would not meet the minimum participation threshold. A consortium is treated as a single unit of local government for the purposes of HOME.
Cost Allocation	Cost allocation is required in any HOME rental or homebuyer project where fewer than 100% of the units are HOME-assisted; and/or in which less than 100% of the space is residential. PJs are required to charge the actual costs of the HOME units, which will require allocating costs, and identify the number and characteristics of units to be designated as HOME.
Cost Burdened	Those who pay more than 30 percent of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care.
Conversion	Conversion involves changing the use of the property, such as rehabilitation of an institutional or commercial property for residential use.
DCD	Department of Conservation and Development
DDA	Disposition and Development Agreements
DCR	Debt Coverage Ratio – a ratio of the project's Net Operating Income (NOI) divided by the debt service payment. DCR reflects the project's ability to repay its debt.
EEO	Equal Employment Opportunity
Fair Market Rents (FMR)	Fair Market Rents (FMRs) are the 40th percentile of gross rents for typical, non-substandard occupied units in the local rental market. These rents are issued by HUD, for Office of Management and Budget (OMB) defined metropolitan areas, some HUD defined subdivisions of OMB metropolitan areas, and each nonmetropolitan county. They are used to determine eligibility and establish a

	payment standard for certain HUD programs, including the Housing Choice Voucher program.
FHEO	Fair Housing and Equal Opportunity
General Information Notice (GIN)	As soon as feasible, the general information notice is required to be provided to a person that may be displaced by a project. A general information notice informs the person they may be displaced and not to move. It describes the assistance they may get in general terms, and states that they will receive a 90-day notice before they need to move. Requirements for specific information that must be included in the general information notice are found at 49 CFR 24.203.
Group Home	Housing occupied by two or more single persons or families that consists of common space and/or facilities for group use by the occupants of the unit and separate private space for each family (except in the case of shared one-bedroom units).
HOME	HOME Investment Partnerships Program
HOME-ARP	HOME Investment Partnerships Program – American Rescue Plan
HOME Project	A HOME project consists of one or more buildings on a single site or multiple sites that are under common ownership, management, and financing and will be assisted with HOME funds as a single undertaking.
HOPWA	Housing Opportunities for Persons with AIDS
HUD	Housing and Urban Development
Income Targeting	Income targeting refers to limits on occupancy to households that meet specified income limits. For example, if a PJ wants its rental housing programs to serve very low-income tenants, it might impose income targeting so that HOME-assisted units must be occupied by households with incomes that are at or below 50% of area median income (AMI).
LAP	Language Assistance Plan
LBP	Lead-Based Paint
LEP	Limited English Proficiency
LIHTC	Low-Income Housing Tax Credits
Leveraging	The ratio of total project dollars from other sources as compared with County funds as compared to total project dollars from other funding sources.
Liquidity	In accounting, the term liquidity is defined as the ability of an entity to meet its financial obligations as they come due. The liquidity ratio, then, is a computation that is used to measure a company's ability to pay its short-term debts.
LLC	Limited Liability Company
Loan Guarantees	Loan guarantees are an eligible, but extremely uncommon, use of HOME funds. A loan guarantee is used as a credit enhancement when a borrower who is otherwise eligible for a private loan is denied because of a real or perceived risk factor.
LP	Limited Partnership
LSHR	Lead Safe Housing Rule
MSA	Metropolitan Statistical Area

Monitoring Plan	An annual plan that documents how the PJ will monitor their HOME-funded partners and outlines how the PJ will allocate its resources to ensure that each funded entity receives an appropriate level of monitoring, given its risks.
MBE/WBE	Minority and Women Business Enterprise. A Women Business Enterprise (WBE) is a business that is at least 51% owned and controlled by one or more women who are citizens of the United States. A Minority Business Enterprise (MBE) is a business that is at least 51% owned and controlled by one or more persons who are Alaskan Native or American Indian, Asian or Pacific Islander, Black (non-Hispanic), or Hispanic, and are citizens of the United States.
MX Housing Fund	Measure X Housing Fund
NEPA	National Environmental Policy Act
New Construction	The creation of new dwelling units. Any project which includes the creation of new or additional dwelling units in an existing structure is considered new construction.
NFIP	National Flood Insurance Program
NOFA	Notice of Funding Availability
Office of Management and Budget (OMB)	The business division of the Executive Office of the President of the United States that administers the United States Federal budget and oversees the performance of Federal agencies.
Operating Pro Forma	A projected income and expense statement submitted by the developer as part of the project proposal. The PJ must review the operating pro forma to determine whether the project income will be able to support its financial needs for at least the period of affordability.
Participating Jurisdiction (PJ)	The term given to any state, local government, or consortium that is designated by HUD to administer a HOME Program. HUD designation as a Participating Jurisdiction (PJ) occurs if a state or local government meets the funding thresholds, notifies HUD that they intend to participate in the program, and has a HUD-approved Consolidated Plan.
Period of Affordability	The length of time during which affordability restrictions apply, and the unit must be the principal residence of a low-income household.
Program Income (PI)	Under HOME, program income is the gross income received by the participating jurisdiction, State recipient, or a subrecipient directly generated from the use of HOME funds or matching contributions.
PMSA	Primary Metropolitan Statistical Area
Projects	Projects are the chief mechanism for organizing and tracking related activities in IDIS. Projects correlate those activities with the Goals and Outcome Indicators that the Grantee enters in the specific year's Action Plan.
Project Reserve Accounts	Project reserve accounts are created to fund a potential shortfall of operating or maintenance expenses throughout the affordability period. These reserve accounts are not an eligible project cost but are typically funded with annual payment from net operating income.
PHA	Public Housing Authority
PLHA	Permanent Local Housing Allocation
Responsible Entity (RE)	A responsible entity is a unit of general local, state, or Tribal government that has legal authority to assume responsibility for the environmental review under 24 CFR Part 58 because they exercise control over planning, permitting, and supplying

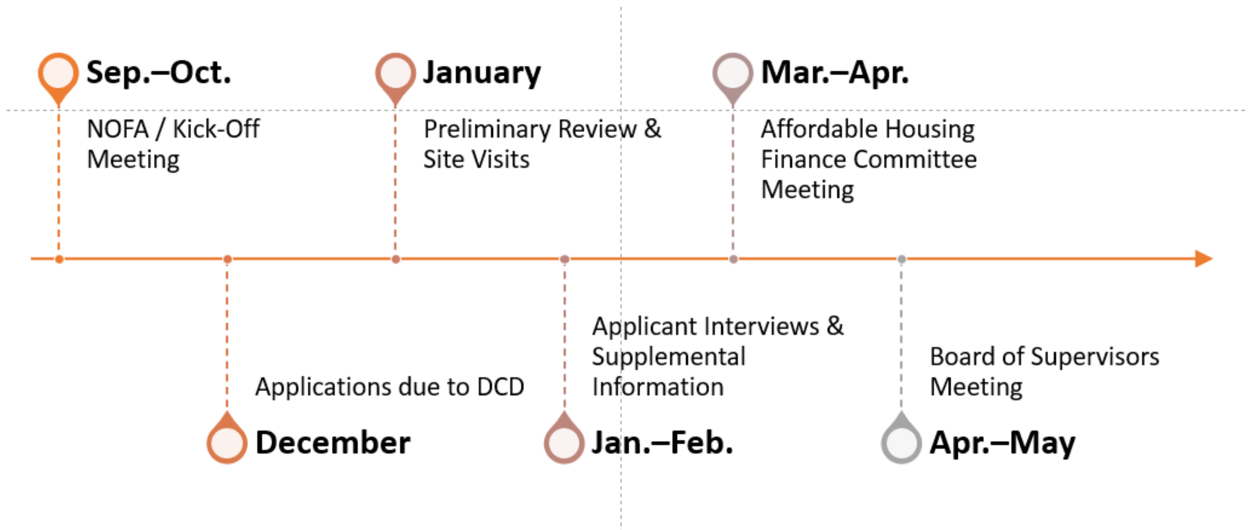
	infrastructure to support HUD-assisted projects for their jurisdictions. For the HOME Program, the responsible entity is the PJ - the state, unit of local government or consortium that receives a formula allocation of HOME funds directly from HUD.
Recaptured Funds (HP)	Any amount of funds that are recaptured by the PJ as a result of a homebuyer property (with a recapture provision) that is sold or transferred during the affordability period.
Recapture Provision	A recapture provision is a mechanism for the PJ to recapture all or a portion of direct HOME assistance to the buyer if the HOME recipient decides to sell the house within the period of affordability.
Reconstruction (also rehabilitation)	The rebuilding, on the same lot, of housing standing on a site at the time of project commitment. The HOME Rule permits reconstruction of housing that is no longer standing on the site if it was destroyed in a disaster, provided that HOME funds are committed within 12 months of the date of destruction; however, this is the only exception. The number of housing units on the lot may not be changed as part of the reconstruction project, but the number of rooms per unit may change. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing. Reconstruction is rehabilitation when replacing a substandard housing unit with the same type of housing unit.
Regulatory Agreement	The written agreement between the County and the sponsor that will be recorded as a lien on the rental housing development to control the use and maintenance of the project, including restricting the rent and occupancy of the assisted units.
Rehabilitation	Correction of deficiencies in or improvement of existing housing to bring the unit to the required standards in the PJ's written rehabilitation standards.
Resale Provision	A resale provision requires that the unit must be sold at an affordable price to a subsequent buyer that is low-income.
Residual Receipts	For each calendar year, the amount by which a project's gross revenue exceeds the annual operating expenses.
SFHA	Special Flood Hazard Area
Single Room Occupancy (SRO)	Housing consisting of single room dwelling units that is the primary residence of its occupant or occupants. The unit must contain food preparation and/or sanitary facilities if the project involves new construction, conversion of non-residential space, or reconstruction. If the units do not contain sanitary facilities, the building must contain sanitary facilities shared by the tenants. A project's designation as an SRO cannot be inconsistent with the building's zoning and building code classification.
Sources and Uses Statement	This is a statement that must be submitted by the developer, which lists all anticipated sources of funding (public and private) and anticipated development costs for a project.
Subsidy Layering	Subsidy layering is a statutory requirement to assure that Federal resources are neither duplicative nor wasteful when applied to affordable rental housing.

Substantial Rehabilitation	For the purposes of implementing Section 504 (accessibility), substantial rehabilitation is defined as a rehabilitation of a project with 15 or more units when the rehabilitation costs exceed 75% of the after-rehabilitation value of the building. For purposes of implementing HUD's broadband requirement, substantial rehabilitation is defined as either (1) work that involves significant work on the electrical system of the multifamily rental housing, such as complete replacement of the electrical system or work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire electrical system; or (2) Rehabilitation where the estimated cost of rehabilitation is equal to or exceeds 75% of the after-rehabilitation value of the property. Note, for both definitions, in projects with multiple buildings and more than 4 units, the replacement cost (of the electrical system or the property, building(s) undergoing rehabilitation.
Supportive Services	Services that are necessary to enable an individual to participate in various activities. These may include, but are not limited to, links to community services, assistance with transportation, assistance with childcare and dependent care, housing assistance, needs-related payments, educational testing, reasonable accommodations for individuals with disabilities, legal aid services, health care referrals, assistance with books, school supplies, and payments and fees for employment and training-related applications, tests, and certifications.
Transitional Housing	Housing with the express purpose of moving residents to independent living within a certain time period; transitional housing typically includes supportive services. Transitional housing is commonly used for housing for deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children.
URA	Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended
Urban County	The Urban County consists of all of Contra Costa with the exception of the cities of Antioch, Concord, Pittsburg, and Walnut Creek. These cities are separate entitlement jurisdictions under the CDBG program.
VAWA	Violence Against Women Act

Appendices

Appendix A	Typical NOFA Schedule
Appendix B	Self-Score Worksheet
Appendix C	Rent and Income Limits
Appendix D	Developer Standards
Appendix E	Conditions Precedent to Disbursement of Loan Funds

Appendix A – Typical NOFA Schedule



Appendix B – Project-Score Worksheet & Rating Criteria by Funding Source

Applications submitted during the annual NOFA schedule shall be evaluated using the following criteria. Total available points shall equal 210 points for a rental project and 185 points for a homeownership project. Score worksheet and rating criteria are updated annually and are subject to change. A minimum score of 150 points for rental and 125 points for homeowner must be achieved to be considered for a funding award.

Criterion	Reference to Section in Guidelines	Maximum Points	
		Rental	Ownership
Project Readiness – 60 points maximum			
Funding Commitments	Page 6	20	20
Project Implementation Schedule	Page 8	10	10
Land Use/Entitlements and/or Other Local Support	Page 9	10	10
Environmental Review Clearance/Approval	Page 28	10	10
Site Control	Page 7	10	10
Financial and Cost Analysis – 50 points maximum			
Reasonable Development Costs	Page 9	10	10
Feasible Construction & Operating Budget	Page 10	20	20
Leveraging/Match Funding	Page 29	20	20
Developer Experience and Capacity – 40 points maximum			
Strength of Development Team	Page 8, Appendix D	15	15
Strength of Property Management	Page 8 Appendix D	10	N/A
Successful Completion of Previous Projects	Page 8 Appendix D	15	15
Project Targeting and Characteristics – 45 points maximum			
Energy Efficiency/Green Building	Page 15	5	5
Extremely-Low Income Units (30% AMI)	Page 8	15	N/A
Very-low Income Units (50% AMI)	Page 8	10	10
Long-Term Affordability	Page 8	15	15
Consistency with Local and Regional Plans	Page 8	10	10
Penalty for Nonperforming Previously Funded Projects		-10	-10
TOTAL POSSIBLE POINTS		205	180

Appendix C – Rent and Income Limits

DCD PROGRAMS (Inclusionary In-Lieu, Measure X)

Income Limits as of June 2022

Persons per Household	Extremely Low-Income 30% AMI	Very Low-Income 50% AMI	Low Income (As Defined by HCD)	80% AMI
1	$30,000	$50,000	$76,750	$79,950
2	$34,300	$57,150	$87,700	$91,400
3	$38,600	$64,300	$98,650	$102,800
4	$42,850	$71,400	$109,600	$114,250
5	$46,300	$77,150	$118,400	$123,350
6	$49,750	$82,850	$127,150	132,500
7	$53,150	$88,550	$135,950	$141,650
8	$56,600	$94,250	$144,700	$150,800

Contra Cost County Area Median Income for a family of 4 for 2022 is $142,800.

Gross Rent Limits as of June 2022

Bedroom Size	Extremely Low-Income 30% AMI	Very Low-Income 50% AMI	Low Income (As Defined by HCD)	80% AMI
Studio	$750	$1,250	$1,999	$2,000
1	$856	$1,428	$2,285	$2,285
2	$964	$1,606	$2,570	$2,570
3	$1,071	$1,785	$2,856	$2,856
4	$1,156	$1,928	3,085	$3,085
5	$1,243	$2,070	$3,313	$3,312
6	$1,328	$2,214	$3,541	$3,542
7	$1,414	$2,356	$3,770	$3,770

Appendix D – Developer Standards

Developers who meet the criteria defined below are qualified to apply for funding directly, with no requirements for additional joint venture partners or assistance.

Applicants who do not meet the developer standards must have additional assistance (e.g., a qualified development partner approved by DCD or by hiring qualified staff) to manage the project. Without an approved form of agreement between the applicant and an approved development partner, County contracts will not be entered into, and funds will not be released.

An applicant must demonstrate experience and capacity to complete the project. Experience includes the successful development and completion of three projects of a similar size and scope by the developer. The developer must have its own paid staff who are assigned to the project, who have worked on similar projects, and whose résumés demonstrate their ability to guide the project through all stages of the development process.

The following information is required as part of the application:

- list of current staff assigned to the project including their résumés and job descriptions;
- list of current board members, with affiliation; and
- most recent audited financial statements.

Development Team

In addition to the qualifications of the developer and its staff, all members of the development team must demonstrate their experience and capacity to complete the project. Those criteria are listed below.

Architect

The architect or architectural firm must have experience developing three projects that are similar to the proposed project. This experience must be demonstrated by providing:

names and addresses of projects of comparable size and with similar financing structures and types of construction;

resumes of staff involved in the proposed project including the lead staff person for this project and his/her experience with similar projects; and

references, including at least three from owners of the similar projects described above.

Attorney

Attorneys must have experience working on at least three projects that are similar to the proposed project. Key staff at each law firm should have experience with housing development. If the developer is using different law firms for different aspects of the development, please provide the following information for each firm:

- experience with real estate law;

- experience with nonprofit corporate law;
- experience with low-income housing tax credit syndication, if applicable;
- resumes of firm and key staff members; and
- three or more references.

Contractor

If selected at or before the time of application for funding, the general contractor must have experience with at least three projects that are similar to the proposed project. The contractor must provide the following information:

- experience with similar construction type;
- experience with Davis-Bacon and prevailing wage projects, (if applicable);
- financial capacity and bonding capacity equal to 100% of the construction amount;
- résumés of firm and key staff, including the site supervisor;
- three or more references; and
- documentation of liability and worker's compensation insurance.

The Contractor must have all applicable licenses in good standing and must not be on the federal or state Debarred and Suspended Contractors List.

Property Manager

The selection of a property manager is not required at the time of application submission. The following information is required prior to execution of legal documents and is the same for independent or affiliated management companies:

- experience managing at least five projects of similar size, income mix, unit mix, population mix, and service enrichment, if applicable;
- experience in complying with federal income and rent requirements;
- a list of all properties currently managed by the property management company, demonstrating that they can, and are willing to, take on an additional property;
- résumés of key management staff;
- a minimum of three references;
- a standard lease agreement, noting any anticipated changes to the document;
- a management plan, either the actual plan for this property, or a sample of a similar plan;
- specification as to whether the property manager will live on or off-site; and
- a copy of anticipated House Rules, if available.

Appendix E– Conditions Precedent to Disbursement of Loan Funds

The excerpt below is from a sample set of loan documents, detailing requirements that the project must meet, either before funding, or before retention will be released:

The County is not obligated to disburse any portion of Loan Funds unless all of the following conditions have been and continue to be satisfied:

- There exists no event of default nor any act, failure, omission, or condition that would constitute an event of default under this agreement.
- Borrower holds title to the property or is acquiring title to the property simultaneously with the disbursement of the loan proceeds;
- Borrower has delivered to the County a copy of a corporate resolution authorizing Borrower to obtain the Loan and all other Approved Financing, and to execute the Loan Documents;
- There exists no material adverse change in the financial condition of Borrower from that shown by the financial statements and other data and information furnished by Borrower to the County prior to the date of this Agreement;
- Borrower has furnished the County with evidence of the insurance coverage meeting the County requirements;
- Borrower has executed and delivered to the County the Loan Documents and has caused all other documents, instruments, and policies required under the Loan Documents to be delivered to the County;
- The Deed of Trust, the Regulatory Agreement, and the Intercreditor Agreement have been recorded against the Property in the Office of the Recorder of the County of Contra Costa;
- A title insurer reasonably acceptable to the County is unconditionally and irrevocably committed to issuing an LP-10 2006 ALTA Lender's Policy of title insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the County, and containing such endorsements as the County may reasonably require. The Borrower shall provide whatever documentation (including an indemnification agreement), deposits, or surety is reasonably required by the title company in order for the County's Deed of Trust to be senior in lien priority to any mechanics liens in connection with any start of construction that has occurred prior to the recordation of the Deed of Trust against the Property in the Office of the Recorder of the County of Contra Costa;
- All environmental review necessary for the construction of the Development has been completed, and Borrower has provided the County evidence of planned compliance with all NEPA and CEQA requirements and mitigation measures applicable to construction, and evidence of compliance with all NEPA and CEQA requirements and mitigation measures applicable to preconstruction;
- The County has determined the undisbursed proceeds of the Loan, together with other funds or firm commitments for funds that Borrower has obtained in connection with the construction of the Development, are not less than the amount the County determines is necessary to pay for

the construction of the Development and to satisfy all of the covenants contained in this Agreement and the Regulatory Agreement;

- Borrower has obtained all permits and approvals necessary for the construction of the Development;
- The County has received and approved the Bid Package for the subcontractors for the construction of the Development pursuant to the loan agreement;
- The County has received and approved the general contractor's construction contract that the Borrower has entered or proposed to enter for the construction of the Development pursuant to the loan agreement;
- The County has received and approved labor and material (payment) bonds and performance bonds as required pursuant to the loan agreement;
- Borrower has closed all loans and equity that are part of the approved financing described in the loan agreement and has already received or is eligible to receive the funds;
- The County has received fully executed copies of loan documents for the other lenders or investors;
- The County has received reasonable evidence that the local match requirements have been satisfied pursuant to the loan agreement; and
- The County has received a written draw request from Borrower, including backup documentation as detailed in the loan agreement.

Conditions Precedent to Disbursement of Retention.

The County is not obligated to disburse the loan retention unless the following conditions precedent are satisfied:

- The County has received a completion report from Borrower setting forth: (i) the income, household size, race, and ethnicity of Tenants of the County-Assisted Units; (ii) the unit address, unit size, rent amount, and utility allowance for all County-Assisted Units; To meet a CDBG-required National Objective, the completion report will be required for all units in the project. In order to meet the Low Mod Housing national objective, at least fifty-one percent of the units will be required to be occupied by low-income households. To demonstrate the fifty-one percent affordability requirement, the County is responsible for reporting completion report information for all units;
- The County has received a Final Cost Certification for the Development from Borrower showing all uses and sources;
- The County has received from Borrower copies of the certificate of occupancy or equivalent final permit signoffs for the Development;
- The County has received from Borrower current evidence of the insurance coverage meeting the requirements of Section 4.16 below;
- The County has received from Borrower a form of Tenant lease;
- The County has received from Borrower a Marketing Plan, Tenant Selection Plan, Technology Plan, and Social Services Plan;

- The County has received from Borrower evidence of marketing for any vacant County-Assisted Unit in the Development such as copies of flyers, list of media ads, and a list of agencies and organizations receiving information on availability of such units, as applicable;
- The County has received from Borrower all relevant contract activity information, including compliance with Section 3 and MBE/WBE requirements;
- If Borrower was required to comply with relocation requirements, the County has received from Borrower evidence of compliance with all applicable relocation requirements;
- The County has received from Borrower a copy of the management agreement and contact information for the property manager of the Development and the name and phone number of the on-site property manager;
- If Borrower is required to pay prevailing wages under the Davis-Bacon Act (40 U.S.C. 3141-3148), the County has received confirmation that Borrower has submitted all certified payrolls to the County, and any identified payment issues have been resolved, or Borrower is working diligently to resolve any such issues;
- The County has received from Borrower evidence of compliance with all NEPA mitigation requirements as set forth in the loan agreement; and
- The County has received a written draw request from Borrower, including all required document as set forth in the loan agreement.