

Executive Summary

Fiscal Year 2016-17 Community Placement Plan Housing Guidelines

September 2016

This Executive Summary is an overview of the changes to the Fiscal Year 2016-17 Community Placement Plan (CPP) Housing Guidelines (Housing Guidelines). The changes are based in part upon input and/or discussion with a Housing Stakeholder group, which included the Association of Regional Center Agencies, regional centers (RC), and non-profit housing organizations (NPO). These stakeholders participated in meetings convened by the Department of Developmental Services (Department or DDS) in October 2015, January 2016, and March 2016.

- The Department reorganized the Housing Guidelines and created new sections to enhance clarity and avoid duplication. For example, all contractual requirements were aggregated into the new section, CPP Housing Contractual Provisions. The content of the Housing Guidelines remains substantially the same as last year's version.
- The Department added a new section, along with a new Appendix N, specific to multi-family housing proposals to enhance clarity on requirements for these projects. The RC must contact the Department not less than six (6) months prior to submission of a proposal due to the additional planning and workload associated with the review of the multi-family housing proposal.
- The Department added new language, requiring the use of the Department's approved escrow instructions (Appendix L) referenced below.
- The Department established new policy decisions as follows:
 - In lieu of a performance bond, and with prior Department approval, the RC shall include all of the specified performance assurances in the contract with the NPO. In previous versions of the Housing Guidelines, the RC had the option to require one or more assurances.
 - A minimum down payment amount of twenty percent (20%) of the property's purchase price. This requirement replaces the previous acquisition ratio of three (3) dollars in other funds to each one (1) dollar in CPP funds.
 - Adjustable rate mortgages and balloon payments are not permitted as financing options, without prior approval by the Department.

- The Schedule of Development/Implementation Plan must describe all strategies used to identify properties.
- A written request to acquire housing shall contain an appraisal conducted by a licensed State appraiser and an updated estimated operating budget.
- The RC must use Department-approved CPP property documents including escrow instructions (Appendix L), which were provided as a sample document in last year's version. The requirements contained in the escrow instructions, including receipt of all required CPP Property Documents (Restrictive Covenant, DDS Deed of Trust, etc.), must be satisfied prior to the close of escrow and purchase of a property.
- The Department-issued written approval of the housing acquisition request will now indicate the RC is required to transfer funds into an escrow account.
- The RC must ensure the NPO conducts a replacement reserve analysis for acquisition/renovation projects at the time a written request to acquire the property is submitted. An updated replacement reserve analysis shall be completed not less than every five (5) years thereafter. The RC shall have the option to require that the replacement reserve analysis is completed by an independent third party. Also, this has been added as an eligible cost. Any increase to an established replacement reserve amount must be approved by the Department as part of the CPP modification request process.
- The RC must ensure the NPO procures lender's title insurance for the Department and owner's title insurance. This has been added as an eligible cost.
- As part of annual reporting to the Department, the RC must attach an accounting of replacement reserve funds by CPP property. In addition, the RC must complete a reconciliation of year-to-year lease amounts and describe any changes in the amounts.
- The Housing Guidelines clarify that property hazard insurance procured and maintained by the NPO must be equivalent to the replacement value of the property.

- In response to comments at the stakeholder meetings, the Department changed the Housing Guidelines as follows:
 - As part of the escrow instructions, the RC must electronically transfer CPP funds into escrow prior to the purchase of a property.
 - For CPP modifications, a significant change now includes additional CPP funds needed to complete a project due to unanticipated renovation or construction costs, including those related to person-centered modifications (e.g., accessibility features or renovations, lift systems, etc.) environmental hazards, local planning requirements, etc.
 - The CPP Housing Annual Report (Appendix M) was simplified by removing the requirement for an initial report and changing the due date to February 1, to align with the end of the calendar year.