Fiscal Year 2026-27

Housing Guidelines for the Regional Centers

Community Development Division

Community Resource Development Plan



DDS Department of Developmental Services

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SECTION 1: INTRODUCTION

The Housing Guidelines apply to all Housing Acquisition Requests (HAR) and Multifamily Housing Proposals submitted by the regional center to the Department of Developmental Services (Department or DDS) and when a housing developer organization (HDO) will be the fee owner of property purchased using Community Resource Development Plan (CRDP) Start-Up funds.[1]

From time to time, the Department may revise these Housing Guidelines to reflect needed changes or updated requirements such as best practices, changes in law or policy, or a new understanding about how to protect California State (State) funds. I. Projects may be subject to revised Housing Guidelines requirements at the time of property purchase. The regional center and HDO shall not unreasonably withhold actions and execution of all documents necessary or appropriate for an existing project to comply with the requested changes. The Department will review the implications for implementing new revisions to minimize any adverse effects on the development of existing projects.

The Department created these Housing Guidelines to achieve the development of safe, affordable, and sustainable housing for individuals with intellectual and developmental disabilities (IDD) who receive services and supports from the regional center. The Department uses CRDP funds to facilitate the development of permanent housing in the community that will be used exclusively, in perpetuity,[2] by the individuals we support. In collaboration with the regional center, an HDO (either a nonprofit or a for-profit entity) may purchase real property through the "Buy-It-Once" model, construct an Accessory Dwelling Unit (ADU), or develop multiple restricted units in a multifamily project.

The "Buy-It-Once" model develops integrated community housing dedicated strictly for the use by individuals with IDD. The model requires that the provision of services and supports is separate from the property ownership. The regional centers are responsible for selecting HDOs (the property owners) that have a mission to serve individuals with IDD and have the capacity to provide housing for these individuals.

[1] For Multifamily Housing Proposals, at the Department's discretion, CRDP funds may be secured by a leasehold interest.

[2] For purposes of the Housing Guidelines, "in perpetuity" is interchangeable with "for 99 years."

SECTION 2: AUTHORITY

Development of permanent housing must adhere to resource development provisions pursuant to Welfare and Institutions Code (WIC) Section 4418.25 and Section 4679, in which the development of community resources is allowed within the regional center's approved CRDP plan.

In June 2014, new statutory provisions were added to the WIC Section 4684.80 et seq. and Section 4698 that require the Department to use CRDP funds to support development of Enhanced Behavioral Supports Homes (EBSH) and Community Crisis Homes (CCH) as models of care for individuals requiring intensive services and supports due to challenging behaviors.

SECTION 3: CRDP HOUSING PROCESS OVERVIEW

Pursuant to these Housing Guidelines, a regional center must submit a HAR or Multifamily Housing Proposal describing how the Department-approved CRDP funds will be used for the acquisition (purchase) of housing and/or the modification or new construction of the housing to meet the unique needs of the individuals we support. Approval and funding priority will be aligned with the priorities and goals stated in the applicable fiscal year *Guidelines for the Regional Centers, Community Resource Development Plan* (CRDP Guidelines). The Department supports collaborative proposals between two or more regional centers to develop specialized housing resources that effectively and efficiently meet the statewide needs of individuals we support.

The Department's approval of a HAR or Multifamily Housing Proposal is contingent on the regional center's current and continuing compliance with these Housing Guidelines and the regional center's ability to provide the Department promptly and directly, as needed or as requested, current, complete, and accurate information as specified in these Housing Guidelines. Consistent with WIC Section 4648.1, the regional center and HDO shall provide information and access required for monitoring by the Department, including examination and review of books, records, documents, and files, in whatever form they exist, of the named HDO and its affiliate organizations, and interviews with its principals, agents, and employees.

3:1 SINGLE-FAMILY HOUSING ACQUISITION REQUEST

The regional center must receive Department's approval to purchase a property and/or construct a home or ADU.

When the purchase of a property by the HDO is documented by a fully executed purchase agreement and approved by the regional center, the regional center shall submit a HAR to the Department in accordance with Section 9 of these Housing Guidelines.

Once the HAR is approved, the Department will issue a Letter of Conditional Approval authorizing the regional center to complete the purchase of the prospective property that will be owned by the HDO, or to begin renovation or construction on a property that is already owned by the HDO.

The regional center shall not authorize the use of CRDP funds to purchase real property prior to the submission of a HAR and the Department's approval of it.

> Note: The regional center shall notify the Department upon identification of a new HDO and submit all requested documents for review (See Section 5 and Attachment K for more information). The regional center shall not enter a partnership with an HDO for the purpose of developing a CRDP property unless the Department has granted prior written approval of the HDO.

The HAR must:

1. Be consistent with the regional center's authority to conduct resource development as described in WIC Section 4418.25 and WIC Section 4679 . The HAR must be submitted and approved through the process specified in the CRDP Guidelines and these Housing Guidelines.

2. Demonstrate a contractual agreement between the regional center and HDO that requires the regional center and HDO to obtain the Department's conditional approval for its HAR prior to proceeding with the acquisition of real property.

3. Demonstrate the separation of property ownership from the delivery of services and supports within the home, i.e., the HDO cannot be both the property owner and the service provider.

4. Contain sufficient details for the Department to determine the intended use of the requested funds.

5. Require the HDO to comply with the terms of these Housing Guidelines, including, but not limited to, its execution of the Department's restrictive covenant (Attachment A) for each property it acquires.

6. Demonstrate compliance with State fiscal oversight, accountability, and audit requirements consistent with WIC Section 4648.1 and California Code of Regulations, Title 17, Section 54326.

7. Demonstrate that ongoing costs can be supported and will be met within the provisions of the median rate requirement in WIC Section 4681.6, Section 4689.8, and Section 4691.9, and other types of residential facility rate structures.

8. Specify that the services and supports in CRDP housing settings must be eligible for Federal Financial Participation (FFP) in accordance with WIC Section 4418.25(b)(5) and follows the home and community-based settings requirements in federal regulation [e.g., 42 Code of Federal Regulations Section 441.301(c)(4) and Section 441.710], unless otherwise approved by the Department.

9. Demonstrate compliance with the federal Home and Community-Based Services Final Rule.

3:2 MULTIFAMILY HOUSING PROPOSAL

The regional center must submit a Multifamily Housing Proposal when at least one unit, as defined below, is to be developed with CRDP funds as part of a multifamily project. A multifamily project is defined as a structure or set of structures with common financing, ownership, and management and which collectively contains five or more residential units. For these Housing Guidelines, a unit includes, but is not limited to, an apartment, townhouse, single-family residence, etc., but does not include a bedroom within a unit. The Multifamily Housing Proposal must describe how the regional center plans to use Department-approved CRDP funds to increase dedicated affordable and accessible units that are for use by eligible individuals supported by the regional center. The regional center must contract with the ownership entity to create these units.

If the Department approves a regional center's Multifamily Housing Proposal in accordance with the process outlined in Attachment O, the regional center or HDO must contact the Department within ten calendar days of California Tax Credit Allocation Committee, California Debt Limit Allocation Committee, bond,

and/or financial lender approval, due to the additional planning and workload required to review these proposals.

Once the Multifamily Housing Proposal is approved, the Department will issue a Letter of Conditional Commitment that summarizes the preliminary terms and conditions under which the regional center and Department will provide funding for the project.

> Note: For an approved multifamily project, the Department may consider on a case-by-case basis a regional center's written request for a different requirement than specified in the CRDP Guidelines or in these Housing Guidelines. For example, the Department may waive the requirement for a Request for Proposal if the regional center is working with an HDO, consistent with the regional center's Board-approved policies, on an approved multifamily project to avoid adversely affecting project development. If approved, the Department will issue a written approval letter to the regional center that specifies the agreed timeframes for completing the multifamily project requirements.

Attachment O of these Housing Guidelines provides additional guidance on specific requirements and procedures for a Multifamily Housing Proposal.

SECTION 4: CRDP HOUSING CONTRACTUAL PROVISIONS

At a minimum, the following contracts must be executed for each CRDP property developed as part of a HAR submitted under these Housing Guidelines:

1. A contract between the regional center and the HDO (the regional center-HDO contract). The regional center may execute separate contracts with the HDO regarding the acquisition or renovation of a project or incorporate the terms of such contracts into the regional center-HDO contract. For an approved multifamily project, the Department may allow the regional center additional time to execute the regional center-HDO contract with prior written approval by the Department.

2. A lease agreement between the HDO and the service provider (the HDO-service provider lease).

The regional center may complete such applicable contracts at different times during the housing development process, but must submit them to the Department according to Attachment J.

The purpose of the CRDP contractual provisions is to confirm that the regional center, HDO, and the service provider enter appropriate written contracts related to the use of CRDP funds and the timely development of any project (acquisition, renovation, or new construction).

The applicable contract must include terms that sufficiently address each subject noted within this Section 4.

4:1 PROJECT DEVELOPMENT

The regional center-HDO contract must at minimum describe the following: the tasks to be accomplished; who is responsible for those tasks; accountability by each entity for the timely development of the project, etc. The contract should demonstrate to the satisfaction of the Department how the HDO will comply with all state and local building requirements, including the regional center's verification that all projects have, or shall receive, all required permits prior to the start of any demolition, construction, or renovation.

4:2 HOUSING CONTRACT PROVISIONS

The provisions in the regional center-HDO contract must be consistent with the provisions in these Housing Guidelines, inclusive of the CRDP Property Documents (see Section 6 for more information on the documents and applicable attachments). In the event of any inconsistencies between these Housing Guidelines and the regional center-HDO contracts, these Housing Guidelines shall control.

4:3 RENOVATION/NEW CONSTRUCTION FUNDS

If the HDO receives CRDP funds to renovate or construct a property for the benefit of the individuals we support, the regional center-HDO contract must contain provisions that require the HDO to:

1. Submit plans to obtain permits from the local jurisdiction within four weeks of the closing of escrow.

2. If the HDO already owns a property or is constructing a property, submit plans to obtain permits from the local jurisdiction four weeks from Department funding approval.

4:4 LEASE RATE ADJUSTMENT

The regional center-HDO contract and the HDO-service provider lease must contain a provision for the adjustment of the lease rate and the service provider reimbursement/service rate upon reduction or elimination of the debt service. Once the Department-approved senior lender loan on the project property is paid in full, the regional center must review its existing service provider rate agreement, along with the lease rate, to reassess the need for any adjustments because of a reduction of the debt service.

4:5 REPLACEMENT RESERVE ACCOUNT

The HDO-service provider lease must specify conditions in Attachment A, including:

1. Funds in the account are intended for the major repair and replacement of capital improvements related to the property, including but not limited to, foundation and floor slab, roofing, plumbing, electrical, structural components of the exterior and interior and load bearing walls, fencing, fire sprinkler systems and related electrical panels, heating, ventilation, and air conditioning (HVAC) systems, water systems, piping, etc.

2. The HDO shall determine a minimum balance of replacement reserve funds for each property. It is the responsibility of the HDO to maintain adequate funds in the replacement reserve account for each property.

3. The regional center in consultation with the HDO may propose transferring funds from one property to another to maintain the minimum balance of replacement reserve funds for all properties. No transfer of funds may occur without prior written Department approval.

4. Consistent with the above provisions, the regional center shall approve the HDO's use of replacement reserve funds.

5. The regional center shall obtain the Department's approval to use replacement reserve funds more than:

    a. $10,000 for any one item. Unless otherwise approved by the Department, the regional center shall require the HDO to obtain at least two bids for the item and shares the bids with the regional center and Department prior to approval.

    b. $25,000 in the aggregate in any fiscal year.

6. Upon the sale or transfer of the property, the replacement reserve funds are remitted to the new HDO.

   Note: The CRDP multifamily projects may have different replacement reserve requirements. See Attachment O of the Housing Guidelines provides additional guidance on specific requirements and procedures for a multifamily project. (See CRDP Restrictive Covenant, Attachment A, for details on the replacement reserve account for single-family housing projects.)

4:6 PROPERTY MAINTENANCE

The regional center-HDO contract shall contain a provision that, after the renovation or construction of the property is complete, in the event of an emergency, or any condition of the property, that threatens the health, welfare, and safety of the individuals we support, staff, and visitors, the HDO shall immediately (within 24 hours) complete property maintenance and repairs regardless of the current Replacement Reserve Account balance. The regional center-HDO contract should also include a provision that regardless of the responsibilities in the HDO-service provider lease, the HDO is ultimately responsible for maintaining the property in a decent, safe, sanitary, rentable, tenantable condition and repair.

The HDO-service provider lease must contain terms which specify that the funding property for maintenance is separate from the replacement reserves described above. The purpose of this provision is to establish the respective responsibilities of the service provider and the HDO for property maintenance.

4:7 DISPOSAL POLICY

The regional center-HDO contract shall include a requirement that the HDO develops a written policy on the disposal of any existing fixtures and major appliances that are included in the property's purchase. This written policy shall include:

1. The HDO shall document and maintain records on the disposal of fixtures and appliances with a total market value of $500 or more. The documentation must indicate, at a minimum, a description of the fixture or appliance, where it was disposed, and the date of disposal.

2. The HDO shall use any cash or credit from the disposal of items for the benefit of the housing project.

3. The regional center shall require the HDO to document any cash or credit from the disposal of items in its final reconciliation at project completion.

4:8 WELFARE PROPERTY TAX EXEMPTION

When both the HDO and service provider are 501(c)(3) nonprofit organizations, the regional center-HDO contract obligates the HDO to file a claim for property tax exemption (welfare exemption) with the local county tax assessor no later than 30 days after the HDO-service provider lease is signed. This process shall start no later than the first day the first individual occupies the property.

The regional center is responsible for verifying an annual property tax exemption is filed for each eligible property. (See Section 10.2 and Attachment N for more information on annual reporting requirements.)

> Note: The HDO and the service provider each must have an Organizational Clearance Certificate from the State Board of Equalization as a condition to obtain a welfare exemption from real property taxes from the local county tax assessor.

The contract provisions should address:

1. When the HDO directly pays the property tax, and the property tax cost is incorporated into the lease payment, the HDO-service provider lease must include provisions requiring the reduction of the rent based on the actual county property tax once the exemption is granted.

2. When the service provider directly pays the property tax (additive to the base rent rate), the HDO-service provider lease must spell out such an agreement.

3. When rent is reduced under either 1 or 2 above, the regional center shall reduce the service provider reimbursement/service rate by the same amount, while maintaining a rate sufficient to cover the operational expenses of the project.

4. When a property is no longer eligible for tax-exempt status, the regional center-HDO contract must describe the process that will be used for managing the increased expense.

5. If the eligible HDO fails to file a property tax exemption claim, the regional center-HDO contract must state that the HDO is responsible for paying the property taxes.

4:9 CRDP FUNDS RECOUPMENT

The regional center-HDO contract describes fair and equitable recoupment of the CRDP funds if, for any reason whatsoever, the property is not completed, the project does not conform to the purposes of these Housing Guidelines, or the real property ceases to be used as housing for the individuals we support. On a case-by-case basis, the Department may review regional center requests concerning extraordinary circumstances that impact on the project's sustainability and the requirement to repay CRDP funds.

4:10 UNUSED CRDP FUNDS

The regional center-HDO contract must address the proposed use of any CRDP funds that were not used toward the completion of the proposed project. Examples of unused CRDP funds include funds that were not used for the project, permanent financing, closing costs, reimbursements to the developer or HDO, for acquisition, pre-development, or renovation/construction costs, or reimbursement due to tax exempt status. The regional center must obtain the Department's approval prior to the use of any unused CRDP funds of $5,000, or greater. Upon reconciliation of all funds, any unused balance of CRDP funds must be returned to the Department within 120 days of the reconciliation of funds. In addition, the provisions in the regional center-HDO contract must prohibit the use of permanent financing and CRDP funds for the same cost or expense.

4:11 DISCONTINUED PROJECT

The regional center-HDO contract shall require the HDO to return CRDP funds to the regional center and the Department for a project that will not be completed. The regional center should notify the Department immediately if a project is to be discontinued, so that the Department can work with the regional center to determine, where appropriate, an alternative project focus or use of CRDP funds.

4:12 PROJECT COSTS

The regional center-HDO contract shall specify the projected cost to acquire and/or renovate the property or projected new construction costs.

4:13 DEVELOPER FEE

The regional center-HDO contract must report the developer fee(s) and the basis for calculating said fee(s).

4:14 PERFORMANCE ASSURANCES

The regional center-HDO contract shall specify how the regional center and HDO will meet the obligation to have the general contractor obtain a payment and performance bond to cover all expected costs to renovate the proposed housing project(s).

If the HDO cannot secure a payment and performance bond, the regional center may request approval from the Department to use all the following alternative performance assurances with certain performance-based regional center-HDO contract provisions that require verified and substantiated achievement of project milestones:

1. Review and verification of project performance and progress by a professional construction manager prior to the release of contractor payments.

2. A provision in the regional center-HDO contract that the HDO must require its contractor to accept payments based upon performance as well as commit to submitting mechanics lien releases to the regional center.

3. The regional center shall retain 10 percent of the renovation funds until the work or improvements are completed in accordance with these Housing Guidelines. These funds would be released to the HDO or its contractor only when a Certificate of Occupancy or its equivalent is provided by the local agency (e.g., a building inspector), construction manager/consultant, and upon delivery of appropriate mechanic's lien releases and final walk-through approval by the regional center and the regional center's approval of the work or improvement.

The regional center must receive written approval from the Department to use the alternative performance assurances prior to the start of construction.

4:15 REGIONAL CENTER MONITORING REQUIREMENTS

1. Project Progress

The regional center shall regularly monitor CRDP projects to assess the progress of all Department-approved HAR acquisition and renovation projects, as specified in Section10 of the Housing Guidelines, and shall report the progress of each project monthly.

2. Insurance

The regional center shall require the HDO to procure and maintain insurance policies for all CRDP properties, regardless of the applicable fiscal year guidelines, as follows:

a. Property hazard insurance equal to the replacement value of the property and improvements. The Department must be named as loss payee.

b. Liability insurance of $1,000,000 per occurrence and $2,000,000 in the aggregate of general liability requirements related to the CRDP property consistent with the CRDP Deed of Trust. The regional center and Department must be named as additional insured. The regional center also shall require the service provider to maintain applicable liability insurance.

c. If any part of the property is designated as being located within a 100-year flood plain by the Federal Emergency Management Agency (FEMA), the HDO shall insure the property against loss by flood. The Department must be named as loss payee.

d. The HDO shall also comply with all senior lender insurance requirements.

In the event there is no senior lender or no CRDP Deed of Trust on the property, the HDO shall still comply with the insurance requirements listed above.

The recommended deductible for all policies is $10,000 per policy. Each policy shall specify the insurance company, the National Association of Insurance Commissioner's number, the name of insured and additional insureds with endorsement, the property address and project with its project number, the expiration date of the policy, the coverage provided, the limits of insurance, and declare any deductible or self-insured retention, or SIR. The HDO shall provide to the Department these policies or proof of insurance coverage prior to the close of escrow, annually thereafter at the time of insurance policy renewal and any time a replacement policy or modification of the insurance policy coverage has occurred.

Note: Insurance requirements for multifamily housing projects can be found in Attachment O.

3. Reserve Accounts

The regional center shall require the HDO:

a. Maintains the replacement reserve and operating reserve account detail, including account balances, expenditures, receipts, and purpose for withdrawals from the replacement reserve and operating reserve accounts. The HDO shall provide documentation for the regional center to complete a Report of Reserve Balances of the replacement and operating reserve funds, if applicable, for each CRDP property as part of annual report submitted to the Department (See Attachment N and Attachment T for details).

    i. No new operating reserve accounts will be approved by the Department or regional center. For previously established operating reserve accounts the account shall be used pursuant to the terms of the regional center-HDO contract establishing said operating reserve account.

b. Maintains the replacement reserves in separate bank accounts. Unless otherwise required by the regional center, the HDO may deposit replacement reserve funds in an account that holds replacement reserves solely for properties funded by CRDP, but the HDO must identify the respective replacement reserve funds for each property.

c. Exhausts all other sources of funding (e.g., insurance, product warranties, etc.) before the HDO uses replacement reserve funds.

d. Provides a replacement reserve projection at the time the regional center submits a HAR to the Department.

e. Provides a replacement reserve analysis to the Department and regional center upon completion of the property renovation, or new construction, and no less than every five years thereafter. An independent third party shall complete the replacement reserve projection or replacement reserve analysis unless the Department grants prior approval of another method.

The HDO and regional center shall maintain and make available to the Department, upon its request, the replacement reserve account detail required above.

The regional center must provide a Report of Reserve Balances on the replacement reserve accounts as part of the annual report submitted to the Department. (See Section 10 of these Housing Guidelines, Attachment N, and Attachment T.)

SECTION 5: CRDP HOUSING ACQUISITION CONTENTS

5:1 SUMMARY

The HAR shall:

1. Identify the type of housing to be developed, whether the HAR is for acquisition and renovation, or new construction of a home and/or ADU. The type of housing may include, but is not limited to, Adult Residential Facility, Residential Care Facility for the Elderly, Specialized Residential Facility, Adult Residential Facility for Persons with Special Health Care Needs, Group Home for Children with Special Healthcare Needs (GHCSHN), EBSH, CCH, Family Teaching Home, units within a multifamily project, etc.

2. Identify the applicable HDO that will acquire ownership of the property.

    a. In instances where the developer is different from the HDO, specify a time certain that the HDO owner-entity will acquire the property. The Department may request additional information including, but not limited to, information that demonstrates the developer's experience, financial strength, ability to develop a project, etc.

    b. The regional center must submit all required HDO documents to the Department for review and approval, prior to the HDO entering a purchase contract for real property.

    c. If the regional center selects an HDO that has no previous experience with CRDP funding, the regional center must contact the Department 30 days prior to the HDO entering a purchase contract for real property to allow time for the Department to review the HDO's capacity to develop, own, and operate the property based on its history of resource development, experience, background, and financial/staffing resources.

Note: If the regional center selects a for-profit entity as the HDO, the regional center must contact the Department.

3. For construction projects of new homes and ADUs, describe the scope of project, the property ownership structure, and prior local jurisdiction approvals.

5:2 FINANCIAL

The HAR shall include the following financial information:

1. Unless waived by the Department in writing, show a minimum down payment amount of 20 percent of the property's purchase price using Department-approved CRDP funds for acquisition.

2. A detailed Sources and Uses of funds.
    a. Any of the following may require that a Sources and Uses of funds be subsequently submitted for review and approval by the Department:

        i. Acquisition of the property (Estimated Sources and Uses, Attachment P).

        ii. Any material project changes, e.g., capacity, additional renovation expenses, schedule of development, etc. (An updated Estimated Sources and Uses, Attachment P).

        iii. Completion of each CRDP project (Final Sources and Uses, Attachment R).

        iv. Any time requested by the Department.

    The Department encourages regional centers to submit HARs that demonstrate leveraged funds from grants, gifts, and other sources, rather than, or in addition to, funds from long-term financing.

    Entities providing project funds may include, but are not limited to, federal, state, and local housing programs, conflict-free private parties, banks, and foundations.

3. The terms of the mortgage loan(s):
    a. If long-term funding is obtained in part through a loan, include the proposed loan terms and interest rates.

b. The mortgage loan shall not exceed a 15-year term without the Department's approval. The Department will consider other proposed financing terms on a case-by-case basis.

c. Adjustable-rate mortgage loans and balloon payments are not permitted, without prior approval by the Department.

4. An estimated itemized operating budget (Attachment Q) at acquisition of the property and a Final Operating Budget (Attachment S) at completion of each CRDP project.

   Note: For multifamily projects, the amount of CRDP funds may depend on either the number of units dedicated to individuals we support, or the scope of the project.

5:3 ORGANIZATIONAL DOCUMENTS

The regional center shall submit with the HAR, the required organizational documents for a nonprofit HDO consistent with Attachment K.

1. The regional center must submit the organizational documents to the Department for review and approval, prior to the HDO entering a purchase contract for real property.

2. The regional center must submit a Certificate of Status of Good Standing issued by the California Secretary of State, valid within 240 days of HAR submission.

3. As applicable, the regional center may elect to submit these required organizational documents one-time annually with the first HAR of the funding year.

4. If any of this information changes, the regional center must provide the Department with the updated document(s), as applicable.

5:4 SCHEDULE OF DEVELOPMENT

The regional center shall provide a detailed schedule of the proposed development process outlining estimated timeframes and conditions for project completion that includes the following:

1. Realistic, structured timeframes projected at the time of submittal for the type of project proposed by the regional center.

2. Sequenced schedule of development activities, including the submission of required Milestone documents detailed in Attachment J, from property identification to occupancy. If the project contains more than one property, each property must have a separate proposed schedule of development.

3. A description of all strategies (e.g., real estate agent, specific online property search tools, direct marketing, government-owned properties, etc.) that will be used to identify properties.

SECTION 6: CRDP PROPERTY DOCUMENTS

The Department has developed property documents for the regional center and HDO to complete when they purchase property following HAR approval. The tax status of the HDO determines which documents are applicable to the property purchase. Collectively, these documents are the CRDP Property Documents, and the current versions are located on the DDS website: http://www.dds.ca.gov/services/crdp/

1. CRDP Nonprofit Restrictive Covenant (Attachment A)
2. CRDP Nonprofit Deed of Trust (Attachment B)
3. CRDP Nonprofit Promissory Note (Attachment C) or CRDP Profit Participation Agreement (Attachment D)
4. Request for Notice – DDS (Attachment E)
5. Request for Notice – Regional Center (Attachment F)
6. CRDP Agreement to Provide Notice and Cure Rights (Attachment G)
7. DDS Nonprofit Escrow Instructions (Attachment H)
8. Regional Center Nonprofit Escrow Instructions (Attachment I)

After the Department has issued the written approval of the HAR, the regional center and HDO will initiate the drafting of the nonprofit CRDP Property Documents and send these documents to the Department for review and finalization. For for-profit entities the Department will initiate and complete the applicable CRDP Property Documents.

The Department will participate in the escrow process and will distribute the final CRDP Property Documents to the regional center and escrow. The regional center and HDO, each, shall then sign the finalized versions and submit their executed and notarized (if applicable) copies to escrow. The Department will submit to escrow the original documents with its signature and notary

acknowledgement, if applicable. The regional center and HDO are responsible for submitting the loan document(s) from the senior and/or other lenders. Consistent with the Department-approved escrow instructions, escrow will not close until all required applicable CRDP Property Documents have been approved by the regional center and Department and received by escrow.

Changes to the required documents and any future encumbrances against the property are not allowed without the prior written approval of the Department. Adherence to these requirements will help maintain the property in perpetuity for use by the individuals we support.

Should the regional center and HDO seek Department approval for modifications to the CRDP Property Documents, the regional center and HDO should anticipate a minimum turnaround time of 60 days, although the Department will make reasonable efforts to respond within 30 days.

The regional center must require that applicable CRDP Property Documents be completed for each property owned by an HDO, consistent with the requirements outlined in these Housing Guidelines.

6:1 CRDP RESTRICTIVE COVENANT

An approved property shall have a recorded restrictive covenant (CRDP Restrictive Covenant) entered between the Department, regional center, and HDO and concurrently recorded with other CRDP Property Documents, subordinate only to the approved senior lender or governmental agency lender's deed of trust, if any. The purpose of the CRDP Restrictive Covenant is to restrict the use of the property as housing for the individuals we support in perpetuity. Accordingly, the CRDP Restrictive Covenant shall include a restriction on the use of the property as housing for the individuals we support in perpetuity, from the date of the close of escrow, on which the HDO becomes the fee owner of the property and continues to be in effect even if transferred to future owners of the property. The CRDP Restrictive Covenant may only be terminated, consistent with the terms of the CRDP Restrictive Covenant or as may be acceptable to the Department at its sole discretion.

The Department-approved CRDP Restrictive Covenant template shall be utilized and is included as Attachment A (nonprofit HDO). The regional center and HDO shall not modify the document without prior written approval by the Department.

Note: The Department may not approve or conditionally approve any HAR until

such regional center has caused a CRDP Restrictive Covenant to be signed and recorded on all existing properties within such regional center's catchment area that have been purchased with CRDP funds. If, as of the Effective Date of the Housing Guidelines, (1) an HDO is the fee owner of a property purchased in part with CRDP funds, and (2) the HDO's property is not yet encumbered by a recorded CRDP Restrictive Covenant, then the regional center shall cause the HDO to execute and record a CRDP Restrictive Covenant consistent with the restrictive covenant requirements set forth in these Housing Guidelines before the Department will approve a new HAR from such regional center.

6:2 CRDP DEED OF TRUST

An approved property shall have a deed of trust in favor of the Department (CRDP Deed of Trust) executed by the HDO (as owner of the property) and recorded concurrently with the CRDP Restrictive Covenant on the day the HDO becomes the fee owner of the property (as part of the close of escrow).

The CRDP Deed of Trust may subordinate only to an approved senior lender's deed of trust when the HDO obtains a secured loan from an institutional lender or governmental agency lender to finance a portion of the purchase price of the property. The Department-approved CRDP Deed of Trust templates shall be utilized and are included as Attachment B (nonprofit HDO). The regional center and HDO shall not modify the document without prior written approval by the Department.

Within the CRDP Deed of Trust, the Department delegates, unless such delegation is withdrawn by the Department, non-monetary obligations under the CRDP Deed of Trust to the regional center which includes, but not limited to, responsibility to maintain current property hazard, liability, and flood insurance on the property and to perform property inspections. The insurance requirements in the CRDP Deed of Trust shall continue even if the CRDP Deed of Trust is reconveyed and the CRDP Restrictive Covenant remains recorded against the property.

6:3 CRDP PROMISSORY NOTE SECURED BY DEED OF TRUST OR CRDP PROFIT PARTICIPATION AGREEMENT (NONPROFIT HDO ONLY)

As applicable, the HDO shall either enter: (1) a CRDP Promissory Note Secured by Deed of Trust (CRDP Promissory Note), or (2) execute a CRDP Profit Participation Agreement (PPA), as follows:

1. CRDP PROMISSORY NOTE: The regional center and HDO shall execute a promissory note as described above. The HDO shall execute the CRDP Promissory Note in favor of the Department reflecting the receipt of CRDP funds for acquisition. The CRDP Promissory Note must be delivered to the Escrow Officer prior to the day the HDO becomes the fee owner of the property (close of escrow). In consideration of the receipt of CRDP funds, the HDO agrees that occupancy of the property will be restricted in perpetuity for the individuals we support. This obligation shall continue even if the CRDP funds are repaid and the CRDP Restrictive Covenant remains recorded against the property. The CRDP Promissory Note templates shall be utilized and are included as Attachment C (nonprofit HDO). The regional center and HDO shall not modify the document without prior written approval by the Department.

2. CRDP PROFIT PARTICIPATION AGREEMENT: In lieu of the CRDP Promissory Note, a nonprofit HDO may execute with acknowledgement a Department-approved CRDP PPA reflecting the receipt of CRDP funds. The amount of the CRDP funds shall include the acquisition funds provided to the nonprofit HDO for the property. This agreement must be recorded against the property on the same day the nonprofit HDO becomes the fee owner of the property (as part of escrow) and recorded concurrently with the CRDP Deed of Trust and CRDP Restrictive Covenant. The CRDP PPA will be recorded to provide notice to any potential purchaser that CRDP funds must be paid to the Department upon conveyance and that various approvals are required to affect any valid sale of the property. The Department-approved CRDP PPA template shall be utilized and is included as Attachment D. The regional center and HDO shall not modify the document without prior written approval by the Department.

6:4 LENDER NOTICES

This section applies when the nonprofit or for-profit HDO obtains financing from a lender other than the Department to assist in the acquisition and renovation, or construction of the property.

The regional center must require the HDO to obtain an executed CRDP Agreement to Provide Notice and Cure Rights (Attachment G) from the senior lender prior to the close of escrow. The regional center shall provide the form to the HDO for coordination of its execution with the lender. A copy of the executed CRDP Agreement to Provide Notice and Cure Rights shall be submitted by the regional center to the Department no later than 15 business days after close of escrow.

The regional center must also record a Request for Notice in the form provided in Attachment F. Each Request for Notice shall be recorded against the property on the same day the HDO becomes the fee owner of the property (as part of escrow) or up to three days after the close of escrow and recorded with all information filled in for the Senior Lender deed of trust property.

6:5 ORDER OF RECORDATION

The Department's CRDP Property Documents may only be recorded subordinate to an approved senior lender's deed of trust. The regional center shall use the Department-approved escrow instructions to facilitate the recordation of the Department's CRDP Property Documents, included as Attachment H (nonprofit HDO).

As required in the Department-approved escrow instructions, the following CRDP Property Documents are recorded in the order specified below, without intervening documents. The escrow instructions also specify to record these CRDP Property Documents immediately after the recordation of the Grant Deed to the buyer and the Senior Deed of Trust in favor of the lender.

1. CRDP Restrictive Covenant.
2. CRDP Deed of Trust.
3. CRDP Profit Participation Agreement (not required if using the CRDP Promissory Note).
4. Request for Notice - DDS.
5. Request for Notice – Regional Center.

6:6 TITLE INSURANCE

The regional center must require the HDO to procure lender's title insurance for the Department. The Department must be named insured in an American Land Title Association Lender's Title Insurance Policy equivalent to the CRDP Promissory Note or CRDP PPA amount. The regional center must require that the HDO procures owner's title insurance. The cost of both policies of title insurance is an allowable acquisition cost consistent with Section 7A of these Housing Guidelines.

6:7 ESCROW INSTRUCTIONS

The regional center prepares and sends the applicable Escrow Instructions to the Department for review prior to each CRDP housing acquisition. Consistent with these escrow instructions, escrow cannot close until all the requirements outlined in the escrow instructions have been satisfied. The Department-approved escrow instruction templates shall be utilized and are included as

Attachment I (nonprofit HDO). The regional center and HDO shall not modify the document without prior written approval by the Department.

The regional center shall only send CRDP funds into escrow following receipt of the Department's written approval of a submitted HAR, and as instructed in the Department's escrow instructions. (See Section 9 of these Housing Guidelines for details on the HAR approval process.)

6:8 REPLACEMENT DOCUMENTATION; CORRECTIONS

1. Replacement Documentation. Upon receipt of notification from the Department as to the loss, theft, destruction, or mutilation of a CRDP Promissory Note or any other security document which is not of public record, the HDO shall issue a replacement CRDP Promissory Note or other security document in the same principal amount and upon on the same terms and conditions of the lost, stolen, destroyed or mutilated CRDP Promissory Note. If the HDO issues such replacement CRDP Promissory Note or other security document, the Department shall indemnify and hold harmless the HDO from any liability incurred by the HDO in connection with the lost, stolen, destroyed or mutilated CRDP Promissory Note or other security document.

2. Corrections. Promptly upon request by the Department, the regional center and HDO will, at regional center and HDO's expense, (i) promptly correct any material defect or error that may be discovered in any CRDP Property Document or in the execution, acknowledgment, filing or recordation thereof, and (ii) execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts and other instruments as the Department may reasonably require from time to time in order to (A) carry out more effectively the purposes of the CRDP Property Documents, (B) perfect and maintain the validity, effectiveness and priority of any of the CRDP Property Documents and liens, (C) provide such certificates, documents, reports, information, affidavits and other instruments and do such further acts deemed necessary by the Department to comply with the laws and regulations of the State or other governmental entities requirements. Upon any failure by regional center or HDO to do so, the Department may take any actions necessary to bring the regional center or HDO into compliance.

SECTION 7: ELIGIBLE ACQUISTION, RENOVATION, AND NEW CONSTRUCTION COSTS

CRDP funds shall only be used for acquisition, renovation, and new construction of real property as described below. The regional center cannot encumber, expend, or otherwise legally obligate CRDP funds to an HDO until the regional center receives the Department's approval of the HAR.

> Note: The Department's allocation of any CRDP funds is conditioned on appropriation of the annual State budget.

7:1 ACQUISITION COSTS

Eligible CRDP costs for the acquisition of real property include, but are not limited to, down payment, pre-development costs, due diligence costs, closing costs, property inspections and replacement reserve analysis, developer fee, environmental mitigation reports, legal, accounting, consultant, and project management fees, lender's title insurance, home warranty contract, etc. Once the Department approves a HAR, some pre-development costs relating to a CRDP property may be eligible for reimbursement even if the HDO does not purchase the prospective property.

> Note: Eligible development activities for multifamily housing projects can be found in Attachment O.

7:2 RENOVATION COSTS OF HDO-OWNED PROPERTY/NEW CONSTRUCTION COSTS

To accommodate the unique needs of individuals with a wide range of disabilities, CRDP funds may be used to renovate or construct new improvements that change the layout of the real property and amenities. CRDP funds may also be used for the new construction of an ADU on the property.

Eligible costs for the renovation or new construction of real property owned by the HDO include, but are not limited to, the following:

1. Specialized items that provide benefit to meet individuals' needs (e.g., ramps, bathroom modifications, hardened or softened walls, etc.). The regional center, along with others in the development team, should

comprehensively evaluate the individual's identified needs prior to the start of renovation or construction to limit future unanticipated costs.

2. Replacement of old systems or installation of new systems (e.g., water heaters, HVAC systems, generators, etc.) when necessary to meet the individuals' needs or when supported by inspection reports.

3. Building code compliance, and other state and local government requirements for code compliance, including, but not limited to retrofitting, energy/water efficiency, and natural hazard mitigation.

4. Environmental mitigation expenses: the cost of removing, disposing, and replacing hazardous building materials, including, but not limited to, lead based paint and asbestos, and the removal and disposal of hazardous substances, including, but not limited to, expenses and fees related to testing, oversight, such as environmental consultants and state and local jurisdiction permits and fees.

5. Energy efficient upgrades, e.g., the replacement or installation of plumbing, lighting, HVAC systems with more energy efficient models, the planting of drought tolerant landscaping, solar power systems, patio covers, awnings, etc.

6. State and local jurisdiction permits and fees, including, but not limited to, building and planning fees, traffic and school impact fees, plan review fees, hook-up fees for water lines, sewer connections, etc.

7. Costs associated with pool removal, subject to the Department's approval.

8. Legal, accounting, consultant, project management, and developer fees.

9. Housing development holding costs, not to exceed a period of nine months without prior written approval from the Department. The costs may include monthly debt service payment, utility expenses, yard maintenance, and property insurance policy costs required by the Department, including hazard, general liability, and recommended deductibles for all policies.

   Note: The Department will consider time-limited extensions under extraordinary circumstances. The HDO must submit a written request to the regional center with a copy to the Department that describes the

reason for the request and the circumstances leading to the request. The Department will work with the regional center to review the request.

10. Fire sprinkler installation and maintenance at each property.

7:3 INELGIBLE COSTS

Ineligible CRDP property costs include, but are not limited to, the following:

1. The acquisition or development of real property that would ultimately be owned by the regional center, an individual or their family members, a provider of services, or any entity other than the Department-approved HDO.

2. Purchase of real property for which another funding source is available, or if CRDP funds are proposed to be used to supplant existing funding. CRDP funds may supplement or enhance funding combinations (leveraged funding) but cannot be used in lieu of other available sources.

3. Ancillary costs that are associated with other activities than the production of, or improvements to, the CRDP-funded property, as determined by the Department at its sole discretion. For example, the Department will not pay for structure or barn removals, unless the regional center demonstrates to the Department's satisfaction that such removals are beneficial.

4. Commissions related to real estate transactions, without prior written approval by the Department.

5. Acquisition costs that exceed the appraised value of the property.

SECTION 8: DDS REVIEW OF THE HOUSING ACQUISITION REQUEST

8:1 DEVELOPMENT AND OWNERSHIP CAPACITY

The Department will make an initial determination of the merits of each HAR and the ownership capacity of the proposed HDO based on the following criteria:

1. The regional center has satisfactorily transitioned individuals into prior housing projects funded through CRDP.

2. The regional center has demonstrated the need in their community for the added residential capacity consistent with the Department's statewide priorities in the CRDP Guidelines. The regional center has demonstrated satisfactory progress, including timely submission of monthly reports and all required documents identified in Attachment J, for all previously approved CRDP=funded housing projects. As a general Department guideline, the time from close of escrow to the completion of renovation (certificate of occupancy) should not exceed six months for a single-family project.

3. The HAR includes sufficient organizational and financial documentation specified in Appendix K, and Section 5 of these Housing Guidelines that provides evidence of the HDO's capacity to own and operate the property before, during, and after the project is completed based on history of resource development, experience, background, and financial/staffing resources.

8:2 REVIEW CRITERIA

The Department will conduct a detailed review of each HAR using the following criteria and/or procedural guidelines:

1. The feasibility and reasonableness of the proposed project.

2. The proposed housing is consistent with the unique and specialized service and support needs of individuals, e.g., individuals transitioning from a State-operated Stabilization Training Assistance Reintegration acute crisis center, a facility ineligible for FFP, or an out-of-state service, individuals requiring enhanced behavioral or medical services and supports, etc.

3. The proper submission of all components of the project requirements.

The Department may determine the accuracy and completeness of the submitted HAR and project documents. The Department may contact any entity named in the HAR, including funding sources, contractors, clients, and other agencies to verify the information provided in the HAR.

SECTION 9: HOUSING APPROVAL PROCESS

9:1 HOUSING ACQUISITION REQUEST

If the HAR meets the requirements contained in these Housing Guidelines, the Department will issue a written letter of conditional approval to the regional center that authorizes the regional center to purchase the subject property. The Department will use the same CRDP project identification number(s) as indicated in the regional center's approved CRDP for communication and tracking purposes.

If the HAR does not meet the requirements contained in these Housing Guidelines, the Department will work with the regional center to modify its submitted HAR to come into compliance. Once the HAR meets the requirements, the Department, subject to sufficient appropriation of CRDP funding in the annual State budget and these Housing Guidelines, will issue a written letter of conditional approval.

If the HAR is for the construction of an ADU, Department approval will depend on the intended use of the space, the scope/features of the project, the property ownership structure, and prior local jurisdiction approvals. Funding for an ADU will be secured by CRDP Property Documents, as applicable. The Department may need to amend existing CRDP Property Documents to account for improvements to a previously acquired property. The Department also requires the regional center to research requirements/restrictions in the local jurisdiction where the ADU will be constructed to avoid potential delays to project completion.

The regional center shall submit a written HAR for each property to the Department, no later than five business days after receiving evidence of an accepted final offer by the seller and HDO. With written approval from the Department, the regional center may submit the HAR after the five business days following the execution of the purchase agreement (acceptance of the final offer by seller and HDO), but no later than seven business days prior to the end of the "contingency period," as outlined in the property purchase agreement. Failure to provide the Department with ample time to review the HAR could risk the HDO's earnest money deposit, which will not be reimbursed by the Department.

The regional center is required to obtain the Department's final written approval for the acquisition of each property prior to close of escrow. The Department's written approval also provides authorization for the regional center to

electronically transfer CRDP funds into escrow, as described in the escrow instructions.

The HAR shall contain the following:

1. A copy of the fully executed purchase agreement, including any counter offers and/or addendums. This must be a complete package showing an accepted offer.

2. A preliminary title report with hyperlinked documents.

3. An appraisal report conducted by an independent appraiser licensed by the State. The regional center shall require that the purchase price of real property is supported by the appraisal report for the appraised value of the property. An appraisal report completed for the senior lender(s) is acceptable to meet this requirement.

   Note: If the purchase price of the property is more than its appraised value and the regional center and HDO wish to continue with the purchase, the Department must approve the purchase and the HDO must use other sources of funding (not CRDP funding) to cover the amount over the appraised value.

4. Any relevant inspection reports and disclosure documents for the property, i.e., home, pest/termite, Natural Hazards Disclosure Report, well, septic, roof, etc.

5. An Estimated Sources and Uses of funds (Attachment P).

6. An estimated itemized renovation hard cost budget.

7. A replacement reserve projection that supports the requested replacement reserve amount. (See Section 4.5 of these Housing Guidelines.)

8. An Estimated Operating Budget that itemizes costs (Attachment Q).

9. A senior lender loan commitment letter(s) on company letterhead specifying the loan amount, interest rate, amortization terms, loan fee, etc.

10. A summary of the property/project that includes the development type (e.g., ARFPSHN, SRF, EBSH, CCH, etc.) and the provision for automatic fire sprinkler systems.

11. A Schedule of Development that includes realistic, structured timeframes and sequenced scheduled development activities, including the submission of required Milestone documents detailed in Attachment J. (See Section 5.4 of these Housing Guidelines.)

12. A certification by the regional center that the home qualifies for licensure, i.e., does not present an overconcentration issue pursuant to Health and Safety Code Section 1267.9 and Section 1520.5 , etc.

The regional center shall send the HAR to the Department. Upon receipt of all documents specified above, the Department will review the submitted HAR for completeness and accuracy. The Department will provide final approval or disapproval of the regional center's request for the acquisition of the proposed CRDP-funded property within 12 business days of the Department's verified receipt of a complete and accurate HAR.

> *Note*: The Department's decision may be delayed past 12 business days if the Department requires follow-up documentation or information regarding a submitted HAR.

9:2 MODIFICATION REQUEST

As specified in the CRDP Guidelines, the regional center must submit a completed Modification Request Form (Attachment D of the CRDP Guidelines), along with all relevant documentation necessary to support and implement a significant change to an approved HAR.

A significant change includes, but is not limited, to:

1. Change of the HDO or its nonprofit or for-profit status.
2. Additional funds are needed to complete a housing project.
3. A release of unused funds of $5,000, or greater.
4. The number of beds or units, i.e., capacity.
5. The address/location of the property.

6. The purpose of the project and use of the funds.

7. The replacement reserve amount.

9:3 POST-LICENSING/OCCUPANCY IMPROVEMENTS

A post-licensing/occupancy improvement is a significant change or addition to a CRDP-funded property that has closed escrow and completed the licensing review or has been occupied by residents, as applicable to the type of development. For the purposes of these guidelines, a "significant" change or addition is one that materially affects the property's safety, functionality, structural integrity, compliance status, or the delivery of services and supports to residents. For this section, "post-licensing" applies to approved projects that require licensure, and "post-occupancy" applies to projects that are non-licensed residential options.

As specified in the CRDP Guidelines, the regional center may submit a completed Modification Request Form (Attachment D of the CRDP Guidelines), along with all relevant documentation necessary to support a post-licensing/occupancy improvement to a property.

The Department's scope of review for this type of Modification Request may include, but is not limited to, the following criteria:

1. Compliance with a requirement by law, policy, contract, licensing, or building standard, accessibility requirement, or recognized safety standard.

2. Assistance with support for basic living needs or fundamental responsibilities, including food preparation, housing, hygiene, transportation, work requirements, health, or other essential functions necessary for resident's wellbeing.

3. Clear documentation of urgency or justification, including why the improvement was not identified earlier during due diligence, design, construction, or closing.

4. Potential for negative consequences if the improvement is not approved or if approval is delayed (safety risks, health impacts, operational continuity - inability to provide support or care, further damage or cost escalation).

5. Demonstrated improvement of long-term stability/functionality, preservation of the property, or provision of positive outcomes for the residents.

6. Regional center consideration of alternatives and other available funding sources to address the core purpose of the request, including an explanation of why those alternatives are insufficient or infeasible.

7. Alignment with the property's financial structure, sustainability and long-term plans, including consistency with any restrictions, use agreements, or CRDP-related conditions.

8. Feasibility of proposed timelines for completion and an assessment of whether the work can be completed without disrupting residents or compromising operations.

9. After approval, the regional center must provide post-approval documentation, including evidence of completion, pictures, final invoices, updated operating budget and replacement reserve documents, if needed, and confirmation that the improvement was implemented as approved.

10. Requests for additional costs (such as administrative fees) must be reasonable and supported by appropriate documentation. Approval of any additional costs is subject to the Department's sole discretion.

SECTION 10: PROJECT STATUS AND REPORTING

The purpose of these documents and status reporting requirements is to protect and preserve homes developed with CRDP funds for use by the individuals we support.

10:1 PROJECT COMPLETION DOCUMENTS

All documents from property acquisition and closing to project completion and reconciliation must be submitted according to Attachment J.

10:2 REPORTING

Once the HAR is approved by the Department, the regional center must provide monthly and annual progress reports:

1. Monthly

   a. The regional center completes monthly reports based on the Department's information management tools following approval of a HAR.

   b. The regional center may also submit completed project documents for the CRDP property at this time.

2. Annually

   Monthly reports convert to annual reports when the regional center submits:

   a. A reconciliation of CRDP funds. Within 90 days of completion of the project, the regional center shall require the HDO to submit to the regional center for verification, a reconciliation statement of final cost and CRDP funds expended and claimed and un updated operating budget that itemizes actual costs. The regional center shall provide the Department with the Final Sources and Uses of funds (Attachment R) that reconciles actual funds expended from all sources and the Final Operating Budget (Attachment S) that specifies actual costs.

   b. All required Milestone documents for the property as detailed in Attachment J.

By February 1 of each year, the regional center must submit an annual report for each CRDP-funded property, including ADUs, to the Department using the Housing Annual Report/Certification form (Attachment N), regardless of the fiscal year approval of funds. The annual report requires the regional center to include the Report of Reserve Balances form (Attachment T) and to verify the annual property tax exemption. As part of the annual report, the regional center shall also certify that properties with swimming pools, spas, fishponds, and similar pools of water are maintained as required by Title 22, Section 80087. Licensed homes shall also maintain safeguards to restrict access to pools of water (e.g., swimming pools, spas, and fishponds) through the use of pool covers or perimeter fencing.

Note: The regional center may obtain the MFH annual report by contacting the Department. Attachment O of these Housing Guidelines provides additional guidance on specific requirements and procedures for a Multifamily Housing Proposal.

The regional center must be prepared to submit to the Department a property insurance policy with the Department named as loss payee and a liability insurance policy with both the regional center and Department named as additional insured. If any part of the property is located within a 100-year flood plain as determined by FEMA, the regional center must be prepared to submit a flood insurance policy with the Department named as loss payee. (See Section 4.15.2 and Attachment B of these Housing Guidelines.)

10:3 PERFORMANCE MEASUREMENT

Prior to the review of a HAR, the Department assesses the regional center's performance on previous projects. The purpose of this review is to determine if the regional center and HDO demonstrate a history of successfully completing housing projects for the intended residents.

The HAR must describe measurable performance expectations and results, including:

1. Progress reports submitted to the Department on project status (1) monthly during pre-development and development phases, and (2) annually thereafter upon the conditions specified above.

2. Evidence that the housing project will be available for occupancy by individuals within one year of the Department's approval of a HAR. If the property is not available for occupancy within one year, the regional center must provide detailed information that describes the reason(s) for project development delays that justifies an extension.

If development is substantially delayed on any project, the Department, in partnership with the regional center, will review the cause(s) of the delay. If necessary, the Department may require the regional center to submit, for the Department's review and approval, a revised targeted development plan to resolve any issues impeding the ability of the project to meet and maintain satisfactory progress. The plan may include, but not be limited to, the following actions:

1. Increased development monitoring requirements for the project.

2. Increased fiscal review and financial reporting requirements.

3. The Department may monitor services and supports provided by the regional center, including fiscal reports, with or without prior notice, pursuant to WIC Section 4648.1.

The plan will remain in effect until the non-performing project achieves satisfactory progress as jointly determined by the Department and the regional center. If the delayed project does not achieve satisfactory progress, the Department may take some or all the following actions:

1. The reversion of some or all allocated CRDP funds held by the regional center.

2. Disapprove, or temporarily stay, the development of any housing project(s) in which CRDP funds are used.

3. Any other action the Department deems appropriate.

SECTION 11: PROPERTY SALES, REFINANCES, AND TRANSFERS

If the regional center learns that an HDO is planning to sell, refinance, or transfer a CRDP-funded property in any way, please contact the Department as soon as possible. A request to sell, refinance, or transfer a property must be submitted to the Department in writing at least 90 days prior to the effective date, regardless of existing CRDP Property Documents, to allow enough time to process the request.

The Department will request details from the regional center about the sale, refinance, or transfer, including the intent and benefits of the transaction. Cash received from a refinance shall be used for improvements to the existing property.

Depending on the type of transaction, the Department will amend applicable existing CRDP Property Documents and may require the completion of additional CRDP Property Documents.

ATTACHMENTS

A. Nonprofit CRDP Restrictive Covenant
B. Nonprofit CRDP Deed of Trust
C. Nonprofit CRDP Promissory Note
D. CRDP Profit Participation Agreement (Nonprofit HDO Form)
E. Department Request for Notice
F. Regional Center Request for Notice
G. CRDP Agreement to Provide Notice and Cure Rights
H. Department Nonprofit Escrow Instructions
I. Regional Center Nonprofit Escrow Instructions
J. Required Property Documents
K. Nonprofit Organizational Documents One-Time Annual Checklist
L. Conflict of Interest Statement (HDO Form)
M. Single-Family Housing Acquisition Request Checklist
N. Housing Annual Report/Certification
O. Multifamily Housing Proposal Guidelines
P. Estimated Sources and Uses
Q. Estimated Operating Budget
R. Final Sources and Uses
S. Final Operating Budget
T. Report of Reserve Balances

Questions?

Contact Department of Developmental Services
Community Development Division
Phone: (916) 654-1956
Mailing Address: 1215 O Street, MS 7-20
Sacramento, CA 95814