

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

On January 15, 2019, Governor Gavin Newsom signed Executive Order N-06-19 (“**EO N-06-19**”), which allows housing production on excess state-owned properties (“**Excess Sites**”). This executive order authorizes the Department of General Services (“**DGS**”) and the Department of Housing and Community Development (“**Department**”) to identify and prioritize Excess Sites for sustainable, cost-effective, and innovative multi-family Affordable Housing projects.

Chapter 111, Statutes of 2021 (Assembly Bill (AB) 140), Chapter 43, Statutes of 2022 (Senate Bill (SB) 197), and Chapter 40, Statutes of 2023 (AB 129), which make several statutory changes for the purpose of implementing the housing and homelessness provisions of the Budget Act of 2021, the Budget Act of 2022 and the Budget Act of 2023, establish and update the Excess Sites Local Government Matching Grants Program (“**LGMG**” or “**Program**”). The legislation directs the Department to administer the Program and provide Selected Projects with one-time Program funds for activities to support and accelerate production of Affordable Housing on Excess Sites.

The Department issued a Program Notice of Funding Availability on July 17, 2023 (the “**NOFA**”). Funding for the Program is made available pursuant to AB 140 (Statutes of 2021), SB 197 (Statutes of 2022), and AB 129 (Statutes of 2023), Chapter 8.2 Section 50704.81 (a) (2). The Program provides funds for “**Predevelopment and Development Costs**” to Selected Projects that receive a Local Government Contribution.

This STD 213, Standard Agreement (“**Agreement**”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application (“**Application**”) by the Awardee, for funding under the Program. As such, this Agreement shall be executed by the Awardee.

This Agreement hereby incorporates by reference the Application, as well as the Project Report (“**Project Report**”) prepared by the Department in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following (collectively, the “**Program Requirements**”), and each of the following, as amended and in effect from time to time, is incorporated hereto as if set forth in full herein:

- A. AB 140, SB 197, and AB 129;
- B. Chapter 8.2 of the Health and Safety Code sections 50704.80 through 50704.83;

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- C. The NOFA;
- D. The Program Guidelines;
- E. The Award Letter issued by the Department to the Awardee; and
- F. All other applicable law.

2. **Purpose**

The Program's purpose is to accelerate Affordable Housing production on Excess Sites in a way that aligns with state planning priorities, housing, transportation, equity, and climate goals, and to foster a spirit of collaboration between the State, Local Government, and Selected Developers to facilitate meaningful community engagement and multi-benefit outcomes.

Under the Program, Selected Projects receiving Local Government Contributions are eligible for gap funding for Predevelopment Costs and Development Costs necessary to accelerate Affordable Housing production on Excess Sites.

Awardee applied to the Department for the Program funds to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program funds, the Awardee agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. **Definitions**

Any capitalized terms that are not defined in this document shall have the definitions set forth in the NOFA, Guidelines and AB 140, SB 197, and AB 129 statutes. In the event of any conflict, the definitions in the statutes are controlling.

- A. **"AMI"** means Area Median Income.
- B. **"Agreement"** means a conditional commitment of funds which set forth conditions for funding and milestones that are required to be met.
- C. **"Application"** means the application for Program funds that was submitted in response to the Department's NOFA.
- D. **"Awardee"** means the eligible Applicant that has been awarded funds under the Program, and that will be held responsible for compliance with and performance of all Program Requirements. The Awardee may comprise one or more entities, so long as the Awardee structure includes an eligible Applicant, as defined in the

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Guidelines and as set forth above. “Awardee” refers, both individually and collectively, to these entities that have received an award after submitting an Application or a joint Application to the Department. When the Awardee comprises two or more entities, each entity may be referred to as a “Co-Awardee.”

- E. **“Award Letter”** means the Department letter notifying the Awardee of their award, which includes the amount of Program funds and Program details.
- F. **“Co-Applicant”** means the Local Government responsible for providing the Local Government Contribution, including a Local or Regional Housing Trust Fund.
- G. **“Construction Close”** means the execution of the ground lease associated with the Selected Project, and/or the close of construction funding associated with the Selected Project or applicable phase.
- H. **“Designated Payee”** means an entity designated by the Awardee and approved by the Department to receive funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- I. **“Eligible Uses”** means the activities that may be funded by the Program. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50704.82, subdivisions (c) (1).
- J. **“Expenditure Deadline for Predevelopment and Development Costs” or “the Expenditure Deadline”** means the date by which the capital expenditure award must be fully expended. This deadline is June 30, 2028, as set forth by AB 129.
- K. **“Environmental Site Assessment” or “ESA”** means an investigation in relation to land to determine the environmental condition of the land.
- L. **“Performance and Expenditure Report”** means the project indicators, metrics, and costs that must be reported by the Awardee to the Department.
- M. **“Performance Milestones”** means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Awardee’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Program funds and the cancellation of this Agreement.

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- N. **“Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – F above.
- O. **“Project Report”** means an overview of the project budget, feasibility, special conditions, and project milestones.
- P. **“Regulatory Agreement”** means a written document between parties and is recorded in first position against the project. It restricts the use, operation, occupancy, and affordability of the project in accordance with this Agreement and the applicable Program Requirements.
- Q. **“Reliance Letter”** means a written document provided to the Department by a third-party provider of professional and/or consulting services (e.g. appraisers, market analysts, environmental consultants, etc.) that formally names the Department as a reliant party to that third-party service provider’s work product, thus allowing the Department to use and rely upon that work product.
- R. **“Right of Entry”** means a written agreement between Awardee and the State of California granting Awardee and its representatives a right to enter the excess State-owned property (i.e. project site) to perform various activities.
- S. **“Scope of Work”** or **“Work”** means the work to be performed by the Awardee to accomplish the Program purpose.
- T. **“TCAC”** means the California Tax Credit Allocation Committee.

4. **Eligible Uses**

Awardee shall apply the Program funds to one or more of the **“Eligible Uses.”** All costs in connection with such Eligible Uses must be incurred on or before June 30, 2028, hereafter, the Expenditure Deadline (**“Expenditure Deadline for Predevelopment and Development Costs”** or **“the Expenditure Deadline”**). Awardee’s use of the funds and Scope of Work (**“Scope of Work”** or **“Work”**) are specified in Exhibit E of this Agreement.

Eligible Uses of funds must facilitate accelerated housing production and align with the goals of E.O. N-06-19. Predevelopment and development activities eligible under the Program include, but are not limited to, the following:

- A. Development and implementation of a community engagement plan or lease-up strategy;

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- B. Construction and rehabilitation work;
- C. Offsite improvements, such as sewers, utilities and streets, directly related to, and required by the Selected Project;
- D. Onsite improvements related to the Selected Project;
- E. Architectural, appraisal, engineering, legal and other consulting costs and fees, which are directly related to the planning and execution of the Selected Project and which are incurred through third-party contracts;
- F. Development Costs of a residential unit reserved for an onsite manager, childcare facilities, and after-school care and social service facilities integrally linked to, and addressing the needs of the tenants of the Assisted Units;
- G. Development Costs of health care facilities integrally linked to, and addressing the needs of tenants of Assisted Units, such as an adult day health care center in a Selected Project with units restricted to the frail elderly;
- H. A reasonable developer fee subject to developer fee restrictions included in awards from other HCD programs;
- I. Lease-up costs;
- J. Carrying costs during construction, including insurance, construction financing fees and interest, taxes, and any other expenses necessary to hold the property while the Selected Project is under construction;
- K. Building permits and state and local fees;
- L. Capitalized operating and capitalized replacement reserves up to the amount of the initial deposit required by the Department pursuant to UMR Sections 8308(b) and 8309(b);
- M. Title insurance, recording and other related costs;
- N. Costs for items intended to ensure the completion of construction, such as contractor bond premiums;
- O. Environmental hazard reports, surveys, investigations and mitigation;
- P. Costs associated with preparing the site for construction of the Selected Project, including removal of existing improvements and site clearance; and

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Q. Any other costs of new construction approved by the Department.

5. **Rent Standards**

Rent limits for initial occupancy, and for each subsequent occupancy, of an Assisted Unit shall not exceed 30 percent of that Assisted Unit's designated income-eligibility level.

6. **Program Deadlines**

For Selected Projects that involve construction and/or rehabilitation, the Awardee shall expend any capital expenditure award by the Expenditure Deadline.

Awardee may ask the Department for an extension to complete construction and/or rehabilitation, where the Awardee clearly demonstrates that the extension is due to circumstances or conditions beyond the Awardee's control, and that granting the extension will enable the construction and/or rehabilitation to be completed and full occupancy of the Assisted Units to be achieved.

7. **Performance Milestones**

Awardee shall complete each of the Performance Milestones ("**Performance Milestones**") set forth at Exhibit E of this Agreement by the date designated for such completion therein (each, a "**Milestone Completion Date**"). The Performance Milestones shall include, but not be limited to, any applicable Expenditure Deadline, affirmative fair housing practices and community outreach methods.

Awardee may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's reasonable discretion. In no event will the Department approve an extension request in the absence of Awardee's demonstration of good cause for said extension, along with Awardee's reasonable assurances that the extension will not result in Awardee's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

In the event Awardee fails to comply with any Performance Milestone, the Department may, upon written notice to the Awardee, cancel this Agreement pursuant to Exhibit D Section 3(B).

8. **Reporting Requirements**

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Awardee shall submit an annual Program Performance and Expenditure Report (“**Performance and Expenditure Report**”) throughout the Program Term and comply with all additional reporting requirements, as set forth and specified at Section 403 of the Guidelines, all in accordance with the Milestone Completion Date(s) set forth at Exhibit E of this Agreement.

The Performance and Expenditure Report shall include, but may not be limited to, the Awardee’s progress in connection with the Scope of Work and completion of Performance Milestones, any updates or substantial changes to the Scope of Work as previously agreed to in writing by the Department, and progress on implementation of any racial equity strategies described in the LGMG Application and in accordance with the Guidelines.

In addition, the Awardee shall submit to the Department such periodic reports, updates, and information as deemed necessary by the Department to monitor compliance or perform Program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

9. **Department Contract Coordinator**

The Department’s Contract Coordinator for this Agreement is the Deputy Director of the Division of Housing Policy Development, or the Deputy Director’s designee. Unless otherwise informed, Awardee shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address or email to ExcessSitesMatch@hcd.ca.gov:

California Department of Housing and Community Development
Attention: LGMG 2023 NOFA
Division of Housing Policy Development
2020 West El Camino Avenue, Suite 550
Sacramento, CA 95833

10. **Awardee Contract Coordinator**

The Awardee Contract Coordinator for this Agreement may coordinate with the Department’s Contract Coordinator for the LGMG Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Awardee Contract Coordinator at the address specified at Exhibit E of this Agreement.