

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
OFFICE OF THE DIRECTOR**

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August 15, 2018

MEMORANDUM FOR: ALL POTENTIAL APPLICANTS

FROM: Lisa Bates, Deputy Director
Division of Financial Assistance

**SUBJECT: NOTICE OF FUNDING AVAILABILITY
CALIFORNIA EMERGENCY SOLUTIONS AND HOUSING
PROGRAM**

The California Department of Housing and Community Development (HCD) is pleased to announce the availability of approximately \$53 million in California Emergency Solutions and Housing Program (CESH Program) funding through this Notice of Funding Availability (NOFA). Program funding provides grants to administrative entities to assist persons who are experiencing or are at risk of homelessness. This NOFA is subject to state requirements and makes funding available statewide.

Applications for Program funding are due October 15, 2018 at 5:00 p.m. Pacific Standard Time, but will be accepted on a rolling basis until that date. Applicants that wish to receive funding awards in November must submit applications by September 27, 2018. Applicants must submit a complete original application and an electronic copy on CD or USB flash drive. Applications will only be accepted through a postal carrier service that provide date stamp verification of delivery such as U.S. Postal Service, UPS, FedEx, or other carrier services. Personal deliveries will not be accepted.

HCD will hold two webinar workshops to review the Program NOFA and application. For a list of workshop dates and times and to register, please go to HCD's website at <http://www.hcd.ca.gov/grants-funding/active-funding/cesh.shtml>. The workshops will be held at the times listed in Section III, B of the NOFA. In addition, information may be available at Homelessness Workshops scheduled on August 24 and 30, and September 7 and 10, 2018. For updates, please check HCD's website at <http://www.hcd.ca.gov/>.

To receive information on workshops and other updates, please subscribe to http://www.hcd.ca.gov/HCD_SSI/subscribe-form.html, the Homelessness Prevention Programs listserv.

If you have any questions, please [submit](#) them to CESH@hcd.ca.gov.

Attachment

California Emergency Solutions and Housing

2018 Notice of Funding Availability



**State of California
Governor Edmund G. Brown Jr.**

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

**Ben Metcalf, Director
Department of Housing and Community Development**

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Website: <http://www.hcd.ca.gov/>

CESH Program Email: CESH@hcd.ca.gov

August 15, 2018

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I. Overview

A. Notice of Funding Availability (NOFA)

The California Department of Housing and Community Development (HCD) is announcing the availability of approximately \$53 million in funding to assist persons experiencing or at risk of homelessness, through the California Emergency Solutions and Housing Program (CESH Program).

Administrative Entities (AEs) may request funding for eligible activities relating to homelessness within specified Continuum of Care (CoC) service areas by submitting an application. An AE may contract with a sub-recipient that the AE determines is qualified to carry out the eligible activities. Appendix A of this NOFA lists the funding amount for which each AE is eligible to apply, which is determined by a formula described in Section II.C.

This NOFA outlines application, documentation, reporting requirements and deadlines for AEs. AEs are responsible for administering CESH Program funds in collaboration with their local CoC for their respective CoC service area.

This is the first of two NOFAs for the CESH Program and is funded from a portion of the first and second quarters of revenue deposited in the Building Homes and Jobs Act Trust Fund (Fund) created by the Building Homes and Jobs Act (Stats. 2017, chapter 364, § 3.) and approximately \$25 million in unallocated California Emergency Solutions Grant (ESG) funds. A second NOFA, including the revenue from the third and fourth quarters, is expected to be released in early 2019. Any funds not distributed after the first round of awards shall be reallocated among all CoC service areas with a participating AE in the second NOFA.

B. Tentative program timeline

NOFA release	August 15, 2018
Webinars	August 22 & 23, 2018
Workshops	Sacramento, August 24, 2018 Oakland, August 30, 2018 Visalia, September 7, 2018 Riverside, September 10, 2018 Los Angeles, TBD
Application due date for November 2018 award	September 27, 2018
Final application due date	October 15, 2018
Award announcements	November – December 2018
Standard agreements mailed	December 2018 – January 2019

C. Authorizing legislation

[SB 850](#) enacted the Program (Stats. 2018, ch. 48, § 4.) The program operates under the requirements of Health and Safety Code¹, Part 2 of Division 31 Chapter 2.8, commencing with section 50490 and including sections 50490.1, 50490.2, 50490.3, 50490.4, and 50490.5.

Section 50490.1, subdivision (b) gives HCD the right to carry out the Program through the issuance of one or more NOFAs not subject to the rulemaking provisions of the Administrative Procedure Act.

This NOFA governs the administration of funding from the Fund (created by § 50470, subdivision (a)(1)) appropriated by item 2240-101-3317 in the Budget Act of 2018) and made available under the Program.

II. Program requirements

A. Eligible applicants

To be eligible, an applicant must:

- 1) Be an AE, as defined below; and
- 2) Provide documentation in the application that the applicant is designated by the CoC to administer CESH Program funds.

An AE is one of the following:

- 1) A unit of general purpose local government;
- 2) A nonprofit organization that has previously administered U.S. Department of Housing and Urban Development (HUD) CoC funds as the collaborative application per 24 Code of Federal Regulations (CFR) part 578.3; or
- 3) A unified funding agency as defined in 24 CFR part 578.3. (§ 50490, subdivision (a)(1)-(3).)

B. Eligible activities

Allocated funds must be used for one or more of the eligible activities listed below (§ 50490.4, subdivision (a)).

- 1) **Rental assistance, housing relocation, and stabilization services** to ensure housing affordability to individuals experiencing homelessness or who are at risk of homelessness. Rental assistance provided pursuant to this paragraph shall not exceed 48 months for each assisted household and rent payments shall not exceed two times the current HUD fair market rent for the local area, as determined pursuant to [24 CFR part 888](#).
- 2) **Operating subsidies** in the form of 15-year capitalized operating reserves for new and existing affordable permanent housing units for homeless individuals and/or families.

¹ All further statutory references are to the Health and Safety Code unless otherwise indicated.

- 3) **Flexible housing subsidy funds** for local programs that establish or support the provision of rental subsidies in permanent housing to assist homeless individuals and families. Funds used for purposes of this paragraph may support rental assistance, bridge subsidies to property owners waiting for approval from another permanent rental subsidy source, vacancy payments, or project-based rent or operating reserves.

Rental assistance provided from flexible housing subsidy funds shall not exceed 48 months for each assisted household, and rent payments shall not exceed two times the current HUD fair market rent for the local area, as determined pursuant to [24 CFR part 888](#). Operating subsidies from flexible housing subsidy funds shall be in the form of 15-year capitalized operating reserves for new or existing affordable permanent housing units for homeless individuals and/or families.

- 4) **Operating support for emergency housing interventions**, including, but not limited to, the following:
- a) Navigation centers that provide temporary room and board and case managers who work to connect homeless individuals and families to income, public benefits, health services, permanent housing, or other shelter.
 - b) Street outreach services to connect unsheltered homeless individuals and families to temporary or permanent housing.
 - c) Shelter diversion, including, but not limited to, homelessness prevention activities such those described in [24 CFR 576.103](#), and other necessary service integration activities such as those described in [24 CFR 576.105](#), to connect individuals and families to alternate housing arrangements, services, and financial assistance.
- 5) **Systems support** for activities necessary to maintain a comprehensive homeless services and housing delivery system, including Coordinated Entry System (CES) data, and Homeless Management Information System (HMIS) reporting, and homelessness planning activities.
- 6) Develop or update a **CES**, if the CoC does not have a system in place that meets the applicable HUD requirements, as set forth in Section II.E.3.A of this NOFA. Eligible CES costs do not include capital development activities, including, but not limited to, real property acquisition, construction, or rehabilitation activities.
- 7) Development of **a plan** addressing actions to be taken within the CoC service area if no such plan exists. If an applicant requests funding to develop a plan, the applicant shall submit the developed plan to HCD prior to the expiration of the contract executed with HCD.

An AE may contract with a subrecipient if the AE determines that the subrecipient is qualified to carry out the eligible activities with the allocated funds. Subrecipients shall include a unit of local government, a private non-profit, or a for-profit organization.

C. Funding activity limits

An AE is eligible for a funding amount within the funding activity limits. The funding activity limits are listed in Appendix A and determined by a formula pursuant to section 50490.2, subdivision (a). This formula includes the following components:

- 1) The 2017 point-in-time count;
- 2) The number of extremely low-income households in rental housing that pay more than 50 percent of household income on rent; and
- 3) The percentage of households below the federal poverty line.

The AE will be responsible for setting any minimum and maximum grant amounts, since they will be evaluating subrecipient applications and managing those contracts.

An AE shall not use more than 40 percent of any funds allocated in a fiscal year for operating support for emergency housing interventions as described in Section II.B.4 (§ 50490.4, subdivision (f)). In addition, if the CoC does not have a functioning CES and HMIS that meet the applicable HUD requirements as set forth in Section II.E.3.A of this NOFA, a minimum of 20 percent of the allocation to the CoC service area will be used to implement or update its systems to comply with such requirements (§ 50490.3, subdivision. (a)(3)(B)).

There is no matching contribution requirement for activities funded with CESH Program funds. However, CESH Program funds may be used for the one-to-one match of federal ESG funds as long as they are for the same approved activity.

D. Program administrative and activity costs

The AE within a CoC service area that receives an allocation for a CoC service area shall not use more than 5 percent of that allocation for administrative costs related to the planning and execution of eligible activities. For purposes of this subdivision, staff and overhead costs directly related to carrying out the eligible activities described in Section II.B are “activity costs” and not subject to the cap on “administrative costs.” An AE may share any funds available for administrative costs with subrecipients.(§ 50490.2, subdivision (b).)

E. Application requirements

An application submitted in response to this NOFA shall meet the minimum requirements listed below: (§ 50490.3.)

- 1) Requests an allocation listed in Appendix A in order to carry out one or more of the eligible activities described in Section II.B. Any activities must be carried out within the relevant CoC service area.

- 2) Documents that the applicant is an AE designated in writing by the CoC to administer CESH Program funds and meets one of the following criteria:
 - a) Has prior experience administering the eligible activities described in the application, or
 - b) Has partnered with one or more local governments or other entities within the relevant CoC service area that have the necessary prior experience to administer the requested funds.

- 3) Either:
 - a) Includes documentation certifying in the application that the CoC service area has systems that meet the following HUD requirements:
 CES:
 The required aspects of coordinated entry from the following documents as identified in the
[HUD Coordinated Entry Process Self-Assessment:](#)
 - [HUD Notice CPD-17-01](#)
 - [HUD Notice CPD-16-11](#)
 - [Coordinated Entry Policy Brief \(2015\)](#)
 - [24 CFR 578.7\(a\)\(8\)](#)
 - [24 CFR 576.400\(d\)](#)
 - [24 CFR 5.105\(a\)\(2\) and 5.106\(b\)](#)
 - [HUD Notice CPD-17-01](#)
Homeless Management Information System (HMIS)
 - [24 CFR 576](#)
 - [24 CFR 578.3](#)

-- Or --
 - b) If the applicant does not meet the above requirement, the application must document that a minimum of 20 percent of the allocated funds will be used to implement or update its systems to comply with the applicable HUD requirements ([CPD Notice 17-01](#)).

- 4) Describes or provides documentation of the local program or project selection process anticipated to be used to allocate available funds to subrecipients qualified to carry out the eligible activities. The applicant's proposed program or project selection process shall avoid conflicts of interest in program or project selection and shall be easily accessible to the public.

- 5) Identifies anticipated estimated amounts to be used for the specific eligible activities described in the application.

- 6) Identifies numerical goals and performance measures established by the applicant, in collaboration with the relevant CoC, to be used to evaluate success in implementing eligible activities described in the application for the 5-year term of the agreement with HCD. If using funds for activities other than system wide or administrative capacity building, such as improving CES functionality, goals must be greater than zero.

- 7) Evaluates the following project or system performance measures based on HMIS data from the CoC service area:
 - a) The number of homeless persons served
 - b) The number of unsheltered homeless persons served
 - c) The average length of time spent as homeless before entry into the program or project
 - d) The number of homeless persons exiting the program or project to permanent housing
 - e) The number of persons that return to homelessness after exiting the program or project

- 8) Includes the most current plan addressing actions to be taken within the CoC service area to address homelessness *or* requests funding to develop a plan pursuant to Section II.B.7

F. Reporting requirements

An AE that receives funds pursuant to this NOFA must submit a completed annual report each year by July 31 for the term of the contract with HCD that reports all activities from the previous fiscal year (7/1 – 6/30), on a form issued by HCD.

Each AE will, at a minimum, report:

- 1) The AEs program or project selection process performed in collaboration with the CoC
- 2) Amounts awarded to subrecipients with the activity(ies) identified
- 3) Projected performance measures
- 4) Contract expenditures
- 5) The expenditures and activities of any subrecipients for each year of the term of the contract with HCD until all funds awarded to a subrecipient have been expended
- 6) Progress on the following performance measures and others established by the applicant and described in the application to evaluate success in implementing eligible activities:
 - a. The number of homeless persons served
 - b. The number of unsheltered homeless persons served and the average length of time spent as homeless before entry into the program or project
 - c. The number of homeless persons exiting the program or project to permanent housing
 - d. The number of persons that return to homelessness after exiting the program or project

HCD may request additional information, as needed, to meet other applicable reporting or audit requirements.

G. Additional requirements

An AE or subrecipient must provide eligible activities in a manner consistent with the Housing First practices described in California Code of Regulations, title 25, section [8409, subdivision \(b\)\(1\)-\(6\)](#). An AE or subrecipient allocated funds for eligible activities that provide permanent housing shall incorporate the core components of Housing First, as provided in [Section 8255, subdivision \(b\) of the Welfare and Institutions Code](#). Housing First is an evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Under the Housing First model, services offered are as needed and requested on a voluntary basis and that do not make housing contingent on participation in services.

An AE that is allocated funding under the Program for a program or project that is an eligible activity shall utilize a CES that meets the requirements of [24 CFR part 576.400\(d\)](#) or [24 CFR part 578.7\(a\)\(8\)](#) and related HUD requirements (unless otherwise exempted by federal rules). If an AE does not meet said requirements, it must document in the application that 20 percent of the allocation to the CoC service area will be dedicated to implement or update its systems to comply with the applicable requirements.

Except in the case of a program or project specifically targeting homelessness prevention activities as a part of shelter diversion activities, as described in Section II.B.4.C of this NOFA, an AE that is allocated Program funds shall prioritize assistance to homeless individuals and families over assistance to individuals and families at risk of homelessness.

An AE that receives funds under the Program is responsible for ensuring that the expenditure of those funds is consistent with the requirements of the CESH Program and for the eligible activities described in Section II.B. The AE must issue award letters to any subrecipients within 12 months of an award letter from HCD. The AE shall monitor the activities and expenditures of any subrecipients annually, at a minimum, to ensure that those activities and expenditures comply with this chapter.

HCD may monitor the expenditures and activities of the AE, as HCD deems necessary, to ensure compliance with program requirements and request the repayment of funds from an AE or pursue any other remedies available to it by law for failure to comply with program requirements. After a contract has expired, any funds not expended for eligible activities described in Section II.B shall revert and must be remitted to HCD.

III. Application submission and review procedures

Submit applications on the Excel forms provided by HCD. Do not modify the application forms. Applications that do not meet the filing deadline will not be eligible for funding. The CESH Program application forms are available to download at [HCD's website](#).

A. Application submission process

Applications will be received on a rolling basis until 5:00 p.m. Pacific Standard Time on Monday, **October 15, 2018**. In order to be eligible, an applicant must submit a complete, signed original application and an electronic copy on CD or USB flash drive.

Applicants that wish to receive funding awards in November must submit applications by 5:00 p.m. Pacific Standard Time on Thursday, **September 27, 2018**.

HCD will only accept applications through a postal carrier service that provides date stamp verification confirming delivery to HCD's office, such as the U.S. Postal Service, UPS, FedEx, or other carrier services. Please contact HCD if delivery is not completed by fault of the carrier service. No facsimiles, late applications, incomplete applications, application revisions, electronically submitted, or walk-in application packages will be accepted.

The delivery address is:

California Department of Housing and Community Development
Division of Financial Assistance, NOFA Section
Emergency Solutions and Housing Program
2020 West El Camino Ave, Suite 500
Sacramento, CA 95833

Applications that do not meet the filing deadline requirements will not be eligible for funding. Applications must be on HCD forms and cannot be altered or modified by the applicant. Excel forms must be in Excel format.

The application forms are available on HCD's website (<http://www.hcd.ca.gov/grants-funding/active-funding/cesh.shtml>). Applications having material internal inconsistencies will not be rated and ranked. It is the applicant's responsibility to ensure that the application is clear, complete, and accurate. After the application deadline, HCD staff may request clarifying information and/or inquire as to where in the application specific information is located if such information does not affect HCD's evaluation of the application. No information, whether written or oral, will be solicited or accepted if this information would result in an advantage to an applicant or a disadvantage to other applicants. No applicant may appeal HCD's evaluation of another applicant's application.

B. Application webinars

HCD will conduct application webinars as follows:

Date	Time
Wednesday, August 22, 2018	10:00 a.m. to 12:00 p.m.
Thursday, August 23, 2018	2:00 p.m. to 4:00 p.m.

Please sign up for the homelessness prevention programs listserv at the following link for webinar sign-up instructions: http://www.hcd.ca.gov/HCD_SSI/subscribe-form.html

IV. Appeals

A. Basis of appeals

1. Upon receipt of HCD's notice that an application has been determined to be incomplete or failed threshold, applicants may appeal such decision(s) to HCD pursuant to this section.
2. No applicant shall have the right to appeal a decision of HCD relating to another applicant's eligibility, award, denial of award, or any other matter related thereto.
3. Prior program NOFAs. The appeal process provided herein applies solely to decisions of HCD made in this program NOFA and does not apply to any decisions made with respect to any previously issued NOFAs or decisions to be made pursuant to future program NOFAs.

B. Appeal process and deadlines.

1. Process. In order to lodge an appeal, by the deadline set forth in section 2., below, an applicant must submit to HCD, a written appeal, which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the applicant must provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be accepted if this information would result in an advantage to an applicant. Once the written appeal is submitted to HCD, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to HCD either via email at CESH@hcd.ca.gov or at the following address:

California Department of Housing and Community Development
Attn: CESH Program Staff Appeals
2020 W. El Camino Avenue, Suite 570
Sacramento, California 95833

HCD will accept appeals through a carrier service that provides date stamp verification of delivery, such as the U.S. Postal Service, UPS, FedEx, or other

carrier services. Deliveries must be received during HCD weekday (non-state holiday) business hours of 9:00 a.m. to 5:00 p.m. Pacific Standard Time. Emails to the email address listed above will be accepted as long as the email time stamp is prior to the appeal deadline.

2. Filing Deadline. Appeals must be received by HCD no later than (5) five business days from the date of HCD's award letters representing HCD's decision made in response to the application.

C. Decision

Any request to amend HCD's decision shall be reviewed for compliance with the August 15, 2018 NOFA and Application for Funding, and any subsequent clarifying documents such as the Program's responses to "Frequently Asked Questions." It is HCD's intent to render its decision in writing within fifteen (15) business days of receipt of the applicant's written appeal. All decisions rendered shall be final, binding, and conclusive and shall constitute the final action of HCD with respect to the appeal.

D. Effectiveness

In the event that the statute, regulation, and/or guidelines governing this program contain an existing process for appealing decisions of HCD with respect to NOFA awards made under such programs, then this section shall be inapplicable and all appeals shall be governed by such existing authority.

E. Award announcements and contracts

For applicants that submit applications by September 27, 2018, HCD anticipates issuing award letters by November 5, 2018. For applicants that submit applications by October 15, 2018, HCD anticipates issuing award letters by early December 2018. HCD will issue all award letters after final approval from the Internal Loan Committee (ILC).

V. Other terms and conditions

A. Right to modify or suspend

HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA at any time, including, without limitation, the amount of funds available hereunder. If such an action occurs, HCD will notify all interested parties [via listserv](#) and will post the revisions to the HCD website. Please be sure and subscribe at the listserv link.

B. Disclosure of application

Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act (Chapter 1473, Statutes of 1968). As such, any materials provided will be disclosed to any person

making a request under this Act. HCD cautions applicants to use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to HCD, the applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

C. Conflicts

In the event of any conflict between the terms of this NOFA and either applicable state or federal law or regulation, the terms of the applicable state or federal law or regulation shall control.

APPENDICES

Appendix A: CESH Program Formula Allocation

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