



# **Health and Human Services Capital Funding Assistance Program**

**2009 Program Description**

**January 22, 2009**

# Health and Human Services Capital Funding Assistance Program

## Purpose

Health and human services agencies are providing essential services to seniors, the working poor, the sick and disabled, abuse victims, single parents with children, and others in downtown San Diego. Such services include homeless shelters, meal programs, counseling, job training and other youth and senior programs. It is critical for such agencies to maintain a presence in the downtown area in order to serve their existing clients. The Health and Human Services Capital Funding Assistance Program (“Program”), created by the Centre City Development Corporation (“Corporation”), will support health and human services agencies by providing capital funding to assist in facility relocation, rehabilitation and/or expansion, while further promoting downtown’s redevelopment program through building rehabilitation proposals.

## Eligible Applicants

1. Nonprofit agencies providing health and human services in facilities currently located downtown are eligible. For purposes of this program, health and human services agencies include social service institutions, homeless facilities (congregate meal facilities, emergency shelters and homeless day centers), and outpatient medical facilities/clinics. The facilities must have been in operation at downtown locations for a minimum of five years. At least 50% of a facility’s clients must be persons who work and/or live in downtown.
2. Only agencies in good standing, financially stable with sound administration, and with a proven track record of public service in downtown will be considered.
3. Agencies must extend their services to the general public in downtown and surrounding communities, and shall not exclude services on the basis of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin of any person.
4. The Corporation seeks to stabilize downtown’s health and human services agencies by encouraging them to become owners, potentially through assistance from this Program. To further this goal, agencies that own the property to be improved may receive preference over agencies that lease property. Tenant agencies receiving loans must have lease rights to the property being improved equal to or longer than the term of the loan and should consider less extensive improvement projects.

## Terms

1. Up to 75% of the total eligible expenses (see below) are eligible to be funded through this Program. Payment of funding assistance will be contingent on securing other funding that must be available prior to Corporation funds being released.
2. As a guideline, maximum funding assistance per awarded proposal should not exceed \$1,000,000. Under extraordinary circumstances, a larger amount per proposal than \$1,000,000 may be considered and awarded by the Corporation Board as part of the Selection Process. Smaller projects are also encouraged.
3. Funding assistance will be provided as a no-interest, service repayment loan. As part of the loan terms, agencies will be required to meet certain annual goals or benchmarks for the services they provide in exchange for the loan amount to be incrementally reduced or potentially forgiven.
4. The term of the loan will be negotiated with consideration given to the depreciable life of the funded improvements and the amount of the loan.
5. Use restrictions will be required to ensure that the funded proposal will support nonprofit health and human services into the future.
6. Each award of funding will be subject to a schedule of performance covering disbursement and expenditure of funds.
7. Each award of funding will be subject to remedy and default provisions, as well as building/property owner consent to securing the loan with a property lien as appropriate. If the property to be improved is leased and the property owner will not consent to a lien, security for the loan can include a third-party guarantee secured by real estate owned or controlled by the third party.
8. Improvements to be constructed with the proceeds of a forgivable loan provided by the Corporation constitute the construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds under California Labor Code Section 1720 et seq. Each Participant shall comply with all requirements of the Department of Industrial Relations in accordance with the California Labor Code, and all other applicable federal, state and local laws and regulations pertaining to labor standards and the payment of prevailing wages. Each Participant shall (i) require its contractors and subcontractors to submit certified copies of payroll records; (ii) maintain complete copies of such certified payroll records; and (iii) make such records available to the Corporation or its designee for inspection and copying during regular business hours at 401 B Street, Suite 400, San Diego, California 92101.

## **Eligible Expenses**

1. Rehabilitation and acquisition costs of existing buildings located within downtown including:
  - a. Costs associated with the significant rehabilitation of existing buildings exhibiting conditions of blight, including tenant improvements, subject to limitations set forth in this Program Description; and
  - b. Related acquisition costs as deemed appropriate by the Corporation in its review and selection of proposals. Eligible related acquisition costs can be provided as a reimbursement as part of the funding agreement terms, and provided only after a building's rehabilitation has been completed.

Projects that may be eligible for this Program include rehabilitation of historic, underutilized and/or vacant buildings that will be wholly or partially occupied by health and human services agencies. The rehabilitation of these buildings will provide health and human services agencies with opportunities to improve the services that they provide to the downtown community.

Interested agencies are encouraged to collaborate with developers to seek out potential projects that will satisfy the agencies' needs to relocate or expand their services, while providing developers with long term tenants in ground floor or otherwise non-leasable spaces.

2. Specifically NOT ELIGIBLE:
  - a. Operational and routine maintenance expenses, including rent;
  - b. New construction of a privately-owned building;
  - c. Tenant improvements in new buildings;
  - d. Acquisition of vacant land;
  - e. Buildings that do not exhibit conditions of blight; and
  - f. Furniture, fixtures and equipment.

## **Evaluation Criteria**

1. The proposal is consistent with the goals, policies and regulations described in the Downtown Community Plan, as well as the zoning/land use regulations of the Centre City, Marina and Gaslamp Planned District Ordinances. As set as a policy in the Downtown Community Plan (Policy 12.2-P-1), priority will be given to facilities that can reasonably employ a continuum-of-care approach (instead of single-service facilities), whereby multiple services are provided on-site, such as meals, shelter, and counseling services.
2. The proposal is of benefit to the Redevelopment Project Area or the immediate neighborhood.

3. The proposal implements the vision of the Redevelopment Plan and 5-Year Implementation Plan (some redevelopment activity must be performed).
4. The applicant agency has no other reasonable means of financing.
5. The proposal meets California Redevelopment Law statutory requirements, especially in regard to the elimination of conditions of blight when required.
6. The proposal leads to service improvements provided by the applicant agency.
7. The proposal is ready to start construction within 18 months of formal loan agreement approval by the Redevelopment Agency of the City of San Diego. Readiness means that the proposal clearly contains the following: site control, environmental clearances, and absence of legal/relocation/financial impediments.
8. The proposal is financially feasible.
9. The proposal will not impede or increase the cost of redeveloping the real property if redevelopment is likely in the foreseeable future.
10. Proposals to acquire and/or improve owner-occupied property are preferred.

### **Selection Process**

Awarding capital funding assistance to health and human services agencies is discretionary and will only be provided to agencies and projects which meet high standards of quality and excellence in the provision of services to the City of San Diego and the downtown community. The following steps will be taken to select proposals for funding assistance awards:

1. Interested agencies will submit a Pre-Application Determination of Eligibility with their qualifications and brief proposal descriptions by a set deadline.
2. Corporation staff will perform eligibility screening to determine whether proposals meet the eligibility requirements, and a list of eligible proposals will be created. Applicants must meet all requirements for their proposals to be included on the list.
3. Eligible applicants will complete a full Application for Funds, describing their project in more detail, the project's financial plan, and the project's schedule, and will be required to submit appropriate documentation.
4. Corporation staff will review proposals submitted by eligible applicants to determine whether a proposal meets the Terms and Eligible Expenses requirements, and a list of qualified proposals will be created.

5. The qualified proposals list will be reviewed by the Corporation Board and/or a Corporation Board Committee. The Board or Committee will determine which proposal(s) will be selected for award of capital funding assistance.
6. Corporation staff will negotiate loan agreements with the selected applicant agency(ies). Six months will be allocated for negotiations. Time extensions for the negotiation period will require Corporation approval.
7. Depending upon the amount of assistance provided, funding agreements will require review and approval by the Corporation President, the Corporation Board, and/or the Redevelopment Agency of the City of San Diego.
8. The Corporation reserves the right to not fund any proposals through this Program, or may choose to only allocate a portion of any annual funding allocation.

The FY 2009 Redevelopment Agency Budget provides approximately \$4,500,000 for this program. Future funding of the program will be determined on an annual basis.

### **Program Timeline for 2009**

The Corporation anticipates that the timeline for initiating and processing the Program for 2009 will follow this tentative schedule (subject to change by the Corporation):

2009 Notice of Funding Availability	January 22, 2009
Pre-Application Conference/Public Education Forum (Preceded by Program applications and requirements appearing on <a href="http://www.ccdc.com">www.ccdc.com</a> )	February 5, 2009 at 2:00 p.m.
Pre-Application Determination of Eligibility Due Date	March 9, 2009
Determinations of Eligibility Issued	March 20, 2009
Application for Funds Due Date	June 3, 2009
Staff Review of Applications	June 2009
Board Committee Review of Qualified Proposals	July 2009 Board Committee Meeting
Board Selection of Loan Recipients	July 2009 Board Committee or Board Meeting
Negotiation of Funding Agreements	No more than 6 Months
Approval of Funding Agreements	60 Days

## **Documentation**

The following documentation will be required as part of the application process:

### Pre-Application Determination of Eligibility

- Description of downtown operating history
- Description of the agency's prior experience and capacity
- Description of programs currently provided and expansion/improvement plans
- Description of proposed building acquisition/rehabilitation

### Application for Funds

- List of current Board members
- Nonprofit Status Determination Ruling from IRS (or Determination of Exemption Letter from the State of California Franchise Tax Board)
- Evidence of site control
- Building/property owner consent letter, including consent to securing loan or grant with a property lien
- Detailed scope of work
- Appraisal of the site to be acquired (if applicable)
- List of development team members with their experience and qualifications
- Basic concept plans
- Sources and uses of funds
- Conditional commitment letters from other funding sources to ensure that the proposal can be 100 percent funded
- Current fiscal year operating budget and most recent audited or certified financial statements
- Annual goals or benchmarks for services provided that will be evaluated for consideration of service repayment
- Development schedule