Community Care Expansion Preservation Program
Operating Subsidy Payment and Capital Projects
Notice of Funding Availability

DATE: JUNE 10, 2022

TO: ALL COUNTY DIRECTORS

SUBJECT: NOTICE OF FUNDING AVAILABILITY FOR THE COMMUNITY CARE EXPANSION PROGRAM: PRESERVATION OPERATIONAL SUBSIDIES AND PRESERVATION CAPITAL FUNDS

REFERENCE: Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021); Welfare and Institutions Code (WIC) Section 18999.97; Senate Bill (SB) 129 (Chapter 69, Statutes of 2021)

The purpose of this letter is to notify all County Directors of noncompetitive allocations available for all counties with licensed residential adult and senior care facilities. This funding is available through the Community Care Expansion (CCE) Preservation Funds for the immediate preservation of licensed residential adult and senior care facilities serving applicants or recipients of Supplemental Security Income/State Supplementary Payment (SSI/SSP) or Cash Assistance Program for Immigrants (CAPI), including those who are experiencing or at risk of homelessness. The CCE Preservation Funds include operating subsidies and funds for capital projects.

Counties accepting these funds will be responsible for the administration and disbursement of funds to existing licensed adult and senior care facilities serving the prioritized population, consistent with the state guidelines provided within this funding announcement.

The California Department of Social Services (CDSS) is contracting with Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, to serve as the third-party administrator for the CCE program.

I. PROGRAM BACKGROUND

California has a shortage of adult and senior care facilities (e.g., Adult Residential Facilities [ARFs] and Residential Care Facilities for the Elderly [RCFEs]) that accept individuals receiving or applying for SSI/SSP or CAPI. It has also seen a decline in the number of SSI/SSP recipients residing in adult and senior care facilities. The CCE program was established by Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021) to fund capital projects and promote the sustainability of residential adult and senior care facilities and to address historic gaps in the long-term care continuum. The CCE program will provide a total of $805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve SSI/SSP and CAPI applicants and recipients, including those who are experiencing or at risk of homelessness.

A total of $195 million is reserved for the CCE Preservation Funds, which are intended to immediately preserve and avoid the closure of licensed residential adult and senior care facilities serving qualified residents, defined as applicants or recipients of SSI/SSP or CAPI, including the "prioritized population" of qualified residents who are experiencing or at risk of homelessness (WIC sections 18999.97(c)(1) and (2)).

The $195 million Preservation Funds comprise $55 million in state general funds for preservation operating subsidy payments and $140 million in State Fiscal Recovery Funds (SFRF) established by the American Rescue Plan Act (ARPA) of 2021 (Public Law 117-2) for preservation capital projects. Refer to Section II: Allocation and Budget for additional information on the funding available for each of these eligible uses and expenditure deadlines.

California State Priorities

CCE funding opportunities are designed to address the following state priorities:

- Invest in behavioral health and community care options that advance racial equity
- Seek geographic equity of behavioral health and community care options
- Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth
- Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization
- Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement
- Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy
- Leverage county and Medi-Cal investments to support ongoing sustainability
- Leverage the historic state investments in housing and homelessness

In addition to the CCE Preservation Funds described in this letter, $570 million is available for the CCE Capital Expansion Program through a joint Request for Applications alongside the Department of Health Care Services Behavioral Health Continuum Infrastructure Program. **The timeline, eligible uses, program guidelines, and eligibility for the CCE Capital Expansion Program are distinct from the CCE Preservation Funds outlined in this letter.** Counties interested in funds to support the creation or expansion of care facilities or other residential care settings to serve recipients or applicants of SSI/SSP or CAPI are encouraged to learn more about the

CCE Capital Expansion funds, which are available for acquisition, construction, and rehabilitation to expand adult and senior care facilities serving qualified residents. Please visit the Improving California's Infrastructure website for more information on CCE Capital Expansion funds.

II. ALLOCATION AND BUDGET INFORMATION

Funding Availability

The CCE Preservation Funds identified in this letter total $195 million in noncompetitive allocations to counties for the immediate preservation of licensed residential adult and senior care facilities serving qualified residents. Note: facilities vendored by regional centers are not eligible for CCE Preservation Funds. However, these facilities and/or operators are encouraged to contact the regional center to request assistance in identifying resources related to capital development or rehabilitation, if applicable.

The CCE Preservation Funds are divided into two components:

- **Operating Subsidy Payments (OSP):** $55 million is available to fund operating subsidies to existing licensed residential adult and senior care facilities serving qualified residents. The intent of the OSP funds is to preserve and avoid the closure of critical residential adult and senior care facilities. OSP funds can cover an eligible licensed facility's potential or projected operating deficits. Refer to Sections 101 and 201 for more information on OSPs.
- **Capital Projects (CP):** $140 million is available in capital funds to preserve facilities in need of critical repairs or required upgrades, thereby potentially preventing facility closure, which could result in exits to homelessness. Funds can be applied to physical repairs and upgrades on an approved facility's property, including inside or outside the facility, within its property line. The CP can also fund repairs needed to ensure facilities are compliant with licensing standards. Refer to Sections 102 and 202 for more information on CPs.

Funding and match requirements are as follows:

Purpose	Match	Funding Source and Expenditure Timeline	Amount
Operating Subsidy Payments (OSP)	None	State general fund must be obligated by June 30, 2027, and liquidated by June 30, 2029	$55,000,000
Capital Projects (CP)	10% match	Federal SFRF funds must be obligated by June 30, 2024, and liquidated by December 31, 2026	$140,000,000
Total CCE Preservation Funds			**$195,000,000**

Federal and State Expenditure Timeline

Of the $195 million in CCE Preservation Funds, the OSP component is funded by state general funds. OSP funds must be obligated by June 30, 2027, and liquidated by June 30, 2029.

The CP component is funded by the SFRF pursuant to ARPA. CP funds must be obligated by June 30, 2024, and liquidated by December 31, 2026.

Allocation Methodology

OSP and CP preservation funds are available to all counties with current licensed facilities serving qualified residents. The noncompetitive allocations are listed in Section 206. A need-based methodology for each county was determined by calculating the proportion of beds in existing licensed facilities currently serving individuals receiving SSI/SSP according to Community Care Licensing Division (CCLD) survey data. Facilities funded by regional centers are excluded and not eligible for CCE Preservation Funds. Refer to “Process to Accept CCE Preservation OSP and/or CP Funds” below for information on how county entities can accept funds.

Funding is not available in the noncompetitive allocation for counties with no qualifying facilities (i.e., no current licensed facilities willing to accept individuals who are applicants or recipients of SSI/SSP, not funded by regional centers). However, a base allocation of $200,000 may be requested if the county believes there are existing licensed adult and senior care facilities serving applicants or recipients of SSI/SSP or CAPI that were not identified by the need-based methodology. Counties interested in this option must contact cce.preservation@ahpnet.com no later than July 15, 2022.

Refer to Section 206 to review the counties that fall into this category, as indicated by an asterisk.

Allocations and Awards Timeline

The following table summarizes the CCE Preservation Fund timeline:

Notice of funding availability released	June 10, 2022
Stakeholder webinar	June 17, 2022
Deadline for counties to accept allocations via the Director's Certification	July 15, 2022
Deadline for counties to submit initial Implementation Plan for OSP and/or CP Preservation Funds	October 15, 2022
Deadline for counties to submit final Implementation Plan for OSP and/or CP Preservation Funds	January 15, 2023
Initial award announcements	Continuous; individual award announcements will be issued within 45 days of receipt of a complete Director's Certification
Standard Agreement (contract) with participating counties	AHP will issue a Standard Agreement (contract) for counties within 60 days of county initial Implementation Plan submission

CDSS reserves the right to modify the projected timeline at any time.

Process to Accept CCE Preservation OSP and/or CP Funds

Counties may choose to accept funds for either OSP, CP, or both. If both are accepted, a county must designate one county department to implement both program components. Any county department is eligible to accept the funds; examples include, but are not limited to, social service departments, health departments, aging or adult services, the behavioral health department, or housing and community development departments. However, the same county department must administer both OSP and CP funds.

Counties must accept or decline funds via the Director's Certification in the web portal by July 15, 2022. Counties are encouraged to accept funds as soon as possible to meet the immediate needs of adult and senior care facilities at risk of closure. Funds not accepted by July 15, 2022, will be redistributed to counties that confirm an ability to accept additional funds via the web portal.

Award Announcement and Contract

AHP will review responses via the web portal on a rolling basis. Within 45 days of receiving the complete Director's Certification, AHP will issue an award letter.

Following submission of a signed Director's Certification, counties will be required to submit an initial CCE Preservation Funds Implementation Plan. Initial plans are due no later than October 15, 2022. If additional time is needed to seek local approval or to finalize the plan, counties may submit an amended or final Implementation Plan no later than January 15, 2023.

AHP will issue a Standard Agreement (contract) within 60 days of receipt of an initial Implementation Plan. The final Implementation Plan will be attached as an Addendum to the Standard Agreement (contract) and monitored for compliance where appropriate, as well as serve as a starting point for ongoing technical assistance (TA). The Standard Agreement must be signed, submitted, and fully executed with AHP before initial funding can be disbursed.

III. PROGRAM ADMINISTRATION

Summary of Program Requirements

AHP, with direction from CDSS, will award funds and issue contracts for CCE Preservation Funds to interested counties. AHP will use the web platform to obtain Director's Certifications and Implementation Plans.

Counties accepting funds shall be responsible for and asked to certify to the following:

- Submit a Director's Certification of funds acceptance.
- Identify one county department to manage all CCE Preservation Funds (both OSP and CP grants).
- Submit an Implementation Plan outlining how the program will be administered.
- Ensure program administration is consistent with the attached notice of funding availability (NOFA) and executed contract, including application processes, funding disbursement, and monitoring for funding accepted (OSP, CP, or both) for eligible use.
- Ensure facilities receiving funds are in good standing with CCLD at CDSS.
- Maximize funds for preservation of licensed facilities serving qualified residents and the prioritized population and limiting county administrative costs to 10 percent or less.

- Provide reports to AHP and CDSS upon request. The reporting frequency is generally expected to be quarterly at minimum; however, additional ad hoc reports may be requested.
- Provide match funds for CP funds of at least 10 percent, either provided by the county or contributed by facilities in receipt of CP funds. Note: OSP funds do not require a county match.

Technical Assistance

AHP has been contracted to offer ongoing general training and TA throughout the life of the CCE Preservation Funds, effective immediately. Topics may include, but are not limited to, permit and licensing requirements, construction plans, oversight and management, braiding of funds, workforce development strategies, racial equity, serving diverse and complex individuals, and leveraging Medicaid and other funding sources for sustainability and budgeting best practices. AHP will also conduct informational webinars on topics such as strategies to serve target and prioritized populations, braiding resources to ensure viability, and green/sustainable building practices, as well as addressing concerns common to capital development projects serving the prioritized populations.

Counties may request TA by contacting cce.preservation@ahpnet.com.

Additional information about AHP and CCE is available at https://www.buildingcalhhs.com.

IV. QUESTIONS AND ADDITIONAL INFORMATION

Contact cce.preservation@ahpnet.com with questions about this letter or attachments.

Additional information to address questions will be provided through a public webinar scheduled for June 17, 2022); an announcement will be forthcoming, following the release of this letter.

Community Care Expansion Preservation
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Contents

Article I – Program Overview

The Community Care Expansion (CCE) Preservation Funds consist of two components: 1) Operating Subsidy Payments (OSP) and 2) Capital Projects (CP).

The unique goals, eligibility, and uses of each component are outlined throughout this attachment. Both components are intended to support the immediate preservation of licensed residential adult and senior care facilities serving qualified residents, defined as applicants or recipients of SSI/SSP or CAPI, including the prioritized population of qualified residents who are experiencing or at risk of homelessness.

Section 101 – Preservation OSP

The intent of the OSP funds is to provide operating subsidies to existing licensed residential adult and senior care facilities to preserve them and avoid their closure, as well as to increase the acceptance of new qualified residents, including the prioritized population. Note: Facilities vendored by a regional center are not eligible for these funds.

OSP funds can cover an eligible licensed facility's potential or projected operating deficits. Operating costs are the costs associated with the day-to-day physical operation (e.g., staffing, utilities, security, maintenance) of qualified facilities. OSP funds will cover operating costs that are not covered by existing revenues. Eligible uses are further defined in Section 205.

Counties accepting OSP funding are required to develop an application, allocation methodology, and award process for eligible licensed facilities consistent with state guidelines outlined in this document. Counties may determine whether they want to provide a set monthly payment or cost reimbursement based on actual costs and expenditures. Examples of each of these options are described below:

- **Set monthly payment:** A county may develop an allocation methodology for a monthly payment based on the number of beds currently occupied by qualified residents. In this scenario, the county shall determine the appropriate monthly amount for the operating subsidy payments that a facility would receive based on local needs. The monthly amount shall be applied at a rate per bed occupied by a qualified resident that month; beds occupied by non-qualified residents may not be included in the allocation methodology. With a set monthly payment, CDSS recommends subsidy payments of at least $1,000 per bed for qualified residents, unless the county determines, based on their local needs assessment, that the amount should be less than $1,000 per bed for qualified residents. For example, if the monthly amount is set at $1,000 and four beds are currently occupied by qualified residents, the facility would receive a total of $4,000 in OSP funds that month. If in the next month there are only three beds occupied by qualified residents, the facility would receive $3,000.

- **Cost reimbursement:** A county may reimburse facilities based on actual costs and expenditures. The facility can only be reimbursed for the share of eligible operating costs applicable to qualified residents. Counties choosing to use a cost reimbursement method should provide a template tool for facility applicants to project their operating costs and deficits for a set period. For example, if 25 percent of a facility's beds are occupied by qualified residents, then the facility may request reimbursement for 25 percent of that month's eligible operating costs. Each month, the total reimbursed may vary due to changes in monthly operating costs as well as changes in the number of qualified residents in a facility.

Consistent with Welfare and Institutions Code (WIC) section 18999.97, facilities in receipt of OSP shall be deed restricted to provide licensed adult and senior residential care for at least the length of time the county will provide operating subsidy payments. A deed restriction on the title of the property safeguards the property for purposes consistent with the grant for the duration of the contract performance period. A deed restriction must be recorded on the title to the property before the county can approve any OSP. As such, facility operators that are leasing the property must obtain the owner's consent for the deed restriction.

The length of time each county will provide OSP may vary depending on the county's OSP allocation, the number of facilities in receipt of OSP, and the amount of the monthly OSP. For example, a county determines they will provide OSP to eligible facilities over the course of 3 years. This duration of 3 years was determined based on the county's allocation and number of facilities the county prioritized to receive OSP. In this example, all facilities receiving OSP shall be deed restricted to provide licensed adult and senior residential care for at least the 3 years that the county will provide OSP via the CCE Preservation Funds.

Counties may request further technical assistance (TA) regarding how to establish processes to ensure properties are deed restricted, consistent with the statutory requirements, by contacting Advocates for Human Potential, Inc. (AHP) at cce.preservation@ahpnet.com.

Note: OSP must be used to cover the facility's operating deficits. SSI/SSP or CAPI recipients may not receive free or reduced amount for board/room or care or supervision as a result of the OSP funding. OSP funding must not supplant the recipient's payment to the facility or supplement their board/room charge.

Section 102 – Preservation CP

The CP component of the CCE Preservation Funds provides capital funds to preserve facilities in need of repairs or required upgrades, thereby potentially preventing a facility closure and exits to homelessness. Funds can be applied to physical repairs and upgrades on an approved facility's property, including inside or outside the facility, within its property line. The CP funds can also be used for repairs needed for facilities to ensure they are compliant with licensing standards. Eligible uses are further defined in Section 205.

Counties accepting CP funding are required to develop an application, allocation methodology, and award process for eligible licensed facilities that are currently serving qualified individuals.

Article II – Eligible Recipients and Expenditures

CCE Preservation noncompetitive allocations will be distributed to the county department designated by the county, once they are accepted through the process described in Section 302. If both OSP and CP funds are accepted, one county department must manage both programs. Examples of county departments may include, but are not limited to, the housing development department, aging or adult services, or the behavioral health department. The department implementing OSP and/or CP should collaborate closely with behavioral health and homelessness systems of care to implement the program.

The designated county department will be responsible for the program administration, funding disbursement, and monitoring for OSP and CP to eligible licensed facilities, as applicable, as described in Sections 302 and 402, respectively.

Counties accepting OSP and/or CP funds must provide information via an Implementation Plan that outlines how the county's funding application and dissemination process will target facilities that meet the eligibility and prioritization criteria outlined below. More information on the Implementation Plan is included in Section 301.

Section 201 – Preservation OSP Eligible Recipients

OSP funds are intended to provide operating subsidies to existing licensed eligible residential adult and senior care facilities to preserve and avoid their closure, and to increase the acceptance of new qualified residents, including the prioritized population.

To receive OSP funding, facilities must meet the following eligibility criteria:

1. Be an existing licensed Adult Residential Facility (ARF), as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; Residential Care Facility for the Elderly (RCFE), as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or Residential Care Facility for the Chronically Ill (RCFCI), as defined in Title 22, section 87801(r)(5) of the California Code of Regulations;
2. Currently serve at least one qualified resident;
3. Be in good standing with the Community Care Licensing Division (CCLD) or certify that the capital project funds will bring them into good standing, defined as licensees in "substantial compliance" with licensing statues and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations; and
4. Have a critical monthly or annual operating and cash flow gap that places the facility at risk of closure or at risk of reducing the number of beds for qualified residents.

Facilities may certify that they meet these eligibility criteria through a written statement or attestation as part of the application process. Although counties may request further documentation when needed, CDSS encourages counties to develop streamlined and low-barrier applications to facilitate timely awards.

To accept funds, facilities must also agree to meet the following conditions **throughout implementation**:

1. Use funds in accordance with the eligible uses outlined in Article II as well as the program requirements outlined in Article IV and throughout this NOFA.
2. Agree to continue serving applicants or recipients of SSI/SSP or CAPI.
3. Agree to prioritize applications from qualified residents who are currently experiencing or at risk of homelessness.
4. Remain in good standing with CCLD.
5. Consistent with WIC section 18999.97(f), include a deed restriction to provide licensed adult and senior residential care for the length of time the grantee provides operating subsidy payments.

Counties shall monitor adherence to these requirements and ensure that facilities continue to meet the standards outlined above throughout program implementation. Counties will be responsible for reporting on the adherence to these requirements through regular program reports, as further described in Section 401.

Section 202 – Preservation CP Eligible Recipients

CP funds are intended to preserve essential residential adult and senior care facilities in need of resources for repairs or required upgrades and that serve qualified residents and the prioritized population.

To receive CP funding, facilities must meet the following eligibility criteria:

1. Be an existing licensed Adult Residential Facility (ARF), as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; Residential Care Facility for the Elderly (RCFE), as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or Residential Care Facility for the Chronically Ill (RCFCI), as defined in Title 22, section 87801(r)(5) of the California Code of Regulations;
2. Currently serve at least one qualified resident;
3. Be in good standing with CCLD or certify that the capital project funds will bring them into good standing, defined as licensees in "substantial compliance" with licensing statues and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations; and
4. Have a critical gap in their financial ability to make the needed repairs or upgrades, placing the facility at risk of closure or at risk of reducing the number of beds for qualified residents.

Facilities may certify that they meet these eligibility criteria through a written statement or attestation as part of the application process. Although counties may request further documentation when needed, CDSS encourages counties to develop streamlined and low-barrier applications to facilitate timely awards.

To accept funds, facilities must also meet the following conditions **throughout implementation**:

1. Use funds in accordance with the eligible uses outlined in Article II, as well as the program requirements outlined in Article IV and throughout this NOFA.
2. Agree to continue serving applicants or recipients of SSI/SSP and CAPI.
3. Agree to prioritize applications from qualified residents currently experiencing or at risk of homelessness.
4. Remain in good standing with CCLD.

Note: Counties may require that facilities receiving CP funds include a deed restriction on the property that the facility be used to provide licensed adult and senior residential care for a period of time specified by the county. CDSS recommends counties include a deed restriction of 5 years or the length of time the county determines appropriate, relative to the amount of funds awarded to the facility. For example, it may be appropriate to require deed restriction for more than 5 years when a facility receives CP funds in excess of $250,000.

Although CDSS recommends a deed restriction, in some cases it may not be feasible for the operator to agree to a deed restriction. For example, operators receiving CP funds may not be able to agree to a deed restriction when the operator does not own the facility. In those cases, the county should include another form of agreement specifying the operator will continue to serve the qualified population and prioritize people experiencing or at risk of homelessness, as appropriate.

Counties shall monitor adherence to these requirements and ensure that facilities continue to meet the standards outlined above throughout program implementation. Counties will also be required to report on adherence to these requirements through regular program reports, as further described in Section 401.

Section 203 – Ineligible OSP or CP Recipients

Facilities vendored by regional centers are not eligible for OSP or CP funds.

Section 204 – Facility Prioritization Criteria

Counties shall distribute funds to facilities in a manner that supports the overall goal to preserve eligible facilities and increase beds for qualified residents and the prioritized population. Counties shall use the following criteria to prioritize eligible facilities for CCE Preservation Funds:

1. Facilities at the highest risk of closure that can be prevented through OSP or CP funds.
2. Facilities with the highest percentage or number of qualified residents served.

In addition to the criteria outlined above, counties may establish additional facility prioritization criteria to address local needs and the overall goals of the CCE Preservation Program.

Information on prioritization will be requested as part of the Implementation Plan.

Section 205 – Eligible/Ineligible Expenditures

A. County Uses for OSP and CP:

- Funds must be used to supplement, not supplant, other funding available from existing local, state, or federal programs or grants with similar purposes (i.e., existing funds used to support the prioritized population).
- County administrative costs must be minimized, not to exceed 10 percent.
- The remaining funds outside of administrative costs are to be distributed to the eligible and selected licensed adult and senior care facilities.

B. Eligible OSP Facility Costs:

Operating costs are associated with the day-to-day physical operation of the qualified setting. The OSP is intended to help facilities cover facility operating deficits. These settings often have costs that exceed the revenue totals each month when they are caring for individuals applying for or receiving SSI/SSP or CAPI. Funds must be used to supplement, not supplant, any existing funds used to support the prioritized population.

Eligible uses of OSP funds may include the following:

- Utilities, including heating, water, sewer, telephone, broadband and internet, and common area utilities
- Maintenance and repairs, including supplies, trash removal, snow removal, pest control, grounds upkeep and landscaping, and painting
- Staff and payroll costs required to sufficiently operate the licensed facility, including administrative, maintenance, and security staff/payrolls; staffing costs must be attributed to the facility as a whole and not in direct service or support of any single individual
- Marketing and leasing, including advertising, credit investigations, and leasing fees
- Taxes and insurance, including real estate taxes and property insurance
- Office supplies and expenses
- Accounting, such as tax filings, audits, and reporting to investors associated with the operation of the qualified facility
- Strategic planning and coordination with local health, social services, or homelessness systems of care to support sustainable long-term facility operations

Refer to Section 101 for more information about how to determine a facility's OSP.

C. Excluded OSP Facility Costs:

Expenses that are not eligible to be covered by the OSP funds include the following:

- Expenses unrelated to operational costs
- Sponsor distributions
- Expenses or fees related to change in ownership, limited partner buyout, substitution, or assignment of ownership interest
- Expenses or fees related to tort or contract liability

D. Eligible CP Facility Costs:

CP funds can be applied to physical repairs and upgrades on an approved facility's property, inside or outside the facility, within its property line. Funds must be used to supplement, not supplant, any existing funds used to support the prioritized population.

Examples of common allowable costs could include but are not limited to the following:

- Weather stripping repair
- Outdoor activity space upgrades
- Perimeter fencing
- Delayed egress
- Repairs to holes in walls
- Signal system upgrade (e.g., egress and ingress systems, signals/alarms on doors, integration to personal emergency responses systems)
- Elevator repairs
- Water damage repairs
- Appliance upgrades
- Furniture upgrades
- Locked storage area upgrades
- Fire protection upgrades
- Fire alarm systems upgrades
- Employee accommodations upgrades (e.g., break rooms)
- First aid supply upgrades
- Windows and screens repair and upgrades
- Carpet and flooring upgrades
- Interior paint upgrades
- Roof repairs or replacement
- ADA upgrades and other upgrades to improve mobility and accessibility
- HVAC repairs

- Repairs or upgrades to bedrooms, bathrooms and showers, common areas, kitchens (note: repairs or upgrades may not increase square footage of the facility)
- Seismic upgrades to applicable facility types with two stories or more
- Solar panel purchasing, installation, and other upgrades that will reduce long-term operating costs
- Other sustainable/green or energy-efficient building upgrades

Capital projects may include physical repairs or upgrades that will prevent the facility from closure and place the facility back in good standing with CCLD, when applicable.

E. Excluded CP Facility Costs:

Expenses that are not eligible to be covered by the CP funds include the following:

- Foundations for leased properties
- Projects that would expand or create a new usable space that would increase the square footage of the facility (see the CCE Capital Expansion RFA on the Improving California's Infrastructure website)
- Provision of services
- Operating costs (facilities should apply for OSP funds if they have operating cost needs)

Section 206 – County Allocations

The following table lists the one-time allocation amounts available for all counties with current licensed facilities serving qualified residents according to CCLD.

Director's Certification to accept the base allocation must be submitted in the web portal by July 15, 2022. Counties should review Section II for instructions on how to accept funds.

County	OSP Allocation	CP Allocation
Alameda	$1,519,607	$4,136,116
Alpine	-	-
Amador	$200,000	$200,000
Butte*	-	-
Calaveras	$200,000	$ 200,000
Colusa	-	-
Contra Costa	$1,189,741	$3,238,276
Del Norte	-	-

County	OSP Allocation	CP Allocation
Placer	$200,000	$534,669
Plumas	-	-
Riverside	$1,779,052	$4,842,283
Sacramento	$2,416,546	$6,577,434
San Benito*	-	-
San Bernardino	$2,787,182	$7,586,243
San Diego	$3,346,842	$9,109,544
San Francisco	$1,497,369	$4,075,588

County	OSP Allocation	CP Allocation
El Dorado	$200,000	$200,000
Fresno	$1,100,789	$2,996,162
Glenn	$200,000	$200,000
Humboldt	$200,000	$200,000
Imperial	$200,000	$413,612
Inyo*	-	-
Kern	$830,224	$2,259,732
Kings	$200,000	$200,000
Lake	$200,000	$200,000
Lassen	$200,000	$200,000
Los Angeles	$19,654,821	$53,497,135
Madera	$200,000	$242,114
Marin	$218,675	$595,197
Mariposa	-	-
Mendocino	$200,000	$200,000
Merced	$200,000	$232,026
Modoc	-	-
Mono	-	-
Monterey	$644,906	$1,755,327
Napa	$200,000	$200,000
Nevada	$200,000	$200,000
Orange	$4,636,655	$12,620,199

County	OSP Allocation	CP Allocation
San Joaquin	$1,337,996	$3,641,800
San Luis Obispo	$200,000	$373,259
San Mateo	$819,105	$2,229,468
Santa Barbara	$263,151	$716,254
Santa Clara	$1,619,679	$4,408,495
Santa Cruz	$478,120	$1,301,363
Shasta	$200,000	$373,259
Sierra	-	-
Siskiyou	$200,000	$200,000
Solano	$574,486	$1,563,654
Sonoma	$340,985	$928,104
Stanislaus	$1,515,901	$4,126,028
Sutter	$544,835	$1,482,949
Tehama	$218,675	$595,197
Trinity	$200,000	$200,000
Tulare	$448,469	$1,220,659
Tuolumne	$200,000	$200,000
Ventura	$563,367	$1,533,389
Yolo	$200,000	$282,466
Yuba	$200,000	$200,000
TOTAL	$54,747,179	$142,488,003

*Counties marked with an asterisk have licensed facilities, but the allocation methodology used did not match the licensed facilities (not vendored by regional centers) with any recipients or applicants of SSI/SSP or CAPI. If the county is aware of eligible adult and senior care facilities not funded by regional centers that are currently serving recipients or applicants of SSI/SSP or CAPI, a base allocation of $200,000 may be requested by contacting cce.preservation@ahpnet.com by July 15, 2022.

Note: CDSS is in the process of developing guidelines and funding available for tribes, which will be outlined in a separate correspondence.

Article III – County Program Implementation Requirements

Section 301 – County Implementation Plan

Counties accepting OSP and CP will be responsible for the administration, dissemination, and monitoring of the CP and OSP grant funds. Counties may select a third-party administrator to facilitate and manage the disbursement of funds. Counties accepting funds are required to submit an Implementation Plan describing how they will operationalize the CCE Preservation Funds. An initial or draft Implementation Plan is due by October 15, 2022. Counties may submit amended or final Implementation Plans, including approvals by County Board of Supervisors (if required by the county's funding approval processes), no later than January 15, 2023.

The Implementation Plan shall include, but is not limited to, the county's plan to

- Design and implement an application process and/or allocation methodology for OSP and/or CP funds, as applicable;
- Incorporate prioritization criteria into fund distribution process; and
- Monitor use of funds and outcomes in accordance with the guidelines outlined in this section.

AHP will review Implementation Plans as they are received to confirm they are complete and consistent with state guidelines. If needed, AHP will request a consultation with the county to solicit additional information or request edits to the Implementation Plan to be consistent with state guidelines outlined in this letter.

It is important that the county strategy for design and review of eligible CCE Preservation Fund projects is co-designed with persons with lived experience consistent with the county's identified priority populations, which may include, but are not limited to, persons with lived experience of homelessness, behavioral health and/or substance use disorders; people with disabilities; and with other marginalized communities including Black, Indigenous, and people of color (BIPOC) at risk of or experiencing homelessness. County agencies should rely on local data to account for racial inequities and disparities experienced by persons experiencing homelessness in the application evaluation process. Early engagement of key stakeholders with lived experience is essential for establishing equity as the foundation for these settings.

Counties must budget the program appropriately to ensure facilities with the greatest risk of closing and serving the highest proportion of qualified individuals have access to the CCE Preservation Program OSP and CP funds. Counties must minimize administrative costs while maximizing OSP and CP funds to facilities.

Section 302 – Fund Disbursement

The fund disbursement process for counties is outlined below. For the purposes of this section (Section 302 – Fund Disbursement), "subgrantee" refers to the facility (e.g., ARF, RCFE) receiving CP or OSP funds from a county grantee. Additional details will be included in the Standard Agreement issued by AHP upon county acceptance of funds. Please also see Addendum A for examples of various scenarios for CP fund disbursement.

A. Disbursement of OSP Funds to Selected Facilities:

Counties shall follow established county procurement, invoicing, and reimbursement processes and execute formal agreements or contracts with the approved subgrantees to govern the use of the Preservation OSP funds. A Funding and Disbursement Agreement (FDA) is one example of the kind of document that could be issued by counties in this context. Agreements must be executed between the county department providing the funds and the approved facility receiving funds. Execution of the grant agreement award shall not automatically trigger a disbursement of funds.

County agreements with subgrantees should, at minimum, delineate the following:

- The subgrantee's reporting responsibilities, including key metrics and data (see Section 401)
- The uses of OSP funds.
- The conditions under which OSP funds may be accessed.
- The procedures and approvals needed for accessing OSP funds.
- Per WIC section 18999.97(f), a requirement that the facility be deed restricted to provide licensed adult and senior residential care for at least the length of time the county will provide OSP.
- Any conditions that would cause repayment of funds or cancellation of future budgeted funds.
- A requirement that facilities in receipt of CCE Preservation Program grant funds provide their annual audit within 90 days of the end of their fiscal year, if applicable. If a subgrantee meets the threshold for a federal single audit, a copy of the most recent single audit must be provided. Note: any entity expending $750,000 or more of federal funds in a fiscal year is required to have an annual single audit per the federal Super Circular Uniform Guidance (45 CFR Part 75).
- Required reporting, including reporting any material events such as change of key staff, lawsuit filed against the organization, etc. within 30 days of said event occurring.
- A requirement that subgrantees indemnify the county against any claims, suits, etc. that could be made against the entity.

As part of the OSP contract, a system should be established to manage the disbursement of funds. Counties can work with subgrantees to determine frequency and timing of disbursements as long as it is documented in the contract; however, counties are responsible for ensuring that subgrantees continue to meet the program requirements as outlined in this NOFA.

More specific details about contractual pass-through requirements for counties will be outlined in the Standard Agreement upon contract execution with AHP. Detailed information about disbursement and contract management with subgrantees in receipt of CCE OSP funds is also available through tailored TA upon request. To request TA, contact cce.preservation@ahpnet.com.

B. Disbursement of CP Funds to Selected Facilities:

Counties shall follow established county procurement, invoicing, and reimbursement processes, consistent with State Fiscal Recovery Fund (SFRF) requirements, and execute formal agreements or contracts with the approved facilities to govern the use of the CCE CP funds. Award and disbursement of CP funds requires an executed agreement between the county and subgrantee. Execution of the grant agreement award shall not automatically trigger a disbursement of funds.

County subgrantee agreements should, at minimum, delineate the following:

- The subgrantee's reporting responsibilities, including key metrics and data.
- Potential for requests of information from CDSS and AHP for ad hoc reports, or other required documentation such as eligibility of qualified residents.
- The uses of CP funds.
- The conditions under which CP funds may be accessed.
- The procedures and approvals needed for accessing CP funds, including details on the disbursement and construction draw approvals process.
- The requirements of an open- or closed-bid process.
- Any conditions that would cause repayment of funds or cancellation of future budgeted funds.
- A requirement that facilities in receipt of CCE Preservation Program grant funds provide their annual audit within 90 days of the end of their fiscal year, if applicable. If a subgrantee meets the threshold for a federal single audit, a copy of the most recent single audit must be provided. Note: any entity expending $750,000 or more of federal funds in a fiscal year is required to have an annual single audit per the federal Super Circular Uniform Guidance (45 CFR Part 75).
- Required reporting, including reporting any material events such as change of key staff, lawsuit filed against the organization, etc. within 30 days of said event occurring.
- A requirement that subgrantees indemnify the county against any claims, suits, etc. that could be made against the entity.
- If applicable, the requirement of a deed restriction to provide licensed residential care for a period of time designated by the county.

Counties shall follow their standard disbursement and construction draw processes while ensuring all of the following components required by state and federal regulations, including SFRF requirements, are included in those processes:

- Qualification statements from construction professionals that have been reviewed and approved
- Final plan and cost review that has been approved
- Final, stamped plans and specifications
- Final executed contract and project budget (schedule of values)
- Project scope and timeline
- All final permits
- Prevailing wage attestation
- Payment and performance bond or executed letter of credit

More specific details about contractual pass-through requirements for counties will be outlined in the Standard Agreement upon contract execution with AHP. Detailed information about disbursement and contract management with facilities in receipt of CCE Preservation Program funds is also available through tailored TA upon request. To request TA, contact AHP at cce.preservation@ahpnet.com.

C. Management of CP Funds with Selected Subgrantees:

Counties accepting CP funds will be required to outline how they will manage the funds via the Implementation Plan. Counties are strongly encouraged to reach out to cce.preservation@ahpnet.com if they require TA in implementing the management of CP funds with selected subgrantees.

Counties will be required to describe their intended CP fund management processes in their Implementation Plan, subject to review and approval by AHP. The description must include how the county or third-party administrator will manage the CP application and fund disbursement process. It must also describe circumstances as to when the subgrantee (i.e., facility) would be allowed to manage the construction/rehabilitation project independent of direct oversight from the county or third-party administrator. The county should carefully consider this option to determine when it is appropriate to allow a facility to manage the construction project directly. The county shall only allow this option when the county can ensure that the entity awarded is capable of sufficiently managing the construction process oversight from start to completion. Considerations of a subgrantee's ability to sufficiently manage the process may include the cost of the project, the complexity of the project, or the subgrantee's previous development management experience. Counties considering this option should weigh the risks of individual subgrantee management on a case-by-case basis.

Regardless of how the county decides to manage the funds, the county has ultimate responsibility for compliance with the funding instructions attached to this NOFA.

Counties will be required to include the following details about CP fund management in their Implementation Plan, subject to review and approval by AHP:

- Attestation of the county's capacity and ability to manage the CP application process for construction as part of their Implementation Plan. The county should include detailed administrative plans for project management tasks such as developing and managing a scope of work, general contractor engagement, construction project management, close out, and regular project status reporting. If the county choses to contract administration of this program to a third-party entity, this must be indicated in the Implementation Plan and accompanied by the agreement or contract that outlines oversight plans and expectations.
- Assessment of subgrantee financial feasibility and adherence to program requirements to ensure subgrantees have sufficient staff capacity and financial resources (i.e., working capital/liquidity) to manage the facility during and after construction.
- Clarification of the process, documentation, and approval requirements that will trigger the fund disbursement for approved CP projects.
- Review of the subgrantee's plan to relocate residents (if needed) to maintain levels of care during the capital preservation project period.
- Identification of necessary metrics and dedicated staff for proper monitoring of the CP fund disbursements.
- Development and management of the CP draw process for construction, which includes
  - Verifying all contractors and subcontractors are meeting prevailing wage standards for a public works project and
  - Identifying a process to track change orders.
- Management of post-construction compliance, financial accountability, reporting, and documentation per the requirements of CCE Preservation funding
- Monitoring of subgrantee projects during the 5-year compliance period
- Management and retention of all project, monitoring, and reporting documentation for the required archival period.

To further mitigate construction risks, it is recommended general contractors registered with the California Department of Industrial Relations (DIR) provide the following documents to counties:

- **Payment & Performance (P&P) Bond:** A P&P bond is required for all construction projects of $1,000,000 or more. The bond must be issued by a rated company, for both payment and performance, as Dual Obligee with the county or its designee as additionally insured. Any exception to this must be stated within the grant agreement and be approved by the State.
- **Letter(s) of Credit:** In the event a project is small, or the risk is determined to be low, an irrevocable letter of credit may be accepted in lieu of a P&P bond.

- **Certification of Compliance:** General contractors must submit a certification of compliance to the awarding county department certifying that the construction contractor shall comply with California's prevailing wage and working hours laws (including posting job notices, as required by Labor Code section 1720). From time to time, additional documents that are not stated here may be required, depending on the unique risks of the transaction.
- **Prevailing Wage Attestation:** Contractors provide this to the administering oversight body as part of the contract execution process, certifying compliance with California's prevailing wage and working hours laws and all applicable federal prevailing wage laws.

Additional documents that are not stated here may be required depending on the unique risks of the transaction.

Section 303 – Preservation Capital Projects Funding Match

Counties are required to match at least 10 percent of the CP funds accepted and awarded to them. Match may be provided by the county or contributed in whole or in part by the subgrantee awarded CP funds. However, counties are responsible for ensuring that the 10 percent match is met. For example, a county awarding a project that will cost $50,000 could contribute $5,000 in county American Rescue Plan Act (ARPA) funds to the project or require that the applicable subgrantee contribute $5,000 in cash to the project.

Note: Match is not required for OSP funds.

Counties will describe their proposal for matching CP funds in the Implementation Plan, including identifying whether the county will provide the match itself or whether all or a portion of the match will be contributed by facilities awarded CP funds. Counties will also be required to certify that match requirements will be met and include any match sources committed to this contract in the Standard Agreement executed with AHP. If facilities will be required to contribute any part of the match, this must also be outlined in the Standard Agreement with the county.

Match in the form of cash and in-kind contributions, including the real costs previously incurred by a project, will be allowed. All "in-kind" amounts must be well documented and notarized. CDSS must approve all match sources that are not described below.

Cash match may come from

- ARPA funds granted to counties and cities,
- Local funding,
- Mental Health Services Act funds in the 3-year plan (considered "other local"),

- Foundation/philanthropic support,
- Loans or investments,
- Cash on hand, and
- Incentive payments from managed care plans

"In-kind" match may be in the form of

- Sunk costs directly related to a development project, or costs directly related to a development project that have already been incurred and cannot be recovered, with documentation of paid invoices for professional services related to pre-development of the specific grant application, as approved on a case-by-case basis by CDSS. Any match claimed under sunk cost must supplement, not supplant, other fund sources.
- Donations of professional design-build services, materials directly related to the development project.

Services to clients will not be allowed as match. State general funds may not be used as match.

Section 304 – Service Use Terms

For the purpose of this section, "service use terms" means a deed restriction on the title of the property, safeguarding the property for purposes consistent with the grant for the duration of the contract performance period. A deed restriction must be recorded on the title to the property before the county can approve any OSP payments. As such, facility operators that are leasing the property must obtain the owner's consent for the deed restriction. The county, at their discretion, may also require that a deed restriction be recorded on the title to the property before approving CP projects. However, deed restrictions are required by statute for only those facilities in receipt of OSP funds.

Article IV – Preservation Program Requirements

Section 401 – Data Collection and Reporting

A. Data Reports:

Counties will be required to report on items related to use of funds and number of beds preserved. Examples of OSP and CP data collection items may include, but are not limited to, the following:

- The number of facilities requesting OSP or CP reimbursement and amount of funds requested
- The number of facilities receiving funds and amount of funds awarded

- The number of retained residents who are receiving or applying for SSI/SSP or CAPI benefits
- The total number of residents, the number of current qualified residents, and any new qualified residents who move into the facility
- A brief description of how the CP or OSP funds were used to benefit the qualified residents and prioritized population

B. The HUB – Data Reporting System:

The HUB is a data portal that will be made available to all counties, through AHP, for the purpose of reporting data and meeting programmatic as well as federal fiscal reporting requirements. Each county will then provide subgrantee facilities with a separate secure portal for uploading and providing all required monitoring information. The site will also provide business-hour access to liaison staff who can answer questions related to the completion of required forms.

C. American Rescue Plan Act (ARPA) Data Reporting Requirements:

Counties will be required to follow the U.S. Treasury Department rules on ARPA uses, data collection, and reporting requirements. CDSS reports expenditures and outcomes on behalf of grantees, and requested information included in the reporting is subject to change.

Section 402 – Monitoring and Program Oversight

As recipients of state and federal funding from pass-through entities (CDSS and AHP), counties are responsible for compliance with federal and state regulations attached to the funding accepted, including fund administration, fiscal and project management, reporting, and compliance monitoring.

Each participating county department will be responsible for managing the day-to-day operations of its CCE Preservation Funds program, including establishing methods, processes, and procedures to determine best practices for the efficient delivery of CCE Preservation Funds. Counties will likewise be expected to ensure that these funds are used in accordance with program requirements and written agreements and to take appropriate action, should any performance problems arise. County procedures must include a corrective action plan for assessing risk of activities and projects and for monitoring facilities to ensure that the requirements in this section are met.

Each county must, insofar as is feasible, distribute CCE funds geographically within its boundaries, according to the priorities of needs identified by the county analysis of facilities at highest risk for closure serving qualified residents.

The county shall be subject to monitoring by CDSS, its contractor AHP, and/or its community development financial institution (CDFI) subcontractor for compliance with the provisions of this NOFA and the executed contract. Such monitoring activities may include, but are not limited to, inspection of the county's grantees' and/or subgrantees' services, procedures, books, and records, as CDSS or AHP deems appropriate. CDSS or AHP may conduct monitoring activities at any time during the county's contractors' and/or subcontractors' normal business hours. CDSS may conduct a review of the county's contractors' and/or subcontractors' records to determine if any of the claimed expenditures were an improper use of grant funds.

Article V – Authorizing and Applicable Law

Authorizing law for CCE Preservation OSP and CP: [Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021]

<u>Section 501 – Federal and State Program Requirements</u>

A. ARPA:

Counties will be required to follow the [Treasury rules on ARPA uses, data collection, and reporting requirements].

B. Reporting Requirements:

Reporting requirements will include quarterly reports and a final report, along with an annual CCE Preservation Program and Expenditure Report. The annual report will be due no later than January 31, for the prior calendar year of January 1 to December 31. The reports and data entered in the HUB data portal shall be in such form and contain such information as required by CDSS, as appropriate, in its sole and absolute discretion.

These requirements will be fully detailed upon award. In addition to the foregoing, each county shall submit to CDSS or AHP such periodic reports, updates, and information as deemed necessary by CDSS to monitor compliance and/or perform program evaluation. Any requested data or information shall be submitted electronically in a format provided by CDSS or its administrative entity, AHP. Additional reporting requirements may be required by CDSS for up to the applicable service use terms after completion of project construction.

C. Prevailing Wage:

All "projects" that receive preservation capital funds over $1,000 must utilize Prevailing Wage Rates as defined by the Prevailing Wage Law (Labor Code section 1720, et seq.). It is the contractor's responsibility to abide by the apprenticeship requirements and reporting under that law. Projects are subject to compliance monitoring and enforcement by DIR. County departments will be required to submit a Certification of Compliance to AHP as part of the contract execution process, certifying that the county shall comply with all applicable local, state, and federal prevailing wage and working hours laws. The Certification of Compliance will also state that the county shall maintain its labor records in compliance with all applicable local, state, and federal laws, and shall make all labor records available to DIR and any other applicable enforcement agencies upon request.

D. Local Building Codes:

All preservation and construction projects must meet state or local residential and building codes, as applicable, or, in the absence of a state or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The housing must meet the applicable requirements upon project completion.

E. Reasonable Costs:

Consistent with county procurement processes, each county shall ensure there is a systematic process in place for determining and confirming "reasonable costs" within and throughout each project, as well as a systematic check-and-balance method for distributing funds to facilities.

F. Land Use Exemption:

Any project that receives CCE Preservation Program funds shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and any applicable coastal plan, local or otherwise, and allowed as a permitted use, within the zone in which the structure is located, and shall **not** be subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals, and shall be deemed a ministerial action under the California Environmental Quality Act (CEQA) (Public Resources Code section 21080) and under section 15268 of Title 14 of the California Code of Regulations (WIC section 18999.97(l); see also CEQA Guidelines).

G. Low-Rent Housing Project Exemption:

In accordance with WIC sections 5960.35(b)(1) and 18999.98, a project funded with a CCE grant shall not be considered a "low-rent housing project," as defined in Section 1 of Article XXXIV of the California Constitution, if the project meets any one of the following criteria:

- The project is privately owned housing, receiving no ad valorem property tax exemption, other than exemptions granted pursuant to subdivision (f) or (g) of section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities, and not more than 49 percent of the dwellings, apartments, or other living accommodations of the project may be occupied by persons of low income.
- The project is privately owned housing, is not exempt from ad valorem taxation by reason of any public ownership, and is not financed with direct long-term financing from a public body.
- The project is intended for owner-occupancy, which may include a limited-equity housing cooperative as defined in section 50076.5 of the Health and Safety Code, or cooperative or condominium ownership, rather than for rental-occupancy.
- The project consists of newly constructed, privately owned, one-to-four-family dwellings not located on adjoining sites.
- The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.
- The project consists of the rehabilitation, reconstruction, improvement, or addition to, or replacement of, dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower-income households, as defined in section 50079.5 of the Health and Safety Code.
- The project consists of the acquisition, rehabilitation, reconstruction, improvement, or any combination thereof, of a project which, prior to the date of the transaction to acquire, rehabilitate, reconstruct, improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households and maintains, or enters into a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.

If a project funded with a CCE grant is a "low-income housing project" as defined by Section 1 of Article XXXIV of the California Constitution but does not meet any of the criteria listed above, then the applicant shall comply with the requirements set forth in that section of the California Constitution.

H. State and Federal Relocation Assistance:

As applicable, all projects must comply with federal and state laws pertaining to relocation assistance and protections that must be provided to people who move as a result of government-funded projects (California Government Code (GOV) sections 7260-7277; 42 U.S.C. section 4601 et seq.).

Section 502 – Collaboration, Racial Equity, and Fair Housing

A. Collaboration:

Counties are strongly encouraged to collaborate with other partners, such as local behavioral health and emergency response systems, local Medi-Cal managed care plans, legal aid organizations, and other relevant networks, to maximize available funding to preserve residential facilities, increase referrals, coordinate care, and maximize resources and available supportive services. Information on these collaborations will be requested in future program updates. Counties may not supplant the CCE Preservation Funds with any other funding sources such as the Assisted Living Waiver program or other service use funding provided by the county or other programs.

B. Racial Equity:

It is important that the county department address racial disparities in program design, development, and implementation. It is vital to have early engagement with stakeholders with lived experience of homelessness or mental and/or substance use disorders, people with disabilities, and with other marginalized communities including BIPOC at risk of or experiencing homelessness. County departments should rely on local data to account for racial inequities and disparities experienced by persons experiencing homelessness in the application evaluation process and/or allocation methodology.

C. Fair Housing:

Additionally, per Government Code section 8899.50, each county must also operate its CCE program in a manner that affirmatively furthers fair housing. This means that CCE must be operated in a way that takes “meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.”

Counties should review the reports and resources below for examples of how housing and homelessness programs have incorporated racial equity into programming. Counties are encouraged to seek meaningful input and participation from current and former SSI/SSP or CAPI recipients or applicants, including individuals of color, that go beyond identifying disparities to identify causes of such disparities from individuals with lived experience. Additionally, CDSS or AHP will provide TA opportunities to help counties address racial equity within the CCE program.

Reports

- Racial Inequalities in Homelessness, by the Numbers
- Supporting Partnerships for Anti-Racist Communities (SPARC) Phase One Study Findings
- A Brief Timeline of Race and Homelessness in America
- Report and Recommendations of the Ad Hoc Committee on Black People Experiencing Homelessness

Resources

- Equity-Based Decision-Making Framework
- Framework for an Equitable COVID-19 Homelessness Response
- Advancing Racial Equity through Assessments and Prioritization (HUD)
- California Department of Housing and Community Development's Guidance on Affirmatively Furthering Fair Housing
- California Business, Consumer Services and Housing Agency's Homeless Data Integration System

Key Definitions

Qualified resident: For the purpose of this NOFA, per the state statute, applicants or recipients of the Supplemental Security Income/State Supplementary Payment (SSI/SSP) pursuant to Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code and Welfare and Institutions Code (WIC) section 12000 et seq., and applicants or recipients the Cash Assistance Program for Immigrants (CAPI) pursuant to WIC section 18937 et seq., who need the care and supervision that is provided by the licensed facility that receives the grant. "Qualified resident" shall not include SSI/SSP or CAPI applicants or recipients who are receiving services through a regional center.

Prioritized population: Qualified residents who are experiencing, or at risk of experiencing, homelessness.

Adult Residential Facility (ARF): "ARF" has the same meaning as in Title 22 of the California Code of Regulations Section 80001: "any facility of any capacity that provides 24-hour-a-day nonmedical care and supervision to the following: (A) persons 18 years of age through 59 years of age; and (B) persons 60 years of age and older only in accordance with Section 85068.4."

Residential Care Facility for the Elderly (RCFE): "RCFE" has the same meaning as in Title 22 of the California Code of Regulations Section 87101: "a housing arrangement chosen voluntarily by the resident, the resident's guardian, conservator or other responsible person; where 75 percent of the residents are sixty years of age or older and where varying levels of care and supervision are provided, as agreed to at time of admission or as determined necessary at subsequent times of reappraisal. Any younger residents must have needs compatible with other residents."

Residential Care Facility for the Chronically Ill (RCFCI): "RCFCI" has the same meaning as in Title 22 of the California Code of Regulations Section 87801: "any place, building, or housing arrangement which is maintained and operated to provide care and supervision to all or any of the following: (A) Adults with HIV disease or AIDS, (B) Emancipated minors with HIV disease or AIDS, or (C) Family units as defined in Section 87801(f)(1) with adults or children or both with HIV disease or AIDS."

California Prevailing Wage: The director of the Department of Industrial Relations (DIR) determines the general prevailing rate of per diem wages in accordance with the standards set forth in Labor Code section 1773. (Labor Code section 1770). Except for "public works," "projects" of one thousand dollars ($1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works. (Labor Code section 1771). Prevailing wage is applicable only to work performed under contract, including contracts let for maintenance work, and is not applicable to work carried out by a public agency with its own forces.

Capitalized Operating Subsidy Reserve (COSR [for OSP]): Capitalized operating subsidy reserve means an interest-bearing account maintained by the qualified grantee, the residential adult or senior care facility, or a third-party entity created to cover potential or projected operating deficits on a facility that is deed restricted to provide licensed residential care for at least the term of the reserve. The department shall develop guidelines on the qualified grantees' use of COSRs to ensure safeguards for those reserves, based on use in other state programs.

Acronyms

AHP	Advocates for Human Potential, Inc. – CDSS's third-party contractor
ARF	Adult Residential Facility
ARPA	American Rescue Plan Act
CAPI	Cash Assistance Program for Immigrants
CCE	Community Care Expansion
CCLD	Community Care Licensing Division
CDFI	Community Development Financial Institution
CDSS	California Department of Social Services
CEQA	California Environmental Quality Act
CP	Capital Projects
FDA	Funding and Disbursement Agreement
OSP	Operating Subsidy Payments
RCFCI	Residential Care Facility for the Chronically Ill
RCFE	Residential Care Facility for the Elderly
SFRF	State Fiscal Recovery Fund
SSI/SSP	Supplemental Security Income/State Supplementary Payment

Addendum A

Examples of CCE CP Fund Disbursement Procedures

Counties shall follow established county procurement, invoicing, and reimbursement processes, consistent with SFRF requirements, and execute formal agreements or contracts with the approved subgrantees to govern the use of the CCE CP funds.

The program management responsibility includes, but is not limited to, ensuring program compliance per the funding source, both for project delivery costs and within each awarded construction project; financial management, including management of the approved administrative budget and grant/loan budget, for each subgrantee by funding source; required data reporting and data retention, documentation, and recordkeeping per CDSS and federal specifications, both for the program and for each subgrantee; and the performance of the program according the county's approved Implementation Plan, budget, and unit completion goals.

The following scenarios are offered as examples in the absence of an established county process. If TA is needed to establish fund disbursement procedures, please request support in the AHP CCE Preservation Acceptance web portal, or by email at cce.preservation@ahpnet.com. For the purposes of this section, "subgrantee" refers to the facility or entity awarded CCE CP funds.

Scenario #1 – The county establishes the management of each project, including bidding and supporting the selection of contractors and disbursement of funds for rehabilitation/construction scopes of work. This also includes the direct management of funds and contracts with trades and construction firms completing the approved rehabilitation and reconstruction. In this scenario, the county would contract with trades on behalf of the subgrantee (the ARF or RCFE) and act as project manager to monitor the completion of the approved improvement/project.

In this scenario, the county operates in the role similar to that of a general contractor. If a county uses this approach, the county department or agency administering the program should have preexisting experience overseeing construction and development projects of a similar size and complexity as the proposed projects to be funded with CCE CP funds.

Note: It is recommended that the county leverage existing procurement and management systems that currently govern similar capital projects such as HOME, the Community Development Block Grant Program (CDBG), or home improvement projects where the county is designating funds for a specific project with restricted use. AHP can provide TA upon request to assess and advise the applicability, scope, or feasibility of using the county's existing systems for this project.

In this scenario, the county will work with the approved subgrantee (the ARF or RCFE) to 1) develop a scope of work, 2) select a licensed and certified general contractor through the county procurement process, and 3) manage the construction process. All construction and rehabilitation contracts will be made between the subgrantee (ARF or RCFE) and the general contractor, but the county will manage and disburse the funds upon successful completion of the work.

Under this scenario, the construction management and funds disbursement will follow these steps:

1. **Site inspection and drafting the scope of work:** Upon approval of allocated grant funds, the county will conduct an initial site inspection by a certified construction analyst. Based upon the inspection, the analyst will develop a detailed draft scope of work and review it with the subgrantee.
2. **Bidding and selecting a construction contractor:** Upon approval of this initial scope of work by the county and the subgrantee, the county will conduct a bid conference on site with the subgrantee and interested construction contractors. Within an acceptable period of time after the bid conference, contractors will

submit construction bids to the county. The county will meet with the subgrantee to have them select their preferred construction contractor.

3. **Finalizing scope of work:** Upon selection of the construction contractor, the scope will be finalized with the subgrantee, and an internal review and approval package will be developed by county staff. Through the CCE program, the subgrantee has been exempted from Environmental Review and an expedited internal approval process for these grantees should be developed in collaboration with other agencies, including the planning agency. *Note: In this scenario, funds are approved but not transferred or allocated directly to the approved subgrantee. This allows the county to mitigate risk involving the use of funds and ensure funds are being used in accordance with the program requirements.*
4. **Signing agreements:** When the above processes are complete, the subgrantee is contacted to sign key documents, including the subgrantee agreement and the construction contract.
5. **Getting started:** Approval of work begins, with county oversight. The contractor is then provided with a Notice to Proceed, and construction can begin. Variance between estimated construction cost at time of bidding and actual cost when work begins can be mitigated through close collaboration between the subgrantee and the county.

In the scenario described above, the county will be responsible for construction management, close out, reviewing the facility’s plan for the relocation of residents to a commensurate level of care as necessary, warranty enforcement, and post-construction responsibilities. Where there are already established residents whose service needs may be impacted, the county will collaborate with the subgrantee to ensure disruptions to continuity of care are minimized.

The county will ultimately be responsible for processing all applications from the stage of submission through review, decision/approval, settlement, construction completion, and ongoing program administration.

Scenario #2 – The county contracts with a third party for full management of subgrantee awards

In this scenario, the contracted third party will be responsible for the steps outlined above. County agencies with limited capacity to manage the CCE award and monitoring requirements may want to consider contracting with a third-party organization experienced in developing or rehabilitating residential care facilities to manage the construction bidding, selection of contractors, development of the project scope of work, bidding and validation of eligible expenditures, and final reporting with documentation on use of funds and completion of intended and approved use. In this scenario, all construction bidding processes, direct 1:1 oversight of projects to completion, and management of the draw review process could be the responsibility of a third party. Subgrantee award agreements will be executed between the awarded subgrantee and the county and managed with the assistance of a third party.

Scenario #3 – Subgrantee manages awarded funds
In this scenario, the county has determined the awarded subgrantee has the capacity and ability to manage the capital preservation/rehabilitation project. Subgrantees with prior experience rehabilitating or managing tenant improvements can manage the funds either through their own staff or through a memorandum of understanding with an experienced real estate developer or construction manager.

This scenario requires oversight by the county to ensure the subgrantee can document their prior experience or capacity to manage these funds and bring projects to fruition. Attestation of the subgrantee's ability and capacity to manage prevailing wage oversight, provide regular accounting of the funds expended for eligible uses, understand approvals and permitting needed, obtain these approvals and permits, and report on key data points required by the CCE program is recommended. A system to collect and monitor, including onsite inspection, will support the county to manage the grant funds under this scenario.