

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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EHAP-CD Management Memo #15-01

Date: May 1, 2015

To: Emergency Housing Assistance Program, Capital Development Component (EHAP-CD) Interested Parties

RE: Converting your EHAP-CD Project to Permanent Supportive Housing (PSH) Without Requesting Additional EHAP-CD Funds

Pursuant to AB 873 (Chau), the Department may permit EHPAP-CD-funded emergency shelter and transitional housing projects to convert to PSH serving homeless individuals and families, or those at-risk of homelessness, prior to the expiration of a project's current EHAP-CD loan-term as emergency shelter or transitional housing.

On February 28, 2015, the Department issued a Notice of Funding Availability (NOFA) for projects requesting funds for rehabilitation necessary to convert their emergency or transitional facility to PSH. This memorandum discusses the requirements for projects wishing to convert without additional EHAP-CD funds under this NOFA.

AB 873 (Chau) requires EHAP-CD projects converting to PSH to remain PSH for a minimum of 20 years. These facilities must also demonstrate that they are suitable for use as PSH, and that they will be financially feasible as PSH. Projects approved to convert that do not remain PSH for homeless or those at-risk of homelessness for the entire 20-year affordability period will be required to repay their EHAP-CD loan in full.

Process for Requesting Conversion to PSH

Projects can request permission of the Department to convert to PSH at any time prior to the expiration of the current EHAP-CD loan term. To request permission to convert, submit the following written documentation to Synthia Rhinehart at: Synthia.Rhinehart@hcd.ca.gov.

- 1) A narrative discussing the suitability of the current facility for use as PSH. This could include a discussion of the physical features of the building(s), as well as the features of the surrounding neighborhood which make the conversion to permanent housing suitable;
- 2) A letter from the local planning department approving the conversion of the project to PSH. If the project is located within the boundaries of an incorporated city, this letter must be from the city planning department. If the project is located within the unincorporated county, this letter must be from the county planning department.

Note: prior to execution of the EHAP-CD regulatory agreement for use as PSH, the Department will verify that no existing lenders for the project disapprove of the new use as PSH.

3) A completed copy of the attached Excel workbook. The attached workbook evaluates the financial feasibility of the project as PSH. Note: these projects are not subject to particular Department underwriting or rent restrictions; however, the projects must demonstrate financial feasibility to serve homeless or those at-risk of homelessness for the 20-year period of affordability.

Questions regarding the above three items can be directed to Synthia Rhinehart at Synthia.Rhinehart@hcd.ca.gov or (916) 263-2559.