

**HOUSING MATTERS
HARVEY WEST STUDIOS
CAPITALIZED OPERATING SUBSIDY RESERVE AGREEMENT**

This Capitalized Operating Subsidy Reserve Agreement (“Agreement”) is dated as of _____, by and between the County of Santa Cruz, a political subdivision of the State of California (the “County”) and 180 Supportive Housing, LLC, a California limited liability company (the “Developer”). County and Developer are each a “Party” and are collectively the “Parties” to this Agreement.

WHEREAS, pursuant to the California Department of Social Services (CDSS) **California Housing and Disability Advocacy Program (HDAP)** the County has been awarded \$4,000,000 through the **Targeted Strategic Investment (TSI)** program to provide housing assistance, including housing operating subsidies, to households who are eligible for assistance under the HDAP; and

WHEREAS, CDSS disbursed \$4,000,000 of HDAP TSI funds to County; and

WHEREAS, the County proposes to expend the HDAP TSI funds to create a dedicated Capitalized Operating Subsidy Reserve account (“COSR”) to secure housing for individuals who are eligible under the HDAP program for a period of up to 20 years;

WHEREAS, the Developer is the owner of the property described in Exhibit A attached hereto and incorporated herein by this reference (the “Property”); and

WHEREAS, the Developer intends to develop and operate a 120 unit rental development (the “Development”), with 20 units that will be occupied by households with at least one member who meets the HDAP eligibility criteria of a person experiencing homelessness that is likely to qualify for long-term public disability cash benefits who is not in a receipt of such benefits at the time of program enrollment. Specific eligibility criteria and priority populations to be served are set forth in in Division, 9, Part 6, Chapter 17 (Sections 18999 – 18999.6) of the California Welfare and Institutions Code (the “Target Population”); and

WHEREAS, the Developer has entered into multiple agreements committing to build 120 affordable housing units with linked supportive services at the Development for households with a disability currently experiencing homelessness (the “Permanent Supportive Housing Units”); and

WHEREAS, the Developer has identified 20 out of the 120 Permanent Supportive Housing Units at the site without a specific target population restriction or housing subsidy linked to the Units at the time of execution of this agreement; and

WHEREAS, the County has agreed to expend the funds to establish a COSR trust account with \$4,000,000 in HDAP TSI funds for 20 of the 120 PSH units ("HDAP Units") pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, as a condition of receiving COSR fund disbursements, the Developer shall provide an equivalent in-kind, non-state funding match of \$4,000,000 to the County as required by the California Department of Social Services; and

NOW THEREFORE, in consideration of the terms, conditions and covenants hereinafter set forth, the Parties agree as follows:

1. Term of Agreement. This Agreement shall be effective as of the date above and shall remain in full force and effect until the earlier of (i) a period of 20 years from the date of first disbursement from the COSR to the Developer, (ii) the expenditure of the full amount of the COSR, or (iii) termination of the Agreement as provided herein. In the event this Agreement is terminated prior to the depletion of the COSR, any remaining amounts of the COSR shall remain in the possession of the County and may be used for other projects, pending approval from CDSS. To the extent there are COSR disbursed monies held by the Developer at the termination of this Agreement, Developer shall immediately return such monies to the County, who may then use such monies for other projects. Such obligation shall survive beyond the term of this Agreement.
2. Termination of this Agreement. County may terminate this Agreement in any of the following circumstances:
 - (i) Without cause upon at least 90 calendar days advance written notice which states the effective date of the termination.
 - (ii) The County may immediately terminate Agreement if the County is informed by CDSS, or otherwise determines, that it is no longer authorized to expend its allocation of HDAP TSI funds in the manner described in this Agreement.
 - (iii) The County may immediately terminate this Agreement if Developer fails to comply with the terms or conditions set forth herein, or violates any local, state or federal law, regulation or standard applicable to its performance hereunder.
 - (iv) Upon receiving notice of termination of this Agreement from the County, Developer shall immediately cease expending any funds received from the County and return all such funds to the County within 10 calendar days. Developer shall provide appropriate written notification to existing Tenants regarding any termination of this Agreement and, if any, impacts on their current lease agreement and expected monthly rental payments.

3. Definitions.

- (a) “Capitalized Operating Subsidy Reserve” (hereafter, “COSR”) shall mean an account in the initial amount of four million Dollars (\$4,000,000), plus any interest which may accrue thereafter, held by the County to cover payment of Operating Expenses attributable to the HDAP Units, which are in excess of the Gross Income (which shall include the Tenant Portion of the Rent regardless of whether or not the Tenant Portion of the Rent is paid by the Tenants of the HDAP Units) attributable to such Units. Capitalized Operating Subsidy Reserve funds shall be set aside by the County on the date of receipt of funding from CDSS, in a reserve account held by the County.
- (b) “Completion Date” shall mean the date the Developer has completed the construction of the Development and receives a certificate, or equivalent, issued by the City of Santa Cruz building department to an owner/developer that indicates that the building has met all local code requirements and is ready for occupancy.
- (c) “Eligible Tenant(s)” or “Tenant” shall mean an individual referred by the Santa Cruz County Continuum of Care Coordinated Entry System to the Developer as a potential tenant for a designated rental apartment unit that meets the eligibility criteria for HDAP as outlined in California Welfare and Institutions Code (WIC) section 18999-18999.6 and subsequent regulatory guidance provided by the California Department of Social Services. The program focuses on serving individuals with disabilities experiencing homelessness that may be eligible for but have not yet qualified for public disability benefits.
- (d) “Eligible Tenant Household” shall mean a household of one or more individuals where at least one of the adults is an Eligible Tenant.
- (e) “Gross Income” shall mean the amount of total income received by the Developer for a given HDAP Unit in each month through direct payment from a Tenant and any rental subsidy provided by a third-party or public agency.
- (f) “HDAP Operating Subsidy” shall mean the mutually agreed upon maximum monthly or annual, as applicable, operating subsidy the County will pay the Developer per month for a given occupied HDAP Unit. The County and Developer have agreed to use an Operating Subsidy rate of \$951 per month per HDAP unit in the Initial Operating Period and to increase this rate by 2% per year in subsequent fiscal years.
- (g) “Initial Operating Period” shall commence upon the Completion Date and end on the last day (June 30) of the applicable County fiscal year.
- (h) “Operating Expense” shall mean the average monthly or annual cost to operate an HDAP unit at the Development. These expenses include, but are not limited to, utilities, janitorial, property management expenses, replacement reserves,

maintenance expenses, on-site supportive services, and other costs associated with maintaining a high quality, stable, and healthy supportive housing living environment for Tenants and work environment for employees.

- (i) “Other Project Based Operating or Rental Subsidies” shall mean all other committed project based operating or rental subsidies including but not limited to project-based United States Department of Housing and Urban Development (HUD) Housing Choice Voucher Program (“Section 8”), HUD McKinney programs, Shelter Plus Care, other Government or private foundation based subsidies, or any additional capitalized operating subsidy reserves funded with sources other than those provided by the County. These subsidies are committed to the Development and specific units in the Development, not the tenant.
- (j) “Other Tenant Based Rental Subsidies” shall mean all other individual tenant based rental subsidies including but not limited to individual Section 8 vouchers. These subsidies are committed to the Tenant and not the development or specific units in the Development.
- (k) “Tenant Portion of the Rent” shall mean the portion of total rent collected for a given unit that is paid for directly by the Tenant in the unit.
- (l) “Vacancy Loss Payment” shall mean a payment from the COSR to the Developer for up to one month of HDAP Operating Subsidy for a designated HDAP unit that remains vacant for a period more than 30 days.

4. Purpose and Uses of COSR.

- (a) The COSR secures 20 HDAP Units at the Property and to assist in covering the difference between the Operating Expenses and Gross Income attributable to the HDAP Units when Operating Expenses exceed Gross Income. However, the Parties acknowledge and agree that payments from the COSR may not cover the entire difference between Operating Expenses and Gross Income for one or more of the HDAP Units. The total amount of all disbursements from the COSR received by the Developer from the County pursuant to this Agreement shall in no event exceed four million Dollars (\$4,000,000) plus any accrued interest earned over the period of this Agreement. The Developer shall only use disbursements from the COSR for Operating Expenses attributable to the HDAP Units as outlined in this Agreement.
- (b) The County has budgeted for a maximum annual HDAP Operating Subsidy amount per year for 20 HDAP units as outlined in Exhibit B for up to a 20-year period. The County shall not provide funds in excess of the HDAP Operating Subsidies listed in Exhibit B. HDAP Operating Subsidy funds shall be used to pay Operating Expenses attributable to the HDAP Units which are more than Gross Income (which shall include the Tenant Portion of the Rent) and attributable to the HDAP Units.

5. Occupancy and Rent Requirements.

- (a) Eligible Tenants renting HDAP Units receiving HDAP Operating Subsidy shall pay to Developer the Tenant Portion of the Rent. The total rent and Tenant Portion of the Rent that the Developer may charge for any unit shall be governed by the Regulatory Agreements and contracts applicable to the 20 HDAP Units. Developer shall provide County with copies of all performance agreements related to the HDAP Units associated with the Development.
- (b) For HDAP Units receiving disbursements of monies from the COSR, the "Tenant Portion of the Rent Required" shall mean fifteen percent (15%) of the current Supplemental Security Income and State Supplementary Payment ("SSI") grant amount for a single individual living independently or thirty percent (30%) of the Tenant's actual income, whichever is higher, and as adjusted for a utility allowance, approved in advance by the County, when paid by Tenants.
- (c) Disbursements from the COSR shall only be available those months in which an Eligible Tenant occupies the HDAP Unit and there is no other Project Based or Tenant Based Rental Subsidy associated with the unit. The only exceptions shall be:
 - (i) HDAP Operating Subsidy may continue for up to one month when the Eligible Tenant is in the hospital, an acute or long-term care facility, or other institutional setting, provided that the Eligible member of the household is expected to return within the one-month period and the Tenant Portion of the Rent is paid.
 - (ii) HDAP Operating Subsidy may continue for up to one month following the date the Eligible Tenant(s) vacates the HDAP Unit when the HDAP Unit remains occupied by other household members.
 - (1) Developer shall ensure that one month notice is given to lessees who are not Eligible Tenants and who continue to reside in an HDAP Unit after the Eligible Tenant(s) is no longer in residence, that the HDAP Operating Subsidy will be terminated, and that the rent amount will be adjusted to the maximum allowable rent under the Development's Regulatory Agreement, as well as the effective date of the rent increase.
 - (2) Developer shall notify the remaining residents that they will be obligated to vacate the HDAP Unit within three months from the date that the Eligible Tenant(s) vacates the HDAP Unit.
 - (iii) In addition to (i) and (ii) above, HDAP Operating Subsidy may continue for up to one month upon vacancy of a HDAP Unit as a Vacancy Loss Payment.

6. Calculation of County Subsidy Annual Allocation; Disbursement by Month.

- (a) The County shall allocate an annual amount to be disbursed from the COSR in accordance with Section 3(f) and shall disburse monies from the COSR, subject to the County's right to adjust the HDAP Operating Subsidy on a monthly basis in accordance with Section 6(e) below as long as conditions are met as outlined in Sections 9, 10, and 11.
- (b) For the Initial Operating Period, the annual allocation of monies from the COSR for the HDAP Units shall be prorated to reflect the length of the Initial Operating Period.
- (c) The anticipated annual amounts to be disbursed from the COSR are set forth in Exhibit B. However, these anticipated disbursements are not guaranteed and are subject to reduction or suspension as provided elsewhere in this Agreement. Developer further understands that the County shall have no obligation to pay any funds in excess of the four million dollars (\$4,000,000) and any accrued interest earned on the COSR that are made available pursuant to this Agreement even if the COSR is insufficient to cover the portion of Developer's Operating Expenses that exceed Gross Income, if any, for the term of this Agreement.
- (d) Developer or their designated agent shall submit a monthly invoice to the County requesting payments from the COSR using a County approved invoice template. The template shall include the following information at a minimum: Unit Number, Name of Unit Occupant(s), Current Household Income, Tenant Portion of Rent Required, Tenant Portion of Rent Collected, Other Operating or Rental Subsidy for Unit and Subsidy Amount, Requested Subsidy Reserve Payment, Total Rent for Unit, Current Estimated Operating Expense per Unit, Vacancy Payment Request (Yes/No)
- (e) Each fiscal year, the County shall reconcile the amount of HDAP Operating Subsidy disbursed to Developer, the Tenant Portion of Rent collected by the Developer, and the Operating Expense per HDAP unit. Within 30 days of the end of each fiscal year, the Developer shall provide the County with an annual expenditure and revenue summary for the HDAP units that includes the total tenant rent, County subsidy, and Other Subsidy collected per unit (Total Revenue per Unit) and an accounting of total building operating expenses for the Development applicable to the HDAP units over the prior year. This process will be used to verify that HDAP Operating Subsidy payments do not result in revenues exceeding Operating Expenses for HDAP units. The information will also help the County determine if adjustments to the monthly HDAP Operating Subsidy amount are necessary to cover the operating costs of the HDAP units more adequately. Any increases to the monthly HDAP Operating Subsidy amounts outlined in this Agreement must be agreed to by the Developer and the County. The County is authorized to decrease the HDAP Operating Subsidy monthly amount if annual revenues exceed operating expenses for the HDAP units.

7. In-Kind Match

- (a) Developer shall provide an equivalent in-kind match to the County as a condition of receiving the disbursements from the COSR from the California Department of Social Services. This match is documented in a separate match letter included as Exhibit D.

8. Ownership, Reduction, Suspension, or Termination of Capitalized Operating Subsidy Reserve.

- (a) Developer acknowledges and agrees that it has no ownership interest in the Capitalized Operating Subsidy Reserve.
- (b) Developer acknowledges and agrees that, fifteen (15) years following the Completion Date, the County may reduce or reallocate the monies in the COSR if the Development receives new or an extension of existing Other Project Based Operating or Rental Subsidies beyond those identified in the original underwriting of the Development, and in the judgment of the County, the Developer has not utilized, or will not be able to fully utilize funds in the County Subsidy in the first twenty (20) years following the Completion Date.
- (c) Developer acknowledges and agrees the COSR has been allocated to the Development for the benefit of the Eligible Tenants and Target Population and will be held in a reserve by the County for such purposes.
- (d) Developer acknowledges and agrees that COSR disbursements may be reduced by the County, if the County determines that the full amount of the disbursement is not required to cover the Operating Expenses attributable to the HDAP Units.
- (e) Developer acknowledges and agrees that the County's disbursement from the COSR may be withheld by the County if the County determines that the Development has Other Project Based Operating or Rental Subsidies to fully cover Operating Expenses for the HDAP Units.
- (f) In addition to the above, Developer acknowledges and agrees that one or more anticipated disbursements from the COSR may be reduced or suspended by the County under the following circumstances:
 - (i) HDAP Units are not rented to Eligible Tenants.
 - (ii) The Eligible Tenant occupying a HDAP Unit has Other Tenant Based Rental Subsidies.
 - (iii) The HDAP Units receive Other Project Based Operating or Rental Subsidies that were not anticipated in the original underwriting of the Development (in which event the anticipated disbursement from the COSR

shall be reduced in proportion to the amount of Other Project Based Operating or Rental Subsidies attributable to the HDAP Units).

- (iv) The Developer is in default under one more existing Regulatory or other public agency agreements affiliated with the Development.

9. Conditions for the Initial Disbursement.

- (a) Initial disbursement from the COSR shall become available upon County's receipt and approval from Developer of all the following:
 - (i) Evidence that the Completion Date has occurred.
 - (ii) State-required HDAP TSI required match documentation (Exhibit D).
 - (iii) A copy of the title report for the property inclusive of associated recorded documents.
 - (iv) Copies of all public funding contracts associated with the development.
 - (v) A copy of a corporate resolution authorizing Developer's execution of this Agreement.
 - (vi) Evidence of the insurance coverage meeting County requirements as set forth in Exhibit C.
 - (vii) A current listing of all permanent funding sources, including amounts, payment terms, and legal documentation, as requested.
 - (viii) Evidence satisfactory to the County that the Developer will not use and will not be required by any lender to use, any disbursement from the COSR to pay for any debt service owed in connection with the Development, including any remaining construction financing.
 - (ix) A description of and documentation for any Other Project Based Operating Subsidies or Other Tenant Based Operating Subsidies committed, contemplated, or denied for use in the Development.
 - (x) A Memorandum of Understanding (MOU) with the County Behavioral Health and Housing for Health Divisions outlining roles and responsibilities associated with the No Place Like Home (NPLH) units at the property and approved by the Housing Authority of the County of Santa Cruz.
 - (xi) A form of Tenant Lease meeting requirements of state law, any Regulatory and Other Project-Specific Agreements associated with the property, and Section 11(b).

- (xii) A current rent schedule by unit showing the gross rents, utility allowances, and contract rents.
- (xiii) A supportive services budget approved by the County pursuant to the Regulatory Agreement.
- (xiv) A signed invoice as outlined in Section 6(d).
- (xv) Other items deemed necessary by the County to determine the required amount from the COSR or to determine Developer's compliance with the Agreement.
- (xvi) Additional information reasonably requested by the County.

10. Subsequent Disbursement of County Subsidy Funds.

- (a) Subsequent Disbursements shall require receipt of any updated documents outlined in Section 9 and the following:
 - (i) A signed monthly invoice as outlined in Section 6(d).
 - (ii) Additional information reasonably requested by the County.
- (b) In addition to the conditions set forth above, all subsequent disbursement shall be subject to the Developer's full compliance with all other terms and conditions of this Agreement. These would include the correction of any deficiencies identified by the County.

11. Developer's Ongoing Obligations:

- (a) Subsidies:
 - (i) Developer is required to assist Eligible Tenants in applying for Other Tenant Based Rental Subsidies including listing Eligible Tenants on the Section 8 waiting list, helping in applying for income benefits including, but not limited to, Social Security and other program disability and retirement benefits, CalWORKs and General Assistance, and where appropriate, providing assistance in applying for health insurance including Medicaid, Medicare, and/or Healthy Children Programs.
 - (ii) Developer is required to re-apply for Other Project Based Operating or Rental Subsidies when they expire.
- (b) Tenant Portion of the Rent:

- (i) Developer shall include in HDAP Unit leases an agreement with Eligible Tenants renting the HDAP Units, that once the Eligible Tenant qualifies for and begins collection of benefits, including but not limited to SSI, that Tenant will pay the Tenant's Portion of the Rent that is due and any unpaid balances to Developer.
- (c) Occupancy and Rent Requirements:
 - (i) Developer is required to collect the Tenant Portion of Rent on HDAP Units, which includes collecting the Tenant Portion of the Rent from Tenants unable to qualify for SSI.
 - (ii) Developer is required to rent HDAP Units to Eligible Tenants from the Target Population.
 - (1) Developer is required to obtain certification from the County that the Tenants renting HDAP Units are Eligible Tenants from the Target Population and to file the certifications in the applicable Eligible Tenant's file.
- (d) Reporting: The Developer shall comply with the terms and conditions of all regulatory agreements and County agreements associated with the Development, including any reporting requirements set forth in these Agreements. When preparing any annual audit for the property, the Developer shall ensure that the audit reflects the actual distribution from the County Subsidy Fund for the applicable fiscal year, and the amount of the Tenant Portion of the Rent.
- (e) Audit/Retention and Inspection
 - (i) The County, its representatives or employees, or its delegatee shall have the right to review, obtain, and copy all records pertaining to performance of the Agreement. Developer shall provide the County or its delegatee with any relevant information requested and shall permit the County or its delegatee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material. Developer further agrees to maintain such records for a minimum period of four years after final payment under the Agreement, unless a longer period of records retention is stipulated.
 - (ii) At any time during the term of this Agreement, the County may perform or cause to be performed a financial audit of any and all phases of the Development. At the County's request, the Developer shall provide, at its own expense, a financial audit prepared by a certified public accountant.
 - (iii) The audit shall be performed by a qualified State, Department of Housing and Community Development, local, or independent auditor. The Agreement for audit

shall include a clause which permits access by the County to the independent auditor's working papers.

- (iv) If there are audit findings, the audited party(ies) shall submit a detailed response to the County for each audit finding. The County will review the response and, if it agrees with the response, the audit process ends, and the County will notify the audited party(ies) in writing. If the County is not in agreement, the audited party(ies) will be contacted in writing and will be informed as to the corrective actions required to cure any audit deficiencies. This action could include the repayment of disallowed costs or other remediation.
- (v) If so directed by the County upon termination of this Agreement, the Developer shall cause all records, accounts, documentation, and all other materials relevant to this Agreement to be delivered to the County as depository.

12. Indemnification

- (a) To the fullest extent permitted by applicable law, Developer agrees to exonerate, indemnify, defend (with counsel approved by County) and hold harmless the County, including and without limitation, its officers, officials, employees, agents, and volunteers from and against:
 - (i) Any and all claims, demands, actions, losses, damages, defense costs, and/or liability of any kind, cause or nature arising out of this Agreement, which may be imposed upon it as result of, arising out of, or in any manner connected with Developer and their performance, either individually or as a joint entity, including the acts, errors or omissions of any person under the terms of this Agreement, excepting any liability arising out of the sole negligence of the County. This obligation shall also extend to claims, demands, actions, losses, damages, defense costs, and/or liability of any kind against the County arising from or related to third parties, as well as of contractors, employees, agents, and subcontractors of and/or hired by Developer.
 - (ii) Any and all Federal, State, and Local taxes, charges, fees, or contributions required to be paid with respect to Developer's and/or any contractors, employees, agents, and subcontractors of and/or hired by Developer engaged in the performance of this Agreement, including, without limitation to, unemployment insurance, social security, and payroll tax withholding.
- (b) COUNTY may conduct or participate in its own defense without affecting Developer's obligation to indemnify and hold harmless or defend County.
- (c) Acceptance of the insurance required by this Agreement shall not relieve Developer from liability under this provision. This provision shall apply to all claims for

damages related to Developer's performance hereunder, regardless of whether any insurance is applicable or not. The insurance policy limits set forth herein shall not act as a limitation upon the amount of indemnification or defense to be provided hereunder.

(d) This Section 12 shall survive the termination or expiration of this Agreement.

13. Insurance Requirements.

Developer shall comply with the insurance requirements described in Exhibit C.

14. Assignment Prohibited.

This Agreement shall not be assignable by Developer in whole or in part without the prior written approval of the County.

15. Defaults.

A default under a Regulatory Agreement or contract associated with this Development will constitute a default under this Agreement.

16. Governing Law and Venue.

This Agreement shall be construed in accordance with and governed by the laws of the State of California. This Agreement is signed and performed in Santa Cruz County, California. Developer consents to California jurisdiction for actions arising from or related to this Agreement, and, subject to the Government Claims Act, all such actions must be brought and maintained in Santa Cruz County.

17. County Approval.

Whenever this Agreement calls for County approval, consent, or waiver, the written approval, consent, or waiver of the Director of Human Services shall constitute the approval, consent, or waiver of the County, without further authorization required from the County of Santa Cruz Board of Supervisors, provided that it is determined that the overall feasibility of the objectives of this Agreement is not in jeopardy, no additional funds are required from the County, and no material term of this Agreement is altered. The County hereby authorizes the Director of Human Services to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the County upon the terms specified above. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies. The County agrees to give reasonable consideration to requests by Developer for extensions of any time deadlines imposed under this Agreement, provided that it is determined that the overall feasibility of the objectives of this Agreement is not in jeopardy. The County shall not unreasonably delay in reviewing and approving or disapproving any proposal by Developer made in connection with this Agreement. Notwithstanding this delegation, approval of the County of Santa Cruz Board

of Supervisors is required to amend this Agreement, and this Section 17 shall not preclude the Director of Human Services, in their sole discretion, from seeking approval from the County of Santa Cruz Board of Supervisors for any matter under this Agreement.

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Agreement 25W4324

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

COUNTY OF SANTA CRUZ

By: _____

SIGNED

Randy Morris, Director

PRINTED

Human Services Department

DEVELOPER:

180 SUPPORTIVE HOUSING, LLC,
a California limited liability company

By: Housing Matters,
a California nonprofit benefit corporation,
Its sole member

By: _____

Phil Kramer,
Chief Executive Officer

DS


6/12/2025

APPROVED AS TO FORM:

Signed by:

Arthur G. Wille

6/12/2025

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Office of the County Counsel

APPROVED AS TO INSURANCE:

Signed by:

Gina Borasi

6/13/2025

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Risk Management

- Exhibit A – Legal Description of the Development
- Exhibit B – Anticipated Maximum Operating Budget Per Year
- Exhibit C – County Insurance Requirements
- Exhibit D – HDAP In-Kind Match Commitment Letter

EXHIBIT A
LEGAL DESCRIPTION

PARCEL ONE:

A Southerly portion of the land conveyed by the regents of the University of California to the City of Santa Cruz, a municipal corporation, by deed recorded September 30, 1987, in Volume 4229, Page 515, Official Records of Santa Cruz County, (that is, the same land described in the Director's Deed by the State of California, recorded March 12, 1963 in Book 1527, Page 426, Official Records of Santa Cruz County), more particularly described as follows:

Beginning at the most Southern corner of said land; thence along the Southwestern boundary of said land, North 17° 17' 33" West 194.67 feet to the most Western corner thereof; thence along the Northwestern boundary of said land, North 78° 42' 27" East 253.25 feet to an angle point therein; thence continuing North 78° 42' 27" East 20.00 feet; thence Southeasterly, perpendicularly, South 11° 17' 33" East 72.86 feet, a little more or less, to a point on the Southeastern boundary of said land; thence along said boundary, South 59° 56' 53" West 86.28 feet, a little more or less; South 50° 09' 42" West 162.13 feet to a point of curve and along a tangent curve to the left having a radius of 1300 feet, through a central angle of 1° 27' 14" an arc length of 32.99 feet to the point of beginning.

EXCEPTING THEREFROM The Regents of the University of California reserves to itself, its heirs and/or assigns the sole and exclusive right to prospect for, drill for, produce and take any oil, gas or other hydrocarbon substances or mineral substances and accompanying fluids including all geothermal resources, from the real property granted herein, from below the depth of five hundred feet (500') from the surface of said real property, including the right to slant drill from adjacent property, the right to utilize subsurface storage for natural substances, and the right to maintain subsurface pressures. Grantor covenants and agrees that the above reserved rights will not be exercised in derogation of Grantee's uses and purposes of the surface of said real property. There will be no right of surface entry. Any and all drilling will be subject to the municipal codes of the City of Santa Cruz.

PARCEL TWO:

Being an easement, 20 feet in width, for ingress and egress, and public utilities, as an appurtenance to Parcel One above created in the Deed recorded December 21, 2005, Instrument No. 2005-88552 the centerline of which is described as follows:

Beginning at a 1/2" iron pipe tagged LS 7367 at the Northwesterly corner of lot 1, as shown on that Map filed in Volume 58 of Parcel Maps, at Page 28, Santa Cruz County Records; thence along the Southerly side of Coral Street, North 85° 15' 45" East 79.00 feet to the true point of beginning from which a lead plug and tag LS ORT 3158-B 7367 bears North 85° 15' 45" East 167.56 feet; thence leaving coral street, South 10° 54' 45" East 221.43 feet to the Northerly line of the lands of Citizens Committee for the Homeless, Inc., as described in Book 4849, at Page 156, Official

Records of Santa Cruz County, from which a lead plug and tag LS 7367 bears South 78° 42' 27" West 102.43 feet; sidelines are lengthened or shortened as needed to terminate in the line of the grantor.

APN: 008-171-31

Exhibit B - Anticipated Maximum Operating Budget Per Year

Harver West Studios : 20 Unit Scenario

| Project Operating Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Estimated Gross Annual Income (Tenant Rents) | \$ - | \$ 36,000.00 | \$ 48,000.00 | \$ 67,811.19 | \$ 69,167.42 | \$ 70,550.76 | \$ 71,961.78 | \$ 73,401.01 | \$ 74,869.03 | \$ 76,366.42 | \$ 77,893.74 | \$ 79,451.62 | \$ 81,040.65 | \$ 82,661.46 | \$ 84,314.69 | \$ 86,000.99 | \$ 87,721.01 | \$ 89,475.43 | \$ 91,264.94 | \$ 93,090.23 |
| Maximum HDAP Capital Subsidy Payment per Year | \$ 228,240.00 | \$ 232,804.80 | \$ 237,460.90 | \$ 242,210.11 | \$ 247,054.32 | \$ 251,995.40 | \$ 257,035.31 | \$ 262,176.02 | \$ 267,419.54 | \$ 272,767.93 | \$ 278,223.29 | \$ 283,787.75 | \$ 289,463.51 | \$ 295,252.78 | \$ 301,157.83 | \$ 307,180.99 | \$ 313,324.61 | \$ 319,591.10 | \$ 325,982.92 | \$ 332,502.58 |
| County Subsidy Payment Anticipated Need | \$ 228,240.00 | \$ 196,804.80 | \$ 189,460.90 | \$ 174,398.92 | \$ 177,886.90 | \$ 181,444.64 | \$ 185,073.53 | \$ 188,775.00 | \$ 192,550.50 | \$ 196,401.51 | \$ 200,329.54 | \$ 204,336.13 | \$ 208,422.86 | \$ 212,591.31 | \$ 216,843.14 | \$ 221,180.00 | \$ 225,603.60 | \$ 230,115.67 | \$ 234,717.99 | \$ 239,412.35 |

20 year COSR Total: \$ 4,104,589.31

EXHIBIT C
COUNTY INSURANCE REQUIREMENTS

1. Developer, at its sole cost and expense, for the full term of this Agreement (and any extensions thereof), shall obtain and maintain, at minimum, compliance with all of the following insurance coverage(s) and requirements. Such insurance coverage shall be primary coverage and non-contributory as respects COUNTY and any insurance or self-insurance maintained by COUNTY shall be considered in excess of Developer's insurance coverage and shall not contribute to it. If Developer normally carries insurance in an amount greater than the minimum amount required by COUNTY for this Agreement, that greater amount shall become the minimum required amount of insurance for purposes of this Agreement. Therefore, Developer hereby acknowledges and agrees that any and all insurances carried by it shall be deemed liability coverage for any and all actions it performs in connection with this Agreement. Insurance is to be obtained from insurers reasonably acceptable to COUNTY.

If Developer utilizes one or more subcontractors in the performance of this Agreement, Developer shall obtain and maintain Agreementor's Protective Liability insurance as to each subcontractor or otherwise provide evidence of insurance coverage from each subcontractor equivalent to that required of Developer in this Agreement.

A. Types of Insurance and Minimum Limits

- i. Workers' Compensation Insurance in the minimum statutorily required coverage amounts.
- ii. Automobile Liability Insurance for each of Developer's vehicles used in the performance of this Agreement, including owned, non-owned (e.g. owned by Developer's employees), leased or hired vehicles, in the minimum amount of \$500,000 combined single limit per occurrence for bodily injury and property damage.
- iii. Comprehensive or Commercial General Liability Insurance coverage at least as broad as the most recent ISO Form CG 00 01 with a minimum limit of \$2,000,000 per occurrence, and \$2,000,000 in the aggregate, including coverage for: (a) products and completed operations, (b) bodily and personal injury, (c) broad form property damage, (d) contractual liability, and (e) cross- liability.
- iv. Professional Liability Insurance in the minimum amount of \$___ combined single limit.
- v. Cyber liability insurance with limits of not less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate. Coverage must include claims involving Cyber Risks. The cyber liability policy must be endorsed to cover the full replacement value of damage to, alteration of, loss of, or destruction of intangible property (including but not limited to information or data) that is in

the care, custody, or control of Developer. “Cyber Risks” include but are not limited to (1) security breach; (2) data breach; (3) system failure; (4) data recovery; (5) failure to timely disclose data breach or security breach; (6) failure to comply with privacy policy; (7) business interruption; (8) cyber extortion; (9) invasion of privacy violations, including release of private information; (10) information theft; (11) release of private information; (12) payment card liabilities and costs; (13) infringement of intellectual property, including but not limited to infringement of copyright, trademark, and trade dress; (14) damage to or destruction or alteration of electronic information; (15) extortion related to Developer’s obligations under this Agreement regarding electronic information, including personal information; (16) fraudulent instruction; (17) funds transfer fraud; (18) telephone fraud; (19) network security; (20) data breach response costs, including security breach response costs; (21) regulatory fines and penalties related to Developer’s obligations under this Agreement regarding electronic information, including personal information; and (22) credit monitoring expenses.

B. Other Insurance Provisions

- i. If any insurance coverage required in this Agreement is provided on a “Claims Made” rather than “Occurrence” form, Developer agrees that the retroactive date thereof shall be no later than the date first written in Paragraph 1 of this Agreement, and that it shall maintain the required coverage for a period of three (3) years after the expiration of this Agreement (hereinafter “post Agreement coverage”) and any extensions thereof. Developer may maintain the required post Agreement coverage by renewal or purchase of prior acts or tail coverage. This provision is contingent upon post Agreement coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Agreement. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Agreement in order to purchase prior acts or tail coverage for post Agreement coverage shall be deemed to be reasonable.
- ii. All policies of Comprehensive or Commercial General Liability Insurance shall be endorsed to cover the County of Santa Cruz, its officers, officials, employees, agents, and volunteers as additional insureds with respect to liability arising out of the work or operations and activities performed by or on behalf of Developer, including materials, parts or equipment furnished in connection with such work or operations. Endorsements shall be at least as broad as ISO Form CG 20 10 11 85, or both CG 20 10 10 01 and CG 20 37 10 01, covering both ongoing operations and products and completed operations.
- iii. All required policies shall be endorsed to contain the following clause:
 “This insurance shall not be canceled until after thirty (30) calendar days’ prior written notice (10 calendar days for nonpayment of premium) has been given to:

**County of Santa Cruz
Human Services Department
Attn: Centralized Contracts Unit
1040 Emeline Ave
Santa Cruz, CA 95060**

Should Developer fail to obtain such an endorsement to any policy required hereunder, Developer shall be responsible to provide at least thirty (30) calendar days' notice (10 calendar days for nonpayment of premium) of cancellation of such policy to COUNTY as a material term of this Agreement.

- iv. Developer agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide COUNTY on or before the effective date of this Agreement with Certificates of Insurance and endorsements for all required coverages. However, failure to obtain the required documents prior to the work beginning shall not waive Developer's obligation to provide them. All Certificates of Insurance and endorsements shall be delivered or sent to:

**County of Santa Cruz
Human Services Department
Attn: Centralized Contracts Unit
1040 Emeline Ave
Santa Cruz, CA 95060**

- v. Developer hereby grants to COUNTY a waiver of any right of subrogation which any insurer of said Developer may acquire against COUNTY by virtue of the payment of any loss under such insurance. Developer agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not COUNTY has received a waiver of subrogation endorsement from the insurer.



March 10, 2025

RE: County of Santa Cruz – Housing Disability Advocacy Project (HDAP) – Targeted Strategic Investment (TSI) – Harvey West Studios – Permanent Supportive Housing - In-Kind Match Letter

Dear County of Santa Cruz and California Department of Social Services:

The County of Santa Cruz, the “County”, is entering into a HDAP Capitalized Operating Subsidy Reserve Agreement with Housing Matters, the “Developer”, to provide operating subsidy support for 20 HDAP-designated permanent supportive housing units at Harvey West Studios, the “Development” at 119 Coral St, Santa Cruz, CA 95060.

The HDAP Capitalized Operating Subsidy Reserve will consist of an initial investment of \$4 million of California Department of Social Services, “CA DSS”, HDAP TSI funds committed to the County of Santa Cruz, plus any accrued interest associated with this initial investment. Reserve funds will be maintained by the County and made available to the Developer over an estimated 20-year period for 20 designated units at the “Development.”

To secure this funding from CA DSS, the County and the Developer must document an agreement outlining the source(s) of matching funds associated with this development. CA DSS requires a dollar-for-dollar match for all HDAP TSI funds invested in a project.

This In-Kind Match letter from Housing Matters outlines the non-state source matching funds that Housing Matters will make available to this project.

The total development cost for the new Harvey West Studios 120-unit supportive housing site is currently estimated to be \$66,292,000 with an estimated per unit cost of \$552,433. Housing Matters has secured non-state funding totaling \$6,797,000 to support the overall cost of the development. The non-state funding sources supporting the development include the following:

- Individual gifts \$4,807,000
- Corporate and foundation grants \$1,990,000

www.housingmatterssc.org



PO Box 1319
Santa Cruz, CA 95061



115B Coral Street
Santa Cruz, CA 95060



ph: (831) 458-6020
fax: (831) 316-5010




Housing Matters agrees to provide an in-kind match of \$4 million of non-state funding contributions to the development to serve as the required CA DSS HDAP TSI funding match to establish the HDAP Capitalized Operating Subsidy Reserve for this Development.


Sincerely,

Phil Kramer
CEO Housing Matters

www.housingmatterssc.org

 PO Box 1319
Santa Cruz, CA 95061

 115B Coral Street
Santa Cruz, CA 95060

 ph: (831) 458-6020
fax: (831) 316-5010

Certificate Of Completion

Envelope Id: 0B2A3EC0-0793-413F-A6B1-748536FAF24C
 Subject: Complete with Docusign: 25W4324 Housing Matters Harvey West Studios COSR.pdf
 Source Envelope:
 Document Pages: 22
 Certificate Pages: 5
 AutoNav: Enabled
 Envelopeld Stamping: Enabled
 Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Status: Sent

Envelope Originator:
 HSD CCU
 701 Ocean Street
 Santa Cruz, CA 95060
 hsdccu@santacruzcountyca.gov
 IP Address: 63.194.190.100

Record Tracking

Status: Original
 6/12/2025 2:42:50 PM
 Security Appliance Status: Connected
 Storage Appliance Status: Connected

Holder: HSD CCU
 hsdccu@santacruzcountyca.gov
 Pool: FedRamp
 Pool: County of Santa Cruz

Location: DocuSign
 Location: Docusign

Signer Events

Erica Schwanbeck
 Erica.Schwanbeck@santacruzcountyca.gov
 Admin Services Manager
 County of Santa Cruz
 Security Level: Email, Account Authentication (None)

Signature

Signature Adoption: Pre-selected Style
 Using IP Address: 63.194.190.100

Timestamp

Sent: 6/12/2025 2:43:43 PM
 Viewed: 6/12/2025 2:45:13 PM
 Signed: 6/12/2025 2:45:26 PM

Electronic Record and Signature Disclosure:

Accepted: 3/1/2022 9:28:31 AM
 ID: 5315b87e-03e2-4c7b-9bfa-096e75e7d11d

Arthur G. Wille
 arthur.wille@santacruzcountyca.gov
 County of Santa Cruz
 Assistant County Counsel
 Security Level: Email, Account Authentication (None)

Signed by:

 FD318C222C994D0...

Signature Adoption: Pre-selected Style
 Using IP Address: 23.113.43.0

Sent: 6/12/2025 2:45:27 PM
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 Signed: 6/12/2025 3:04:50 PM

Electronic Record and Signature Disclosure:

Accepted: 6/12/2025 3:02:41 PM
 ID: cf4ac7dd-f206-4a79-aac2-5043f424de2c

Gina Borasi
 Gina.Borasi@santacruzcountyca.gov
 Risk Manager
 County of Santa Cruz
 Security Level: Email, Account Authentication (None)

Signed by:

 E4EADC5BA53B4DB...

Signature Adoption: Pre-selected Style
 Using IP Address: 63.194.190.100

Sent: 6/12/2025 3:04:52 PM
 Viewed: 6/13/2025 11:13:54 AM
 Signed: 6/13/2025 11:14:42 AM

Electronic Record and Signature Disclosure:

Accepted: 12/18/2023 9:38:58 AM
 ID: 5f1392e5-7eb7-47e8-b6a6-baa8d5c3b8c6

Phil Kramer
 pkramer@housingmatterssc.org
 CEO
 Housing Matters
 Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:

Accepted: 6/16/2025 4:29:54 PM
 ID: 79920274-5dfa-4d58-a145-f4fdf82346ef

Sent: 6/13/2025 11:14:44 AM
 Viewed: 6/16/2025 4:29:54 PM

| Signer Events | Signature | Timestamp |
|---|------------------|----------------------|
| Robert Ratner Robert.Ratner@santacruzcountyca.gov Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Accepted: 6/27/2024 12:39:47 PM ID: 2e642dd8-bb5f-4a24-9b25-4a2e2f0ba710 | | |
| Randy Morris Randy.Morris@santacruzcountyca.gov Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Accepted: 6/28/2024 5:36:24 PM ID: ad38cd27-0fe0-48dc-9c44-141ab3b72fbe | | |
| In Person Signer Events | Signature | Timestamp |
| Editor Delivery Events | Status | Timestamp |
| Agent Delivery Events | Status | Timestamp |
| Intermediary Delivery Events | Status | Timestamp |
| Certified Delivery Events | Status | Timestamp |
| Carbon Copy Events | Status | Timestamp |
| Witness Events | Signature | Timestamp |
| Notary Events | Signature | Timestamp |
| Envelope Summary Events | Status | Timestamps |
| Envelope Sent | Hashed/Encrypted | 6/12/2025 2:43:43 PM |
| Payment Events | Status | Timestamps |
| Electronic Record and Signature Disclosure | | |

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, County of Santa Cruz (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact County of Santa Cruz:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: nada.algharib@santacruzcounty.us

To advise County of Santa Cruz of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at nada.algharib@santacruzcounty.us and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from County of Santa Cruz

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with County of Santa Cruz

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.