

File No. 220133

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date March 2, 2022

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
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- Public Correspondence

OTHER (Use back side if additional space is needed)

- Notice of Funding Availability - 9/9/2021
- Purchase Sale Agreement
- PLN General Plan Referral 9/3/2021
- _____
- _____
- _____
- _____
- _____
- _____

Completed by: Brent Jalipa Date February 22, 2022

Completed by: Brent Jalipa Date _____

1 [Execute Standard Agreement and Accept and Expend - California Department of Housing
2 and Community Development - 2021 Homekey Grant - 1321 Mission Street - Not to Exceed
3 \$54,788,000]

4 **Resolution authorizing the Department of Homelessness and Supportive Housing to**
5 **execute a Standard Agreement with the California Department of Housing and**
6 **Community Development for up to \$54,778,000 of Project Homekey grant funds; to**
7 **accept and expend those funds for the acquisition of the property located at 1321**
8 **Mission Street (the “Property”) for permanent supportive housing and to support its**
9 **operations upon execution of the Standard Agreement through June 30, 2026;**
10 **approving and authorizing HSH to commit approximately \$16,000,000 in required**
11 **matching funds for acquisition of the property, and a minimum of five years of**
12 **operating costs; authorizing the Director to enter into any additions, amendments, or**
13 **other modifications to the Standard Agreement and the Homekey Documents that do**
14 **not materially increase the obligations or liabilities, or materially decrease the benefits**
15 **to the City; affirming the Planning Department’s determination under the California**
16 **Environmental Quality Act; and adopting the Planning Department’s findings of**
17 **consistency with the General Plan, and the eight priority policies of Planning Code,**
18 **Section 101.1.**

19
20 WHEREAS, The Department of Homelessness and Supportive Housing’s (“HSH”) mission is to prevent homelessness when possible and to make homelessness a rare, brief and one-time experience in San Francisco through the provision of coordinated, compassionate and high-quality services; and

1 WHEREAS, In July 2020, Mayor Breed announced her Homelessness Recovery Plan,
2 including the goal of acquiring and operating 1,500 new units of Permanent Supportive
3 Housing over the next two years; and

4 WHEREAS, Permanent Supportive Housing is the most effective, evidence-based
5 solution to ending chronic homelessness and also prevents new incidents of homelessness
6 among highly vulnerable people with long experiences of homelessness; and

7 WHEREAS, Additional permanent subsidized housing furthers the City’s commitment
8 to dismantle systematic racial inequities that disproportionately affect communities of color;
9 and

10 WHEREAS, As of December 2021, the City has acquired or contracted for over 950
11 new units of Permanent Supportive Housing to add to the existing portfolio of Permanent
12 Supportive Housing that provides permanent homes and services to over 10,000 San
13 Francisco households; and

14 WHEREAS, The California Department of Housing and Community Development
15 (“HCD”) issued a Notice of Funding Availability Round 2 (“NOFA”) dated September 9, 2021,
16 for the 2021 Homekey Grant Program (“Project Homekey”) pursuant to Health and Safety
17 Code, Section 50675.1.1 (Assembly Bill No. 140 (2021-2022 Reg. Sess.), Section 20.), a copy
18 of which is on file with the Clerk of the Board in File No. 220133; and

19 WHEREAS, Such Project Homekey grants are comprised of state general fund dollars
20 and California’s allocation of Coronavirus State Fiscal Recovery Fund, established by the
21 American Rescue Plan Act of 2021 (Pub. L. No. 117-2), combined into a single funding
22 stream to eligible projects; and

23 WHEREAS, On October 19, 2021, the Board adopted Resolution No. 482-21, on file
24 with the Clerk of the Board of Supervisors in File No. 210967 approving and authorizing HSH
25 to apply to HCD’s 2021 Homekey Grant Program for the property located at 1321 Mission

1 Street (“Property”) in an amount not to exceed the purchase price of \$86,500,000 plus an
2 estimated \$173,000 for typical closing costs, for a total anticipated amount of \$86,673,000
3 (“Acquisition Cost”), or the maximum award amount allowable under Project Homekey to
4 purchase the Property on behalf of the City and County of San Francisco (“City”); and

5 WHEREAS, A copy of the Homekey Grant Program application (“Application”) for the
6 property located at 1321 Mission Street is on file with the Clerk of the Board of Supervisors in
7 File No. 220133; and

8 WHEREAS, In an award letter dated December 21, 2021, HCD approved the
9 Application in an amount not to exceed \$54,778,000 (“Award Letter”) subject to the terms and
10 conditions of HCD’s Standard Agreement (“Standard Agreement”); copies of the Award Letter
11 and Standard Agreement are on file with the Clerk of the Board of Supervisors in File
12 No.220133; and

13 WHEREAS, The Property includes the real property and 160-unit multifamily residence,
14 consisting of ground floor commercial space, a central lobby, common areas, and a rooftop
15 garden, as well as certain improvements, appurtenances, personal property, and intangible
16 property described in the Purchase Agreement; and

17 WHEREAS, Receipt of these Project Homekey funds for the Property requires a City
18 commitment of approximately \$16,000,000 in matching funds for acquisition of the property,
19 and a minimum of five years of operating costs; and

20 WHEREAS, To satisfy the requirements of the Purchase Agreement, the City must
21 purchase the Property no later than March 21, 2022; and

22 WHEREAS, The Planning Department found that the proposed acquisition of the
23 Property is not defined as a project under the California Environmental Quality Act (“CEQA”)
24 Guidelines, Sections 15378 and 15060 (c)(2) (“CEQA Determination”), and is consistent with
25 the General Plan, and the eight priority policies of the Planning Code, Section 101.1 (“General

1 Plan Findings”), a copy of said Planning Letter is on file with the Clerk of the Board in File
2 No. 220133; and

3 WHEREAS, The grant does not include any provision for indirect costs; and

4 WHEREAS, The grant does not create any new positions, and does not require an
5 amendment to the Annual Salary Ordinance; now, therefore, be it

6 RESOLVED, The Director or Deputy Director of HSH is hereby authorized, in
7 consultation with the City Attorney, to enter into, execute and deliver a Standard Agreement
8 for a total amount not to exceed \$54,788,000 and any and all other documents required or
9 deemed necessary or appropriate to secure the Project Homekey funds from HCD and to
10 participate in Project Homekey, and all amendments thereto (collectively, the “Homekey
11 Documents”); and, be it

12 FURTHER RESOLVED, HSH is hereby authorized to accept and expend up to
13 \$54,778,000 of Project Homekey grant funds for the acquisition of the Property and five years
14 of operating costs; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors hereby waives inclusion of
16 indirect costs in the Homekey Program grant budget; and, be it

17 FURTHER RESOLVED, HSH will ensure that all such funds are used in a manner
18 consistent and in compliance with all applicable state and federal statutes, rules, regulations,
19 and laws, including without limitation all rules and laws regarding Project Homekey, as well as
20 any and all contracts HSH may have with HCD; and, be it

21 FURTHER RESOLVED, HSH is hereby authorized and directed to ensure that any
22 funds awarded for capital expenditures are spent by August 21, 2022, and that any funds
23 awarded for capitalized operating subsidies are spent by June 30, 2026; and, be it

24 FURTHER RESOLVED, The City acknowledges and agrees that it shall be subject to
25 the terms and conditions specified in the Standard Agreement, which includes a City

1 commitment of approximately \$16,000,000 in matching funds for acquisition of the property,
2 and a minimum of five years of operating costs, and that the NOFA and the Application will be
3 incorporated in the Standard Agreement by reference and made a part thereof; any and all
4 activities, expenditures, information and timelines represented in the Application are
5 enforceable through the Standard Agreement; funds are to be used for the allowable
6 expenditures and activities identified in the Standard Agreement; and, be it

7 FURTHER RESOLVED, The Director or Deputy Director of HSH is authorized to enter
8 into any additions, amendments, or other modifications to the Standard Agreement and the
9 Homekey Documents that they determine, following consultation with the City Attorney, are in
10 the best interests of the City and that do not materially increase the obligations or liabilities of
11 the City or materially decrease the benefits to the City; and, be it

12 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
13 heretofore taken are ratified, approved, and confirmed by this Board of Supervisors; and be it

14 FURTHER RESOLVED, This Board affirms the Planning Department's CEQA
15 Determination and General Plan Findings, for the same reasons as set forth in the Planning
16 Letter, and hereby incorporates such findings by reference as though fully set forth in this
17 Resolution; and, be it

18 FURTHER RESOLVED, That within thirty days of the execution of the Standard
19 Agreement by all parties, HSH shall provide the Standard Agreement to the Clerk of the Board
20 for inclusion into the official file.

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22
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25

Item 7
File 22-0133

Department: Department of Homelessness and Supportive Housing (HSH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would: (a) authorize the Department of Homelessness and Supportive Housing (HSH) to execute a Standard Agreement with the California Department of Housing and Community Development (HCD) to receive \$54,778,000 of Project Homekey grant funds for acquisition and initial operations of the property located at 1321 Mission Street for use as permanent supportive housing, (b) approve and authorize HSH to commit approximately \$16,000,000 in required matching funds and five years of operating costs, (c) affirm the Planning Department's determination under the California Environmental Quality Act, and (d) adopt the Planning Department's findings of consistency with the General Plan and Planning Code.

Key Points

- In October 2021, the Board of Supervisors approved the purchase of 1321 Mission Street for \$86,500,000 as a permanent supportive housing site and authorized HSH to apply for a Project Homekey grant to help fund the acquisition and operations. In December 2021, HCD notified HSH of a Homekey grant award of \$54,778,000.
- 1321 Mission Street contains 160 units, of which 120 are micro studios (less than 275 square feet) and 40 are three-bedroom units. The building is in good condition and HSH does not anticipate significant improvements to convert its usage into permanent supportive housing. HSH has identified a potential operator and services provider and is negotiating an agreement.

Fiscal Impact

- The proposed resolution would approve the acceptance and expenditure of a total amount not to exceed \$54,778,000 in Homekey grant funds. Of this amount, \$48,190,000 would assist with the building purchase, and \$6,588,000 would subsidize operations for the first five years. HSH estimates operating costs to be \$3,168,000 annually for the 160-unit building, comprised of a maximum of \$19,800 per unit per year.
- The estimated Proposition C funds needed for the purchase of the building and five years of operations are approximately \$47,735,000.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

In November 2018, San Francisco voters approved Proposition C, a gross receipts tax to fund homeless services and housing. In July 2020, Mayor London Breed announced her Homelessness Recovery Plan, with the goal of acquiring and operating 1,500 new units of permanent supportive housing over the next two years. According to the proposed resolution, as of December 2021, the City has acquired or contracted for over 950 new units of permanent supportive housing.

In July 2020, the California Department of Housing and Community Development (HCD) announced the Homekey program, providing grants to sustain and expand housing for homeless people impacted by COVID-19. In September 2021, HCD announced a second round of Homekey grant funding.

1321 Mission Street

In January 2021, the Department of Homelessness and Supportive Housing (HSH) issued a Request for Information (RFI) to identify properties for possible acquisition as permanent supportive housing sites and received a total of 100 eligible responses, including the property located at 1321 Mission Street. The property contains 160 units, of which 120 are micro studios (less than 275 square feet) and 40 are three-bedroom units. The majority of the units were most recently master leased by the California College of the Arts and University of the Pacific for student housing. As of this writing, six units remain leased and expire between June and September 2022, although tenants may renew their leases. In addition, there are 50 units leased to formerly homeless households placed by Brilliant Corners under the City’s Flexible Housing Subsidy Pool program, which provides supportive services to support people remaining stably housed. Once the student housing leases expire, the property would provide a net increase of 110 units of permanent supportive housing. In October 2021, the Board of Supervisors approved the City’s acquisition of 1321 Mission Street for \$86,500,000, plus an estimated \$173,000 for closing costs, and authorized HSH to apply for a Homekey grant to help fund the acquisition (File 21-0967). In December 2021, HCD notified HSH of a Homekey grant award of \$54,778,000.¹

¹ The grant award is based on a maximum amount of \$300,000 per unit for acquisition (if the application provides at least \$100,000 per unit in matching funds) and \$1,400 per unit per month for three years for operations (if the applicant commits to at least four years of operating funding).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

1. Authorize HSH to execute a Standard Agreement with HCD for a total not-to-exceed amount of \$54,778,000 in Project Homekey grant funds;
2. Accept and expend those funds for the acquisition of the property at 1321 Mission Street for permanent supportive housing and to support its operations upon execution of the Standard Agreement through June 2026;
3. Approve and authorize HSH to commit approximately \$16,000,000 in required matching funds for acquisition of the property, and a minimum of five years of operating costs;
4. Affirm the Planning Department's determination under the California Environmental Quality Act (CEQA); and
5. Adopt the Planning Department's findings of consistency with the General Plan and eight priority policies of Planning Code Section 101.1.

1321 Mission Street was built in 2015 and remains in good condition, according to an inspection conducted in August 2021. HSH does not anticipate significant improvements to convert its usage into permanent supportive housing. The building also contains 3,359 square feet of ground floor commercial space, of which 1,405 square feet are vacant and 1,954 square feet are leased to a coffee shop/wine bar.² HSH plans to use the vacant spaces to support programming, such as offices, counseling rooms, and community spaces.

In October 2021, HSH issued a Solicitation of Information (SOI) to select operators for three permanent supportive housing sites, including 1321 Mission Street. Through the SOI process, HSH has identified a potential operator and services provider and is negotiating an agreement, which would be subject to Board of Supervisors approval if it exceeds 10 years or \$10 million. Services to be provided include case management, assessment of health, mental health, and substance use treatment needs, assessment of employment and educational skills, coordination of referral and linkages to offsite services, and connection to food security resources.

FISCAL IMPACT

The proposed resolution would approve the acceptance and expenditure of a total amount not to exceed \$54,778,000 in Homekey grant funds. Of this amount, \$48,190,000 would assist with the building purchase, and \$6,588,000 would subsidize operations for the first five years. The total grant amount includes a bonus award of \$1,590,000 if the building achieves full occupancy within eight months of the award date, which HSH anticipates meeting. HSH allocated funds in the FY 2021-22 budget to cover operating costs and estimated those cost to be \$3,168,000 annually for the 160-unit building, comprised of a maximum of \$19,800 per unit per year, or \$1,650 per unit per month for operations and services. As part of this estimated total City subsidy,

² The coffee shop/wine bar has been closed and has not paid rent since the initiation of the COVID-19 pandemic. The base rent for the property is \$6,855 per month with a 2.5% annual escalation. After acquisition, the City will verify whether the shop owner is interested/able to resume operations.

the supportive housing services component is budgeted at \$550 per unit per month or \$6,600 per unit per year. Final budgeted levels are subject to final contract negotiations with the selected providers based on the unique characteristics of the building and its tenant population. Proposition C funds would be used to fund remaining expenditures once the grant amount is exhausted. The sources and uses of funds over the first five years are shown in Exhibit 1 below.

Exhibit 1: Sources and Uses of Funds over Five Years

Sources	Amount
Homekey Grant	\$54,778,000
Proposition C Funds	47,735,000
Total	\$102,513,000

Uses	Amount
Building Purchase	\$86,500,000
Closing Costs	173,000
Estimated Operating Costs (5 Years)	15,840,000
Total	\$102,513,000

The estimated Proposition C funds needed for the purchase of the building and five years of operations are approximately \$47,735,000. Proposition C general housing funds to cover the City's share of the site acquisition and two years of operating expenditures are included as part of the adopted FY 2021-23 budget.

RECOMMENDATION

Approve the proposed resolution.

File Number: 220133
(Provided by Clerk of Board of Supervisors)

Grant Resolution Information Form
(Effective July 2011)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: 2021 Project Homekey
2. Department: Department of Homelessness and Supportive Housing
3. Contact Person: Dylan Schneider Telephone: 628.652.7742
4. Grant Approval Status (check one):
 Approved by funding agency Not yet approved
5. Amount of Grant Funding Approved or Applied for: not to exceed \$54,788,000
6. a. Matching Funds Required: \$16,000,000 in required matching funds for acquisition of the property, and a minimum of five years of operating costs.
 b. Source(s) of matching funds (if applicable): Our City, Our Homes Fund (Prop C Homeless Gross Receipts Tax Revenue)
7. a. Grant Source Agency: California Department of Housing and Community Development
 b. Grant Pass-Through Agency (if applicable): Acquisition funds are funded through the Coronavirus State and Local Fiscal Recovery Fund administered by the U.S. Department of Treasury
8. Proposed Grant Project Summary:

2021 Project Homekey funds would be used to supplement local funding to purchase the property located at 1321 Mission Street and provide a minimum of 5 years of operating funds for the housing site. The property has 160 units that would be used as Permanent Supportive Housing. Based on the affordability restrictions, HSH plans to request annual appropriations to provide ongoing operating support for the project through the 15-year restriction period.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:
 Capital Start-Date: Upon executed standard agreement Capital End-Date: August 21, 2022
 Operating Start-Date: Upon executed standard agreement Operating End-Date: June 30, 2026

10. a. Amount budgeted for contractual services: The grant provides \$6,588,000 in state General Fund funding for multi-year operating expenditures for the project which will be part of a contract to a nonprofit service provider to operate the building.
 b. Will contractual services be put out to bid? Yes.

- c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements? No.
- d. Is this likely to be a one-time or ongoing request for contracting out? Yes.

11. a. Does the budget include indirect costs?

Yes No

- 1. If yes, how much?
- 2. How was the amount calculated?
- 3. If no, why are indirect costs not included?

Not allowed by granting agency To maximize use of grant funds on direct services

Other (please explain):

- c. 1. If no indirect costs are included, what would have been the indirect costs? n/a.

12. Any other significant grant requirements or comments: None.

****Disability Access Checklist***(Department must forward a copy of all completed Grant Information Forms to the Mayor’s Office of Disability)**

13. This Grant is intended for activities at (check all that apply):

- | | | |
|--|---|--|
| <input type="checkbox"/> Existing Site(s) | <input checked="" type="checkbox"/> Existing Structure(s) | <input type="checkbox"/> Existing Program(s) or Service(s) |
| <input type="checkbox"/> Rehabilitated Site(s) | <input type="checkbox"/> Rehabilitated Structure(s) | <input checked="" type="checkbox"/> New Program(s) or Service(s) |
| <input type="checkbox"/> New Site(s) | <input type="checkbox"/> New Structure(s) | |

14. The Departmental ADA Coordinator or the Mayor’s Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local disability rights laws and regulations and will allow the full inclusion of persons with disabilities. These requirements include, but are not limited to:

1. Having staff trained in how to provide reasonable modifications in policies, practices and procedures;
2. Having auxiliary aids and services available in a timely manner in order to ensure communication access;
3. Ensuring that any service areas and related facilities open to the public are architecturally accessible and have been inspected and approved by the DPW Access Compliance Officer or the Mayor’s Office on Disability Compliance Officers.

If such access would be technically infeasible, this is described in the comments section below:

Comments:

Departmental ADA Coordinator or Mayor’s Office of Disability Reviewer:

Scott Walton
(Name)

Manager, Rehousing – Client Engagement
(Title)

Date Reviewed: 1/28/2022

DocuSigned by:
Scott W Walton
(Signature Required)

Department Head or Designee Approval of Grant Information Form:

Gigi Whitley
(Name)

Deputy Director of Administration and Finance
(Title)

Date Reviewed: 1/26/2022

DocuSigned by:
Gigi Whitley
(Signature Required)

Homekey Program - Round 2 - 1321 Mission Grant Budget

City and County of San Francisco – 1321 Mission

Contract No. 21-HK-16942

Sources:

Homekey Award	\$	54,778,000
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Uses:

Capital

Purchase of Property	\$	48,190,000
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Professional Services

Permanent Supportive Housing Operations	\$	6,588,000
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Total Uses:	\$	54,778,000
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**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 670, 95833
P.O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771
www.hcd.ca.gov



December 21, 2021

Shireen McSpadden, Executive Director
City and County of San Francisco
1 Dr Carlton B Goodlett Place #200
San Francisco, CA 94102

Dear Shireen McSpadden:

**RE: Award Announcement – Homekey Program
Notice of Funding Availability Fiscal Year 2021/2022, Round 2
City and County of San Francisco – 1321 Mission
Contract No. 21-HK-16942**

The California Department of Housing and Community Development (Department) is pleased to announce that the City and County of San Francisco, (Awardee) has been awarded a Homekey Round 2 award in the amount of \$54,778,000. This letter constitutes notice of the designation of Homekey funds for the Awardee.

Awardees will be able to draw down funds when the Standard Agreement is fully executed, and any general and special conditions have been cleared in writing.

Your Ambassador will be in communication with you to develop a standard agreement and confirm any documents needed to execute this contract.

Congratulations on your successful application. For further information, please contact Paul Dulai, Homekey Program Manager, Program Design and Implementation Branch, at, (916) 465-2532 or Amritpal.Dulai@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Jennifer Seeger". The signature is fluid and cursive.

Jennifer Seeger
Deputy Director
Division of State Financial Assistance

Homekey Round 2

Notice of Funding Availability (NOFA) September 9, 2021

Application Workbook

Rev. 10/2/21



**State of California
Governor Gavin Newsom**

**Lourdes M. Castro Ramirez, Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
Department of Housing and Community Development**

**2020 West El Camino Avenue
Sacramento, CA 95833**

Phone: (916) 263-2771

Email: Homekey@hcd.ca.gov

Website: <https://homekey.hcd.ca.gov/>

Homekey Round 2 Project Overview

10/2/21

§401 Pre-Application Consultation Requirement

Has the lead applicant (a public entity or tribal entity) undertaken a preapplication consultation with HCD regarding the proposed Homekey Project? Yes

Instructions

"Yellow" shaded cells are for Applicant input. Failure to submit a complete application including the required documentation may result in the need for you to amend and resubmit your application resulting in your application's HCD review to be repositioned to the date of resubmittal.

"Red" shaded cells indicate the Applicant has likely failed to meet a Homekey requirement. 'Applicant Scoring Criteria' worksheet cells shaded in "red" indicate that the Applicant has failed to meet the minimum points required.

"Orange" shaded cells indicated required attachments. Electronically attached files must use the naming convention in the Application. For Example: "Housing Site Map" for the map indicating the original target housing location and all proposed housing location(s).

"Green" shaded cells indicate HCD Use Only.

"Blue" shaded cells indicate Application scores.

NOFA section references are made with "\$" and the corresponding NOFA section number.

Please don't hesitate to contact us with any questions or if you need assistance in completing this application.

For general Homekey NOFA and program questions email: homekey@hcd.ca.gov.

For application specific assistance complete the 'App Support' worksheet & email your Excel application to: appsupport@hcd.ca.gov

Homekey Summary (auto populated from Award, Match and Revenue worksheet)

Maximum Homekey Award		Applicant Requested Homekey Award		Lesser of Maximum and Requested Award	
Capital Baseline Award	\$28,800,000.00	Capital Baseline Award	\$28,800,000.00	Capital Baseline Award	\$28,800,000.00
Additional Contribution	\$15,900,000.00	Additional Contribution	\$15,900,000.00	Additional Contribution	\$15,900,000.00
Total Maximum Capital Award	\$44,700,000.00	Total Requested Capital Award	\$44,700,000.00	Total Capital Award	\$44,700,000.00
Operating Subsidy	\$6,588,000.00	Operating Subsidy	\$6,588,000.00	Operating Subsidy	\$6,588,000.00
50% of Relocation Costs	\$0.00	50% of Relocation Costs	\$0.00	50% of Relocation Costs	\$0.00
\$207 Bonus Award - app submittal	\$1,590,000.00	\$207 Bonus Award - app submittal	\$1,590,000.00	\$207 Bonus Award - app submittal	\$1,590,000.00
\$207 Bonus Award - full occupancy	\$1,590,000.00	\$207 Bonus Award - full occupancy	\$1,590,000.00	\$207 Bonus Award-full occupancy	\$1,590,000.00
Total Maximum Homekey Award	\$54,468,000.00	Total Requested Homekey Award	\$54,468,000.00	Total Homekey Award	\$54,468,000.00
Number of Doors at Acquisition	160	Number of Units Proposed in the Project	160		
Number of At-Risk of Homelessness Units	0	Number of Chronically Homeless Units	60	Number of Homeless Units	99
Number of Homeless Youth or Youth at Risk of Homelessness Units	0	Number of Assisted Units	159		
Number of Units accessible to persons with mobility disabilities	0	Number of Units accessible to persons with hearing or vision disabilities	16		

Project Overview

Project Name	Panoramic							
Project Address	1321 Mission Street		Project City	San Francisco	State	CA	Zip	94103
Project County	San Francisco							
Assessor Parcel Number (APN)	Lot 043, Block 3509							
Assessor Parcel Number (APN)								
Geographic Set Aside	Bay Area							
Project Type (Transitional Housing and Congregate Shelter are Interim Housing)	Permanent Housing							
Building Type	Existing multifamily							
Other building type not listed above (describe below)	N/A							

Project Narrative
 The Panoramic is an 11 story, 160 unit multifamily building completed in 2015. The City and County of San Francisco plan to purchase the property with City and Homekey program funds, and then operate it as Permanent Supportive Housing. Because of the age and condition of the building, no renovations are expected. The property is predominantly vacant, save approximately 60 units that are currently leased to formerly homeless households through the City's Flex Pool Permanent Supportive Housing voucher program. These tenants will qualify as eligible households under the Homekey program guidelines, so that the entire property will serve Homekey's target population once fully occupied. There is a ground floor commercial tenant that will remain in place under their existing lease. The other ground floor space will be used for program space for property management and supportive services. The property is centrally located just one block off Market Street in downtown San Francisco and close to a large variety of amenities including grocery, pharmacy, post office, bank, transportation, and other services.

If Project is also known under another name(s) or was formerly known under another name(s), provide the name(s). N/A

Have you applied, do you plan to apply, or has the Project been awarded other HCD program funds? No

Other HCD Program(s) Name(s):	Funding Amount	Funding Status	NOFA Date	Award Date/Expected Award Date

§200 Eligible Applicants

Applicant #1								
Entity name	City and County of San Francisco			Organization type	City and County			
Address	440 Turk Street		City	San Francisco	State	CA	Zip	941-2
Auth Rep	Shireen McSpadden	Title	Executive Director	Email	shireen.mcspadden@sfgov.org		Phone	415-350-4258
Contact	Dan Adams	Title	Senior Advisor, Housing Initiatives	Email	dan.adams@sfgov.org		Phone	415-505-9842
Address	1 Dr Carlton B Goodlett Place #200		City	San Francisco	State	CA	Zip	94102
File Name	App1 Cert & Legal	See Certifications & Legal worksheet.					Uploaded to HCD?	Yes
File Name	App1 Resolution	Signature required; see Applicant Documents worksheet.					Uploaded to HCD?	Yes
File Name	App1 TIN Form	See Applicant Documents worksheet.					Uploaded to HCD?	Yes
Co-Applicant #1 (if applicable)								
Entity name				Organization type				
Address			City		State		Zip	
Auth Rep		Title		Email			Phone	
Contact		Title		Email			Phone	
Address			City		State		Zip	
File Name	Co-App1 Cert & Legal	See Certifications & Legal worksheet.					Uploaded to HCD?	
File Name	Co-App1 Resolution	Signature required; see Applicant Documents worksheet.					Uploaded to HCD?	
File Name	Co-App1 OrgDoc1, OrgDoc2, etc	See Applicant Documents worksheet.					Uploaded to HCD?	
File Name	Co-App1 OrgChart	See Applicant Documents worksheet.					Uploaded to HCD?	
File Name	Co-App1 Signature Block	See Applicant Documents worksheet.					Uploaded to HCD?	

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File Name	Co-App1 Payee Data Record	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App1 TIN Form	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App1 Cert of Good Standing	Dated 30 days or less from the Application due date.	Uploaded to HCD?	
File Name	Co-App1 Tax-Exempt Status	Evidence of tax-exempt status from IRS and Franchise Tax Board, if applicable	Uploaded to HCD?	

Co-Applicant #2 (if applicable)

Entity name				Organization type	
Address		City		State	Zip
Auth Rep	Title	Email		Phone	
Contact	Title	Email		Phone	
Address		City		State	Zip

File Name	Co-App2 Cert & Legal	See Certifications & Legal worksheet.	Uploaded to HCD?	
File Name	Co-App2 Resolution	Signature required; see Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 OrgDoc1, OrgDoc2, etc	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 OrgChart	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 Signature Block	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 Payee Data Record	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 TIN Form	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 Cert of Good Standing	Dated 30 days or less from the Application due date.	Uploaded to HCD?	
File Name	Co-App2 Tax-Exempt Status	Evidence of tax-exempt status from IRS and Franchise Tax Board for Non-profit Corp.	Uploaded to HCD?	

Development Team Contacts (provide information that is currently available)

Property Management Company

Legal Name	TBD	Contact Name		Email	
Phone		Address		City	State Zip

Financial Consultant

Legal Name	N/A	Contact Name		Email	
Phone		Address		City	State Zip

Legal Counsel

Legal Name	City and County of San Francisco		Contact Name	Virginia Dario Elizondo	Email	virginia.dario.elizondo@sfcityattly.org
Phone	N/A	Address	1390 Market Street 5th Floor	City	San Francisco	State CA Zip 94102

General Contractor

Legal Name	N/A	Contact Name		Email	
Phone		Address		City	State Zip

Architect

Legal Name	N/A	Contact Name		Email	
Phone		Address		City	State Zip

Development/Operating Funding Source

Legal Name	City and County of San Francisco		Contact Name	Gigi Whitley	Email	gigi.whitley@sfgov.org
Phone	(628) 652-7739	Address	440 Turk Street	City	San Francisco	State CA Zip 94102

Development/Operating Funding Source

Legal Name		Contact Name		Email	
Phone		Address		City	State Zip

Development/Operating Funding Source

Legal Name		Contact Name		Email	
Phone		Address		City	State Zip

Development/Operating Funding Source

Legal Name		Contact Name		Email	
Phone		Address		City	State Zip

Development/Operating Funding Source

Legal Name		Contact Name		Email	
Phone		Address		City	State Zip

§201 Eligible Uses

Select below the eligible uses you are applying for:

i. Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.			Yes
File Name:	Rehab Description	Narrative description of current condition of structure(s) and overall scope of work.	Uploaded to HCD? Yes
File Name:	PNA	Physical Needs Assessment prepared by a qualified independent third party contractor.	Uploaded to HCD? Yes
ii. Master leasing of properties for non-congregant housing. If Yes, provide a recent market study and/or rent roll, and/or other supporting documentation.			No
File Name:	Market Study	Provide a recent market study within the past year which conforms to Tax Credit Allocation Committee (TCAC) guidelines, and/or a rent roll, and/or other supporting documentation per §205 of the NOFA.	Uploaded to HCD? N/A
iii. Conversion of units from nonresidential to residential.			No
iv. New construction of dwelling units.			No
v. The purchase of affordability covenants and restrictions for units. If Yes, provide a recent market study and/or rent roll, and/or other supporting documentation.			No
File Name:	Market Study	Provide a recent market study within the past year which conforms to TCAC guidelines, and/or a rent roll, and/or other supporting documentation per §205 of the NOFA.	Uploaded to HCD? N/A
vi. Relocation costs for individuals who are being displaced as a result of your Homekey Project.			No
vii. Capitalized operating subsidies for units purchased, converted, constructed, or altered with funds provided pursuant to HSC §50675.1.3.			Yes

§202 Eligible Projects

Select below the eligible project types you are applying for:

i. Conversion of nonresidential structures to residential dwelling units.	No
ii. Conversion of commercially zoned structures, such as office or retail spaces, to residential dwelling units.	No
iii. Adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses.	No
iv. Multifamily rental housing projects.	Yes
v. Excess state-owned properties.	No
vi. Shared housing or scattered site housing is permitted as long as the resulting housing has common ownership, financing, and property management, and each household signs a lease.	No

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vii. Structure(s) lacking a permanent foundation such as manufactured home, recreational vehicle, and floating home, for temporary use only. HCD encourages Applicants to explore financing alternatives to Homekey for such structures. Must submit with application a detailed explanation of how the use will meet all Homekey requirements, including the requirements for use and affordability restrictions set forth at §208 of the NOFA. Applicants seeking HCD's approval of structures lacking a permanent foundation are encouraged to discuss their options at the required pre-application consultation.			No
File Name:	Non-Perm Structure	Detailed narrative of how the use will meet all Homekey Program requirements, including the requirements for use and affordability restrictions set forth at §208 of the NOFA	Uploaded to HCD? N/A
Other eligible project not listed above (describe below)			No
N/A			
viii. Applicant acknowledges Homekey Assisted Units previously awarded under the first round of Homekey funding are ineligible for Homekey Round 2 funding.			Yes

Threshold

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§300 Threshold Requirements

To be eligible to receive funding, all projects must meet the following requirements as they relate to the Eligible Applicant and the project types.

i. Applicant acknowledges that applications may be submitted independently by an Eligible Applicant, as defined in §200 and Article VII. Alternatively, each of the foregoing Eligible Applicants may apply jointly with a nonprofit or for-profit corporation as Co-Applicant?	Yes
ii. Applicant agrees Project(s) must serve persons qualifying as members of the Target Population per Article VII(xxxi)?	Yes
iii. Applicant has completed the 'Supportive Services Plan' worksheet based on the anticipated needs of the Target Population and any proposed sub-populations to be served by the Project?	Yes
iv. Applicant acknowledges the requirement to submit an overview below of the plan and timeline for any required entitlements, permits, and environmental clearances? Applicants must also complete the 'Local & Env Verification' worksheet. Applicants are encouraged to discuss their land use and environmental clearance plans, and related statutory authorities at the required pre-application consultation.	Yes
This project is currently zoned and permitted as multifamily residential. No unit renovation work is required so no permits are needed at this time. All environmental clearances are complete.	

File Name	Env. Report 1	Phase I (prepared or updated no earlier than 12 months prior to the application due date).	Uploaded to HCD?	Yes
File Name	Env. Report 2	If Phase I requires a Phase II study, submit a Phase II (prepared or updated no earlier than 12 months prior to the application due date).	Uploaded to HCD?	N/A
File Name	CEQA	Copy of CEQA Determination Documents	Uploaded to HCD?	Yes
File Name	NEPA	Copy of Authority of Use Grant Funds (NHTF Verification from Responsible Entity)	Uploaded to HCD?	N/A
File Name	Local Approvals	'Local & Env Verification' worksheet(s) completed and signed by local authority or Responsible Entity, if different from jurisdiction.	Uploaded to HCD?	N/A

Construction start date	N/A	Construction completion date	N/A	Estimated occupancy date	2/1/22
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v. Applicant acknowledges the requirement to submit a Racial Demographic Data Worksheet (reports Continuum of Care (CoC) outcomes by race/ethnicity)?

File Name	Racial Demographics	Racial Demographic Data Worksheet, which reports CoC outcomes by race and ethnicity. The worksheet on the Homekey webpage	Uploaded to HCD?	Yes
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vi. Applicant must have site control of all properties at the time of application, and control must not be contingent on the approval of any other party. Does Applicant have site control? If Yes, enter site control information for each APN and most recent execution date. Describe site control special circumstances below.

APN	Address	Type of Site Control	Current owner	Execution date	Expiration date
Lot 043, Block 3509	1321 Mission Street, San Francisco, CA 94103	e. A sales contract, or other enforceable agreement for the acquisition of the property	Mission SmartSpace Senior LLC	9/20/21	N/A
0					
0					
0					
0					
0					
0					
0					
0					
0					
0					

h. Applicant acknowledges that if one or more sites will require a use change for permanent housing, Applicant must submit a commitment and plan to facilitate or expedite those processes, so as to not delay expenditure and occupancy requirements?

File Name:	Use Change	Provide a commitment and plan to facilitate or expedite the use change processes	Uploaded to HCD?	N/A
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Provide details below for unusual site control special circumstances or "Other" types of site control:

Threshold

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N/A

File Name:	Site Control1, Site Control2, etc	Provide documentation of the type of site control for each site above	Uploaded to HCD?	Yes
File Name:	Prelim1, Prelim2, etc	Provide current preliminary title report for each site above	Uploaded to HCD?	Yes
File Name:	Liability Insurance	Proof of General Liability Insurance that meets the requirements in §800(i)	Uploaded to HCD?	Yes
File Name:	Automobile Insurance	Proof of Automobile Liability Insurance that meets the requirements in §800(ii)	Uploaded to HCD?	Yes
File Name:	Property-Hazard Insurance	Proof of Property Insurance that meets the requirements in §800(v)	Uploaded to HCD?	Yes

vii. Applicant acknowledges that the Eligible Applicant applying for the Homekey funding is the entity that HCD relies upon for experience and capacity, and will control the project during acquisition, development, and occupancy? Yes

Indicate which Eligible Applicant HCD can rely on for experience and capacity: City and County of San Francisco

viii. Applicant agrees to provide a development plan that supports acquisition of a site and fund expenditure before all program deadlines and demonstrates evidence of strong organizational and financial capacity to develop the project? Yes

File Name:	Development Plan	Provide a development plan	Uploaded to HCD?	Yes
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ix. Applicant agrees that Assisted Units and other units of the Project must meet all applicable state and local requirements pertaining to rental housing, manufactured housing, including but not limited to requirements for minimum square footage, and requirements related to maintaining the Project in a safe and sanitary condition? Yes

x. Applicant acknowledges all Applicants must be in good standing with the State of California and all agencies and departments thereof? By way of example and not limitation, all Applicants must be qualified to do business in the State of California and must be in good standing with the California Secretary of State and the California Franchise Tax Board. Applicants that are delinquent in meeting material requirements of previous HCD awards may fail threshold review. Yes

xi. Applicant acknowledges that HCD will require Eligible Applicants to submit a complete application with all required documents? HCD reserves the right to request clarification of unclear or ambiguous statements made in an application and other supporting documents. Yes

xii. Applicant acknowledges the requirement to submit a concise, sufficiently detailed Relocation Assistance Narrative? The Narrative must show the Applicant's consideration of (I) applicable relocation assistance laws and requirements; and (II) all persons, businesses, or farm operations that may or will be displaced as a result of the Applicant's Homekey-funded activities. **This Relocation Assistance Narrative does not take the place of the relocation plan, or the Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, that the Grantee shall submit as a condition of funding.** Yes

File Name:	Relocation Narrative	Relocation Assistance Narrative for relocation or no relocation	Uploaded to HCD?	Yes
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§301 Permanent Housing Requirements

i. Applicant has funding commitments or other reasonable assurance to cover operations and service costs with specific funding sources (government/philanthropic/private) for the proposed Project for 5 years and a budget which covers operations and services costs through year 15 from the recordation of the use restriction? Yes

ii. Is the Applicant acquiring, rehabilitating, and operating a Permanent Housing project? If Yes, the Applicant or Co-Applicant must demonstrate the following minimum experience requirements below: Yes

a. Development, ownership, or operation experience **(a1. or a2. must be Yes to pass Threshold)** Passes threshold? Yes

a1. Has Applicant developed, owned, or operated a project similar in scope and size to the Project? If Yes, provide details below: Yes

Project name and address	Who provides the experience	Experience type	Housing type	Population served	Latest date developed, owned, or operated
Granada Hotel, 1000 Sutter Street, San Francisco, CA (Homekey Round 1)	City and County of San Francisco	Developed	Affordable Rental	Homeless	11/13/20

a2. If a1 above is Yes, skip. Applicant has operated at least two affordable rental housing projects in the last ten years, with at least one of those projects containing at least one unit housing a tenant who qualifies as a member of the Target Population (enter Project information below)? No

Project name and address	Who provides the experience	Experience type	Housing type	Qualifying unit population served	Latest date developed, owned, or operated
Hotel Diva, 440 Geary Street, San Francisco, CA (Homekey Round 1)	City and County of San Francisco	Developed	Affordable Rental	Homeless	12/2/20
			Affordable Rental		

b. Experience helping persons address barriers to housing stability & providing support services Property manager service years: 3.00 Supportive Service Provider service years: 140.00 Pass threshold (three or more years of experience)? Yes

Has a property manager been selected? No If Yes, enter property manager name and complete experience chart below: If No, Applicant certifies that this requirement will be reflected in future solicitation or memorandum of understanding? Yes

Project name and address	Experience provider	Housing type	Population Served	# of months serving
Current Solicitation for Operator. Responses due 11/18/2021	Property Manager	Affordable Rental	Homeless	36
	Property Manager	Affordable Rental		
	Property Manager	Affordable Rental		
	Property Manager	Affordable Rental		
	Property Manager	Affordable Rental		

Enter Supportive Service Provider name and complete experience chart below:

City and County of San Francisco, Department of Homelessness and Supportive Housing and Department of Public Health	Supportive Service Provider	Affordable Rental	Chronic Homeless	396
Felton Institute	Supportive Service Provider	Affordable Rental	Homeless	600
UCSF Citywide	Supportive Service Provider	Affordable Rental	Homeless	480
Brilliant Corners	Supportive Service Provider	Affordable Rental	Homeless	204

Threshold						10/2/21
Supportive Service Provider					Affordable Rental	
c. Experience administering a Housing First program that includes principles of harm reduction and low barriers to entry.						Yes
File Name:	Housing First Perm	Provide experience administering a Housing First program of harm reduction and low barriers to entry			Uploaded to HCD?	Yes
iii. One-for-one replacement of assisted housing						
a. Will the acquired housing or site be redeveloped/repositioned as part of the locality's overall goal to address the needs of Target Population and community?						No
b. If Yes to iii a. above, will the target site be demolished before any occupancy by the Target Population?						N/A
File Name:	One-for-one Replacement	iii(a) and (b): If the acquired housing or site will be redeveloped/repositioned per the locality's overall goal to address the needs of the Target Population and the community (unless the target site is going to be demolished before any occupancy by the Target Population), provide a letter of commitment to ensure one-for-one replacement of units.			Uploaded to HCD?	N/A
c. Will all of the proposed housing be located within the original target housing location neighborhood?						Yes
File Name:	Housing Site Map	Map indicating the original target housing location and all proposed housing location(s).			Uploaded to HCD?	Yes
File Name:	Outside Neighborhood	If replacement housing is proposed outside the target neighborhood, include a justification explaining why it is necessary to locate this replacement housing outside the target neighborhood (i.e., offsite) and how doing so supports and enables the Target Population to maintain housing.			Uploaded to HCD?	N/A
§302 Interim Housing Requirements (skip this application section as your Project Type is Permanent Housing; please complete §301)						
i. Applicant acknowledges the Interim Housing Project will be evaluated on Funding commitments or other reasonable assurance to cover operations and service costs with specific funding sources (government/philanthropic/private) for the Project for five years and submit a budget to cover operations and services costs through year 15 from the recordation of the use restriction.						
ii. Is the Applicant acquiring, rehabilitating, and/or operating an Interim Housing project? If Yes, the Applicant must meet the following experience below:						
a. Successful development, ownership, or operation of an Interim Housing project, such as an emergency shelter or Transitional Housing for at least three of the last ten years for individuals who qualify as members of the Target Population.				Years	0.00	Pass Threshold
						No
Project Name and Address		Who provided experience	Experience type	Interim Housing project type	Population Served	# of months serving in the last ten years
Explanations:						
b. Does Applicant have experience linking Interim Housing program participants to Permanent Housing to ensure long-term housing stability?						
File Name:	Interim Hsg Exp	Provide experience in linking Interim Housing program participants to Permanent Housing to ensure long-term housing stability			Uploaded to HCD?	
c. Does Applicant have experience administering a Housing First program that includes principles of harm reduction and low barriers to entry?						
File Name:	Housing First Interim	Provide experience administering a Housing First program that includes principles of harm reduction and low barriers to entry			Uploaded to HCD?	
§500 Article XXXIV						
Applicant acknowledges per HSC §37001, subdivision (h)(2), article XXXIV, §1 of the California Constitution is not applicable to a development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from the CSFRF established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2)? As such, Article XXXIV is not applicable to Homekey funded development.						Yes
§501 Housing First						
Applicant acknowledges that the Eligible Applicant shall certify to employ the core components of Housing First, as set forth at Welfare and Institutions Code §8255, in its property management and tenant selection practices? Projects shall accept tenants regardless of sobriety, participation in services or treatment, history of incarceration, credit history, or history of eviction in accordance with practices permitted pursuant to Housing First practices, including local Coordinated Entry System prioritization protocols, or other federal or state Project funding sources..						Yes
§502 Tenant Selection						
Applicant acknowledges that referrals to Homekey Assisted Units shall be made through the local Coordinated Entry System (CES) for persons who are experiencing Homelessness? For persons At Risk of Homelessness, CES or another comparable prioritization system based on greatest need shall be used. All referral protocols for Homekey Assisted Units must be developed in collaboration with the local CoC and implemented consistent with the requirements set forth in the NOFA. CoC collaboration in Project and supportive service design is also strongly encouraged to help target and serve greatest need populations.						Yes
§503 Participation in Statewide HDIS/HMIS						
Applicant acknowledges Homekey Grantees must support CoC participation in the statewide Homeless Data Integration System (HDIS), and, in accordance with state and federal law (including all applicable privacy law), disclose relevant data to the local Homeless Management Information System (HMIS)?						Yes
§504 Relocation						
Applicant acknowledges Homekey Grantees must comply with all applicable federal, state, and local relocation law. Grantees must have a relocation plan prior to proceeding with any phase of a project or other activity that will result in the displacement of persons, businesses, or farm operations?						Yes
File Name:	Relocation Plan	Relocation Assistance Narrative for relocation or no relocation			Uploaded to HCD?	Yes
§505 Accessibility and Non-Discrimination						
Applicants acknowledges all developments shall adhere to the accessibility requirements set forth in California Building Code Chapter 11A and 11B and the Americans with Disabilities Act, Title II?						Yes

Threshold			10/2/21
File Name:	Access & Non-Discrimination	Provide a non-discrimination policy	Uploaded to HCD? Yes
§506 Prevailing Wage			
Applicant acknowledges use of Homekey funds is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Applicant is urged to seek professional legal advice about the law's requirements. Prior to disbursing the Homekey funds, HCD will require a certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by the general contractor(s) and the Grantee.			Yes
File Name:	Prevailing Wage	Provide a prevailing wage certification	Uploaded to HCD? Yes
§507 Environmental Clearances			
Applicant acknowledges HCD encourages Eligible Applicants to fully engage with HCD's technical assistance and to consider the CEQA exemption set forth at HSC §50675.1.4 and the provision for land use consistency and conformity set forth at HSC §50675.1.3, subdivision (i)? Applicants should consult with their counsel for legal advice in construing application of the foregoing exemptions to their Project. It is entirely within an Applicant's discretion to determine whether to use the statutory CEQA exemption, whether the exemption applies to the Applicant's proposed activity, or whether some other mechanism applies and could be used to satisfy obligations under CEQA.			Yes

Certification & Legal Disclosure

10/2/21

On behalf of the entity identified in the signature block below, I certify that:

- The information, statements and attachments included in this application are, to the best of my knowledge and belief, true and correct.
- I possess the legal authority to submit this application on behalf of the entity identified in the signature block.
- The following is a complete disclosure of all identities of interest - of all persons or entities, including affiliates, that will provide goods or services to the Project either (a) in one or more capacity or (b) that qualify as a "Related Party" to any person or entity that will provide goods or services to the Project. "Related Party" is defined in Section 10302 of the California Code of Regulations (CTCAC Regulations):

N/A

4. As of the date of application, the Project, or the real property on which the Project is proposed (Property) is not party to or the subject of any claim or action at the State or Federal appellate level.

5. I have disclosed and described below any claim or action undertaken which affects or potentially affects the feasibility of the Project. In addition, I acknowledge that all information in this application and attachments is public, and may be disclosed by the State.

Shireen McSpadden	Executive Director, Department of Homelessness and Supportive Housing		
Printed Name	Title of Signatory	Signature	Date

Legal Disclosure

For purposes of the following questions, and with the exceptions noted below, the term "applicant" shall include the applicant and joint applicant, and any subsidiary of the applicant or joint applicant if the subsidiary is involved in (for example, as a guarantor) or will be benefited by the application or the project.

In addition to each of these entities themselves, the term "applicant" shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, directors, principals and senior executives of the entity if the entity is a corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company. For projects using tax-exempt bonds, it shall also include the individual who will be executing the bond purchase agreement.

The following questions must be responded to for each entity and person qualifying as an "applicant," or "joint applicant" as defined above.

Explain all positive responses on a separate sheet and include with this questionnaire in the application.

Exceptions:
Public entity applicants without an ownership interest in the proposed project, including but not limited to cities, counties, and joint powers authorities with 100 or more members, are not required to respond to this questionnaire.

Members of the boards of directors of non-profit corporations, including officers of the boards, are also not required to respond. However, chief executive officers (Executive Directors, Chief Executive Officers, Presidents or their equivalent) must respond, as must chief financial officers (Treasurers, Chief Financial Officers, or their equivalent).

Civil Matters

1. Has the applicant filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against it, defaulted on a loan or been foreclosed against in <i>past ten years</i> ?	No
2. Is the applicant currently a party to, or been notified that it may become a party to, any civil litigation that may materially and adversely affect (a) the financial condition of the applicant's business, or (b) the project that is the subject of the application?	No
3. Have there been any administrative or civil settlements, decisions, or judgments against the applicant within the past ten years that materially and adversely affected (a) the financial condition of the applicant's business, or (b) the project that is the subject of the application?	No
4. Is the applicant currently subject to, or been notified that it may become subject to, any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency?	Yes
5. In the past ten years, has the applicant been subject to any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency that resulted in a settlement, decision, or judgment?	Yes

Criminal Matters

6. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, felony charges against the applicant?	No
7. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, misdemeanor charges against the applicant for matters relating to the conduct of the applicant's business?	No
8. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, criminal charges (whether felony or misdemeanor) against the applicant for any financial or fraud related crime?	No
9. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, that could materially affect the financial condition of the applicant's business?	No
10. Within the past ten years, has the applicant been convicted of any felony?	No
11. Within the past ten years, has the applicant been convicted of any misdemeanor related to the conduct of the applicant's business?	No
12. Within the past ten years, has the applicant been convicted of any misdemeanor for any financial or fraud related crime?	No

Provide a letter of explanation if you responded "Yes" to any of the questions above.

File Name:	Cert & Legal Explanation	Letter of explanation for any "Yes" answers or red shaded items above.	Uploaded to HCD?	Yes
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Shireen McSpadden	Executive Director, Department of Homelessness and Supportive Housing		
Printed Name	Title of Signatory	Signature	Date

Applicant Documents

10/2/21

Certifications & Legal Disclosure

A completed and signed Certification is required for each Joint Applicant. Each Joint Applicant must sign an individual Certification form. A completed and signed Legal Disclosure is also required for each Joint Applicant. The hard copy Certifications & Legal Disclosure should be submitted with the application as detailed in the NOFA.

Resolutions

Applicant may use their own Resolution format as long as it contains ALL of the authorizations as in the sample.

The person attesting to the resolution signing cannot be the same person authorized to execute the documents in the name of the applicant.

If more than one authorized signatory is identified, state whether both signatories are required or only one signatory is required to submit and execute Program docs.

If the application is being signed by a designee of the authorized signatory, the applicant must also submit a designee letter or other proof of signing authority.

[A resolution is required of each Joint Applicant - both private and public entities. A sample resolution template is available on the Homekey website.](#)

Organizational Documents

Organizational documents are required for all Applicants except Governmental entities are not required.

Submit organizational documents supporting the Resolution submitted with the application.

Corporation organizational documents

Articles of Incorporation (Corp. Code §154, 200 and 202) as certified by the CA Secretary of State.

Bylaws and any amendments thereto (Corp. Code §207(b), 211 and 212)

Certificate of Amendment of Articles of Incorporation (Corp. Code §900-910 (general stock), §5810-5820 (public benefit and religious corporations), §7810-7820 (mutual benefit corporations), or §12500-12510 (general cooperative corporations)) as applicable.

Restated Articles of Incorporation (Corp. Code §901, 906, 910 (general stock), §5811, 5815, 5819 (public benefit and religious corporations), §7811, 7815 and 7819 (mutual benefit corporations) and §12501, 12506 and 12510 (general cooperative corporations)) as applicable.

Statement of Information (CA Secretary of State form SI-100 or SI-200)

Shareholder Agreements (Corp. Code §186) if applicable.

Certificate of Good Standing certified by Secretary of State.

[Any other CA Secretary of State filings applicable to revivals, conversions or mergers.](#)

Organizational Chart

The Organizational chart must depict the organizational structure of the entities in relation to the applicant.

Signature Block

All Applicants must submit a Signature Block in a Microsoft Word Document that will be used in the HCD legal documents such as the Standard Agreement.

Payee Data Record STD-204 or Taxpayer Identification Number (TIN)

[The TIN must be submitted by all governmental entity Applicants. All other Applicants must submit the STD-204 Payee Data Record. Available on the Homekey website.](#)

§300(iii) Supportive Services Plan (SSP)

10/2/21

Homekey applications must include an initial plan for providing supportive services based on the anticipated needs of the Target Population and any proposed sub-populations to be served by the Project. The checklist below shall serve as a guide to ensure your SSP is complete.

Part I.	Tenant Selection
Yes	Section 1: Tenant Selection Criteria
Yes	Section 2: Referrals
Yes	Section 3: Housing First Certification §501
Part II.	Supportive Services Detail
Yes	Section 1: Supportive Services Provider Information
Yes	Section 2: Supportive Services Chart
Yes	Section 3: Supportive Services Coordination
Part III.	Staffing
Yes	Section 1a: Staffing Description
Yes	Section 1b: Staffing Chart
Yes	Section 2: Staffing Ratios
Part IV.	Supportive Services Budget
Part V.	Property Management Plans and Tenant Selection
Yes	Section 1: Property Management Plans and Tenant Selection
Part VI.	Measurable Outcomes and Plan for Evaluation
Yes	Section 1: Measurable Outcomes
Yes	Section 2: Plan for Evaluation

Part I. Tenant Selection

§502 asks for a detailed description of the Tenant Selection process. Using the titled sections below, the narrative should be as specific as possible, delineating the roles of property management and the support service provider and how these functions will be coordinated. Your description should clearly and conclusively document processes to ensure compliance with the Homekey Round 2 NOFA for Tenant Selection and Housing First Practices.

Section 1: Tenant Selection Criteria

Target Population and Eligibility Criteria

a. Do you use Housing First Practices? Yes

b. Describe the criteria that will be used to ensure that tenants are eligible to occupy the Homekey Assisted Units.

All tenants will be referred to the property through the City of San Francisco's Coordinated Entry System, designated to serve homeless adults, TAY, and families referred through the One System established by the Department of Homelessness and Supportive Housing. All referrals for vacancies come from the SF adult and family Coordinated Entry Systems. Households referred to vacancies through CES have been prioritized via an assessment administered by the City's Access Points. Individuals, couples, and families who are prioritized for housing in the CES are currently homeless. Factors that affect prioritization for housing in the CES are vulnerability, chronicity of homelessness, and barriers to housing.

c. Description of the Target Population to be served, and identification of any additional subpopulation target or occupancy preference for the Project. (all sub-population targeting must be approved by HCD prior to standard agreement issuance and must be consistent with federal and state fair housing requirements).

For the 159 units that will serve the Target Population, approximately 99 units will be prioritized for homeless households, and 60 units (50% of the studio units) will be targeted to chronically homeless adults. Currently, there are approximately 60 formerly homeless households living there through placement of the City's Flex Pool Permanent Supportive Housing Subsidy program for homeless households. These formerly households qualified for this housing because they were homeless or at-risk of homelessness when they were issued a voucher. These households will remain in place as qualifying for the Homekey program, per the NOFA guidance.

e. Describe any additional eligibility criteria other than those indicated above, i.e., information needed to determine if the tenant can comply with lease terms. **NOTE:** Selection criteria designed to assess anything other than the ability to comply with lease terms generally run afoul of fair housing laws designed to protect equal access to housing for people with disabilities. [See Between the Lines, A Question and Answer Guide on Legal Issues in Supportive Housing Chapter 4.](#)

All placements will be made using the core components of Housing First, as set forth in the Welfare and Institutions Code Section 8255. Applicants will be referred based on eligibility based on occupancy standards and income. Applicants will be income certified during the application process to ensure program eligibility. There are no minimum income requirements. All income will be verified in writing from the income source on appropriate income verification forms, including the use of MEDS, CALWIN and/or CHANGES for verification. All assets will be verified in writing. Applicant must have the ability to maintain the housing unit in accordance with local health standards. No distinction will be drawn between a person who keeps his/her own unit and one who does so with the assistance of an attendant. Homeless status will be verified in writing. Chronically homeless adults will have written disability verification. All applicants may request a reasonable accommodation as part of the referral and application process.

f. Identify all disclosures that will be provided to applicants/tenants. Example: Megan's Law disclosures.

The leasing package includes a full set of disclosures as required by law. This includes, but is not limited to, disclosures and policies such as bed bug disclosures, grievance policy, smoke detector notice, guest policy, community rules, safe housing addendum, and Covid-19 addendum.

Section 2: Referrals

The following addresses the required use of the Coordinated Entry System (CES) for all referrals into Homekey Assisted Units or an alternate comparable prioritization system for those At Risk of Homelessness based on greatest need. Note that use of standard waiting lists is prohibited, in that both of these systems must prioritize referrals based on highest acuity needs, rather than first-come first served.

a. Describe how the local CES will be used to fill Homekey Assisted Units based on the use of a standardized assessment tool which prioritizes those with the highest need and the most barriers to housing retention. Include the CES agency's name, primary staff person's name, and contact information. If the local CES is not yet operational, describe when it'll be established and the plan to use it.

The City of San Francisco's Coordinated Entry is the foundation of the Homelessness Response System (HRS) and is designed to assess, prioritize and match people experiencing homelessness to housing opportunities. Coordinated Entry organizes the Homelessness Response System with a common population-specific assessment, a centralized data system, a "by name" database of clients and a prioritization method. Coordinated Entry Access Points are the community gateways into San Francisco's Homelessness Response System and serve: Adults, Families and Transitional Age Youth (age 18 to 24). CE Access Points are located throughout the City and are operated by local non-profit service providers. At these community Access Points, eligible individuals and families experiencing homelessness are provided with Problem Solving opportunities and solutions, shelter (for youth and families with children), housing opportunities, and other services in San Francisco. The city operates separate Access Points for adults, families, and youth, which are designed to facilitate access to the HRS for each population. All Access Points provide the same assessment approach, including standardized decision-making based on the unique needs of the individuals and families they are designed to serve. The Department of Homelessness and Supportive Housing adopted CES Standards on February 1, 2021 and are attached to this application for reference.

b. If using a separate comparable prioritization system than CES to refer persons At Risk of Homelessness describe that system. All referral protocols for Homekey Assisted Units must be developed in collaboration with the local CoC and implemented consistent with the requirements set forth in the Homekey NOFA.

N/A

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Section 3: Housing First Certification §501

The Eligible Applicant shall certify to employ the core components of Housing First, as set forth at Welfare and Institutions Code §8255, in its property management and tenant selection practices. Complete the checklist below to certify compliance with Housing First.

Tenant Screening

1. If the project cannot serve someone, it works through the coordinated entry process to ensure that those individuals or families have access to housing and services elsewhere.	Yes
2. The project does everything possible not to reject an individual or family based on poor credit or financial history, poor or lack of rental history, minor criminal convictions, or behaviors that are interpreted as indicating a lack of "housing readiness."	Yes
3. Access to the project is not contingent on sobriety, minimum income requirements, lack of a criminal record, completion of treatment, participation in services, or any other unnecessary condition not imposed by the terms of the funding itself.	Yes
4. People with disabilities are offered clear opportunities to request reasonable accommodations within applications and screening processes and during tenancy. Building and units include physical features that accommodate disabilities.	Yes

Housing-Based Voluntary Services

1. If serving youth experiencing homelessness, services use a positive youth development model and culturally competent services to engage with tenants.	N/A
2. Services are informed by a harm-reduction philosophy that recognizes that substance use/ addiction are a part of some tenants' lives. Tenants are engaged in non-judgmental communication regarding substance use and are offered education regarding safer practices and how to avoid risky behaviors.	Yes
3. Case managers and service coordinators who are trained in and actively employ evidence-based practices for client engagement, including, but not limited to, motivational interviewing and client-centered counseling.	Yes
4. Participation in services or compliance with service plans are not conditions of tenancy but are reviewed with tenants and regularly offered as a resource to tenants. Housing and service goals and plans are highly tenant driven.	Yes
5. Supportive services emphasize engagement and problem-solving over therapeutic goals.	Yes

Housing Permanency

1. Substance use in and of itself, without other lease violations, is not considered a reason for eviction.	Yes
2. Tenants in supportive housing are given reasonable flexibility in paying their share of rent on time and offered special payment arrangements for rent arrears and/or assistance with financial management, including representative payee arrangements.	Yes
3. Every effort is made to provide a tenant the opportunity to transfer from one housing situation, program, or project to another if tenancy is in jeopardy. Whenever possible, eviction back into homelessness is avoided.	Yes
4. Program Requires Housing Providers to Provide Tenants with Leases and Reflects Tenants' Rights & Responsibilities Of Tenancy Under CA Law (including eviction protections).	Yes

Part II. Supportive Services Detail

Section 1: Supportive Services Provider Information

If already identified, list the supportive service provider (s) for the Target Population and any proposed sub-populations to be served by the Project. If more than one Provider will be offering services, describe how services will be coordinated.

Provider Name	Populations the Provider will serve	Services Provider will offer
City and County of San Francisco Department of Homelessness and Supportive Housing (HSH) and Department of Public Health	Homeless, Chronic Homeless	Outreach, Intake and Assessment, Case Management, Housing Stability Support, Coordination with Property Management, Wellness and Safety Checks, Socialization
Felton Institute	Homeless, Chronic Homeless	Intensive Case Management, Behavioral Health, Clinical Triage
UCSF Citywide	Homeless, Chronic Homeless	Intensive Case Management, Behavioral Health, Clinical Triage
Brilliant Corners	Homeless, Chronic Homeless	Tenant Landlord Case Management, Housing Stability

Describe any known conflicts and/or the mitigation strategy for when Homekey funding or other program requirements conflict with Housing First practices, as applicable.

None

If your tenants include minor children and/or adult dependents of Homekey Tenants, describe any additional criteria that will be used to ensure applicants are eligible to occupy the Homekey Assisted Units.

Evidence of guardianship

Section 2: Supportive Services Chart

Required Services: List and describe all services as required in §300 to be offered to tenants of the Homekey Assisted Units.

Resident Service	Service Description	Frequency	Hours	Service Provider	Off-site Service Location
List each service separately	Describe service, including the degree to which services are provided.	Frequency of services provided	Provide the hours of availability	Provider's Name	If service is on-site, leave blank. Enter distance, in miles, to off-site service and list resident commuting options. Reasonable access is access that does not require walking more than one-half mile.
Case management	HSH administered housing sites have a case management ratio of 20:1 for supportive services depending on the population. This equates to 8 FTE at this 160 unit property. Case management staff provide services to tenants with the primary goal of maintaining housing stability, including ongoing meetings and counseling to establish goals, develop services plans that are tenant-driven without predetermined goals, provide referrals and linkages to off-site Support Services, and support tenants toward achieving those goals.	Depends on needs of tenants	8 hours a day; 5 days a week	City and County of San Francisco	
Behavioral health services	HSH and the DPH will coordinate provision of Behavioral Health services through onsite case management and access to onsite or roving clinical support services. Additional clinical consultation and crisis services are available through the DPH mobile services hub for PSH.	Depends on needs of tenants	8 hours a day; 5 days a week	City and County of San Francisco	

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Physical health services	Access to physical health services is- provided through DPH onsite or roving nurses and/or case management support to enroll in public health coverage, as needed by the tenant population. Case management staff assist tenants to access primary care to ensure health care needs are met. HSH partners with In-Home Support Services (IHSS) to connect tenants to services as needed.	Depends on needs of tenants	2 hrs at lease one day a week	City and County of San Francisco	
Assistance obtaining benefits and essential documentation	Onsite case managers assist with obtaining public benefits and HSH facilitates identity and income documentation for all tenants at the point of housing referral/ move-in.	Depends on needs of tenants	8 hours a day; 5 days a week	City and County of San Francisco	
Education and employment services	HSH employs case management in a 20:1 ratio for supportive services. This includes 8 FTE that work at the property to provide referral services and coordination of workshops and trainings as needed by the tenants.	Depends on needs of tenants	8 hours a day; 5 days a week	City and County of San Francisco	
Other services, such as housing retention skills, legal assistance, family connection services, etc.	HSH employs case management in a 20:1 ratio for supportive services. This includes 8 FTE that work at the property to provide referral services as needed by the tenants. In addition, services staff connect each tenant with resources needed to be food secure as they live independently.	Depends on needs of tenants	8 hours a day; 5 days a week	City and County of San Francisco	
Community Building	Community Building opportunities like weekly coffee and pastries, holiday events, and other programs to provide socialization and stability	Monthly	1-2 hours	City and County of San Francisco	
Other Residential Services (specify)					

Section 3: Supportive Services Coordination

1. Describe the accessibility of community services to which you propose linkages, whether they are on-site or in close proximity to the Project, and the frequency, travel time and cost to the tenant for transportation required to access the services to include both public transportation and private transportation services (e.g. van owned by the provider). If available, provide documentation, in the form of Memorandum of Understanding, Memorandum of Agreement, letters of support or contracts demonstrating who will be responsible for ensuring access to services and how accessibility will be accomplished.

In order to provide wrap around services, the onsite supportive services teams partner with many community providers including In-Home Support Services (IHSS), Homebridge, Adult Protective Services, intensive case management programs, medical and psychiatric providers, police, paramedics, EMS6, crisis response, hospital and jails, money management providers, Human Services Agency public benefits division, social security, Meals on Wheels, and the Conservators Office. Whenever possible, these services are delivered on site at no cost to the tenants.

2. Describe how the supportive services will be provided in a manner that is culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. This includes explaining how services will be provided to Homekey tenants who do not speak English, or have other communication barriers, including sensory disabilities, and how communication among the services providers, the property manager and these tenants will be facilitated. Additionally, describe how services will accommodate trauma-based, barriers to services. If available, provide documentation, in the form of Memorandum of Understanding, Memorandum of Agreement, letters of support or contracts demonstrating who will be responsible for ensuring access to services and how accessibility will be accomplished.

The City and County of San Francisco prohibits discrimination in all its housing program, and memorializes the prohibition in all contractual agreements with providers. At a broad, City-wide level, Mayor London Breed established an Office of Racial Equity to oversee City departments' progress to reverse policies that previously created, upheld, or exacerbated racial disparities. Correspondingly, the San Francisco Planning Commission adopted Resolution No.20738 on June 11, 2020, which the Planning Department's work program and resource allocation on racial and social equity. City agencies, led by the Human Right Commission (HRC), are defining racial equity, consistent with the Government Alliance on Race and Equity (GARE), as the point at which race can no longer be used to predict life outcomes, and outcomes for all racial groups are improved. These program directly influence the effectiveness of site level programs in order to maximize equity and inclusion for all peoples served by the City.

Part III. Staffing

Section 1a: Staffing Description

Describe the overall staffing pattern, including the roles and responsibilities for each position listed in the Staffing Chart below. List the target populations served through each position.

The Support Services staff consists of 8 FTE Case Managers and 1 FTE Support Services Staff Supervisor. The client to Case Manager ratio is 20:1 with 6 FTE assigned to the adult population and 2 assigned to the family population. The Case Manager responsibilities include: completing a comprehensive intake and assessment of tenants at the time of move-in; providing referrals as needed; conducting outreach to tenants, coordinating with external resources and providers to support tenants; coordinating with Property Management to ensure housing stability of all tenants using housing first, harm reduction, and trauma informed approaches; and organizing groups and community events for the tenants. The Supervisor directly supervises the Case Managers to provide high level of service to tenants and provides guidance, training and oversight. The Supervisor also submits required reports, provides coverage, as needed, and responds to requests from HSH and stakeholders.

Section 1b: Staffing Chart

List all staff positions that will provide services to the tenants of the Homekey Assisted Units. Include any staff positions of partnering organizations who have committed time to the Project. Include the services coordination staff. For each position, list the position title, minimum requirements, the full-time equivalent (FTE), the organization under which the position resides, and the location of the position (on-site or off-site). Do not include staff which serve non-Homekey Units. If a staff position serves both tenants in Homekey and non-Homekey units, include only that portion (i.e., % FTE) of the staff position dedicated to Homekey Assisted Units. Attach a copy of each positions duty statement, if these documents are available.

NOTE: Indicate which staff position will be responsible for Homeless Management Information System data entry and CoC coordination.

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Title	Minimum requirements	Total FTE:	9	Employing Organization	Location
List each staff position	List min. required staff preparation include (education & experience).	Indicate FTE staff positions for Homekey units (half-time is 0.5)		List which organization will employ each staff position	Select "On-Site" or "Off-Site"
Supportive Services Staff Supervisor	Master's degree in psychology, counseling, social work or related field, and minimum 3 years relevant experience and 3 years supervisory experience; bilingual if possible	1		Lead Service Provider	On-Site
Case Manager	Bachelor's degree in psychology, counseling, social work or related field, and minimum 2 years relevant experience; or 5 years relevant experience in place of degree; some positions are bilingual	8		Lead Service Provider	On-Site

Section 2: Staffing Ratios

1. Indicate the overall services staffing level for the Project by completing the calculation below.

a. Total Homekey Assisted Units	159
b. Total FTE Service Staff from the Staffing Chart for the Homekey Assisted Units - Provide only the number of ongoing direct service staff positions that will provide services to the tenants of the Homekey Assisted Units, (for example, case manager, psychiatric nurse, services coordinator, etc). Do not include supervisors, peer support positions, or HMIS Administration positions.	8
c. Number of Homekey units per FTE Staff Person (a÷b)	19.875

2. Complete case manager staffing ratio chart to show how many staff are assigned per client (for example 2:1, 3:1, etc.). Include all case management.

Population Type:	Chronically Homeless	Homeless	At-Risk of Homelessness
Case Manager Ratio	20:1	20:1	20:1

Part IV. Supportive Services Budget

Provide a line item supportive services budget for the Project using the format below. Complete both income and expense portions of the budget on a yearly basis. Include all costs associated with implementing your SSP, including any in-kind services. Include income and expenses for all staff positions and partnering organizations who have committed time to the Project. Total expenses should equal total income. Add expense item categories & lines as necessary. Don't include costs associated with providing services in non-Homekey Assisted Units. If costs are associated with both Homekey & non-Homekey Assisted Units, include only the Homekey Assisted Units portion.

Income Source/Program Name	Amount	Type	Funding Status	% of Total Budget	
Homekey	\$910,860	Cash	Not Committed	100.00%	
SF HSH		Cash	Committed	0.00%	
				0.00%	
				0.00%	
Total Revenue	\$910,860			100.00%	
Expense Item	Amount	Type	Funding Status	% of Total Budget	
Staff Salaries: List by title of position. (This list must match the Staffing Chart above.)					
Staff Position	FTE: 1.00	\$90,000	Cash	Committed	9.88%
Staff Position	FTE: 8.00	\$600,000	Cash	Committed	65.87%
Staff Position	FTE:				0.00%
Staff Position	FTE:				0.00%
Fringe Benefits				0.00%	
Total Staff Expenses	\$690,000			75.75%	
Tenant Transportation (per SSP)	\$5,000			0.55%	
Staff training (per SSP)				0.00%	
Equipment	\$15,000			1.65%	
Supplies	\$51,360			5.64%	
Travel				0.00%	
Office Rent/Occupancy Costs (don't include rent/leasing costs for SH units)				0.00%	
Training	\$5,000			0.55%	
Consultants: List by Function				0.00%	
Subcontractors/Partners-list by Entity/Service type				0.00%	
Other Expenses: Food Program	\$15,000			1.65%	
Other Expenses: Admin, overhead, reports, etc	\$129,500			14.22%	
Other Expenses: (type in expense description)				0.00%	
Total Expenses	\$910,860			100.00%	

Part V. Property Management Plans and Tenant Selection

Section 1: Property Management Plans and Tenant Selection

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The Property Management Plan and tenant selection policies submitted with the Homekey application will be evaluated for the following consistent with state Housing First requirements. These documents must identify, describe, and utilize Housing First and low-barrier tenant selection processes that prioritize those with the highest needs for available housing. The descriptions of the use of Housing First and tenant selection in this SSP must be consistent with the Property Management Plan and the tenant selection policies. The Property Management Plan and tenant selection policies should address the following and be consistent with state Housing First requirements, as well as and other Homekey program requirements:

1. Applicant eligibility and screening standards
2. Confidentiality
3. Substance abuse policy
4. Communication between property manager and supportive services staff
5. Eviction policies and eviction prevention procedures
6. Process for assisting tenants to apply for different forms of cash and non-cash benefits to aid the household in retaining their housing, if needed
7. How applicants and residents will be assisted in making reasonable accommodation requests, in coordination with the services provider and persuasive to outside entities, such as Housing Authorities, to ensure that persons with disabilities have access to and can maintain housing
8. Policies and practices to facilitate Voluntary Moving On strategies
9. Appeal and Grievance Procedures

Part VI. Measurable Outcomes and Plan for Evaluation

Specific target populations will likely have varying outcomes and evaluation strategies. List outcomes and evaluations plans specific to each target population.

Section 1: Measurable Outcomes

Outcomes are what you expect to happen for the people served by your Project. Outcomes are sometimes called results. Outcome objectives are time-specific measurable goals that identify how you know if you are achieving your desired results. Outcome objectives are sometimes called outcome benchmarks or indicators. Categorize the outcomes for your Project into the following three categories:

Category	Outcomes	Outcome Objectives
Residential Stability: Tenants maintain permanent housing (see examples in cell comments to the right)	1) 100% of households who showed housing instability received Supportive Services 2) At least 85% of tenant lease violations will be resolved without a loss of housing to tenants. 3) 100% of households with planned exits from the program will be engaged to create a comprehensive exit plan and ensure continuity of services 4) 75% of tenants assessed with needs related to medical care, mental health, substance use, benefits and other income assistance will develop a service plan within the first 6 months	1) Tenants receive an Assessment within 60 days of move-in 2) Coordination with Property Management on a weekly basis, and external community providers as needed. 3) Service plans are reviewed every 6 months or as needed, to identify unmet needs and update plan accordingly.
Increased Skills and/or Income: Tenants gain job-related skills, participate in job-related training and/or education, gain stipend part-time or full-time supported employment, gain access to mainstream service/income support Programs for which they are eligible (see examples in cell comments to the right)	100% of households will be assessed for income and/or public benefit opportunities within 60 days of move-in	Provide monthly tenant engagement programming and opportunities, specific to the population being served. This includes providing support groups, developing peer support groups, training and education opportunities,
Greater Self- Determination: Tenants gain daily living skills and ability to plan and advocate for themselves to maximize independence and self-sufficiency (see examples in cell comments to the right)	At least 90% of tenants maintain their housing for a minimum of 12 months, move to other permanent housing, or are provided with more appropriate placements	Services engages in weekly wellness checks and tracks interactions with tenants through the individual assessments and ongoing referrals
Resident Satisfaction	At least 80% of tenants completing an annual survey will be satisfied or very satisfied with supportive services	1) Circulate annual survey and follow up with specific improvements as needed 2) Update policies and procedures, and forms as needed

Section 2: Plan for Evaluation

Describe your evaluation plan, including how you intend to collect, track and analyze data on the effectiveness of your Project, including the outcomes Projected above. Indicate who will analyze the data and perform your Program evaluation. (e.g., staff, consultant, etc.).

Data is reported by Support Service Providers on a monthly, quarterly and annual basis. Information is input into shared databases, CARBON and ONE (Online Navigation and Entry), managed by the City and County of San Francisco. There is least one dedicated HSH staff managing the contract with the Support Services Provider and who reviews the reports on the respective due dates, and provides feedback and follow-up as necessary. Monitoring of the program occurs on an annual basis on-site at the building, at which time the program outcome objectives will be reviewed alongside program documents and client files. A comprehensive report, including findings and feedback, is then issued to the agency providing Support Services. Additionally, HSH will require programs to report how they will address issues of racial equity in services provided, the demographics of their staff at all levels, and internal mechanisms for advancement of staff of color. HSH will monitor and evaluate programs on their responsiveness to racial disparities.

Local Jurisdiction and NEPA Responsible Entity Verification (if applicable)

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Applicant: Submit this form to the agency or department of local government responsible for administration of the items listed. This form may be submitted to more than one agency or department if necessary. If the NEPA Responsible Entity is not a local government (e.g. State of Calif. HOME Program, USDA RD), also submit a copy of this form to the appropriate NEPA Responsible Entity. If an item is not required, indicate the reason in the box below. **Complete both Sections 1 & 2.**

Project Applicant:	City and County of San Francisco
Applicant Address:	440 Turk Street
Applicant City:	San Francisco
Project Name:	Panoramic
Project Address/site:	1321 Mission Street
Project City:	San Francisco
Project County:	San Francisco
Assessor Parcel Numbers (APNs):	Lot 043, Block 3509

Section 1

Local jurisdiction or NEPA Responsible Entity: The Applicant named above has submitted an application to the State Dept. of Housing and Community Development (the Department) requesting funding for the project named above, under the Homekey program. Projects submitted for program funding are subject to a competitive rating process. Project readiness is a component of that process. Verification of items listed below will be used in evaluating Homekey applications.

		Not Required for this Project	Final date of Public Comment Period	Approved Date
All Environmental Clearances (CEQA and NEPA) necessary to begin construction are either final approved or unnecessary:	CEQA	X		
	NEPA	X		

Specify in the box below, items not required and explain why (include documentation, if applicable):

Section 2

Real Estate transaction only and not defined as a project under CEQ Guidelines Section 15378 and 15060(c)(2)

Note: Any project using Homekey funds for any of the purposes listed in the Homekey NOFA is deemed consistent with "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 any other discretionary reviews or approvals." (Health and Safety Code 50675.1.3 (i))

	Not Required for this Project	Verified as Complete and date completed
All necessary land use approvals or entitlements necessary prior to issuance of a building permit, including any required discretionary approvals, such as site plan or design review.	X	

Specify in the box below, items not required and explain why (include documentation, if applicable):

No renovation or change of use

Project Applicant has submitted a complete application to the relevant local authorities for land use approval under a nondiscretionary local approval process, where the application has been neither approved or disapproved. A nondiscretionary local approval process is one that includes little or no subjective judgement by the public official and is limited to ensuring that the proposed development meets a set of objective zoning, design review and/or subdivision standards in effect at the time the application is submitted to the local government. A "nondiscretionary local approval process" includes Streamlined Ministerial Approval Processing under to Chapter 366, Statutes of 2017 (SB 35), By-Right Processing for Permanent Supportive Housing under Chapter 753, Statutes of 2018 (AB 2162), housing element law (Government Code Section 65583.2(i)), or other local process that meets the definition of non-discretionary approval process.

N/A

Projects located within the boundaries of an incorporated city, the city shall make the necessary determinations, and for Projects located in the unincorporated areas of a county, the county shall make the necessary determinations. The appropriate entity shall sign below.

Dated: _____

Statement completed by: _____

Signature: _____

Title: _____

Agency or Department Name: _____

Agency or Department Address: _____

Agency or Department Phone: _____

Sources of Funds										10/2/21	
Funding Committed by Application Due Date?	Source Name	Source Type	Lien No.	Funding Amount	Interest Rate		Repayment Terms		Required Debt Service Amount		
					Type	Rate	Type	Due in (yrs)			
1	Yes	Homekey Program Award from 'Overview' worksheet cell AI23	\$54,468,000	State-HCD	1	\$46,290,000					
2	Yes	City and County of San Francisco - HSH		Local	2	\$40,927,000	Other	0.00%	Deferred	0	\$0
3											
4											
5											
6											
7											
8											
9											
10											
						\$87,217,000				\$0	
File Name:		EFC1, EFC2, EFCI3, etc.	Documentation for the executed funding commitments (see below)					Uploaded to HCD?		Yes	
<p>"Article VII((xii) Enforceable Funding Commitment" means a letter or other document, in form and substance satisfactory to the Department, which evidences an enforceable commitment of funds or a reservation of funds by a Project funding source, and which contains the following: a. The name of the Applicant or Grantee; b. The Project name; c. The Project site address, assessor's parcel number, or legal description; and d. The amount, interest rate (if any), and terms of the funding source. The Enforceable Funding Commitment may be conditioned on certain standard underwriting criteria, such as appraisals, but may not be generally conditional. Examples of unacceptable general conditions include phrases such as "subject to senior management approval," or a statement that omits the word "commitment," but instead indicates the lender's "willingness to process an application" or indicates that financing is subject to loan committee approval of the Project. Contingencies in commitment documents based upon the receipt of tax-exempt bonds or low-income housing tax credits will not disqualify a source from being counted as committed.</p>											
<p>Applicant comments: Include a description of balloon payments and unusual or extraordinary circumstances.</p>											
N/A											

10/2/21	Sources/Uses of Funds											
USES OF FUNDS	Homekey Award	City and County of San Francisco HSH	0	0	0	0	0	0	0	0	0	Total Sources/Costs
Project Development Costs												
LAND COST/ACQUISITION												
Land Cost or Value	\$46,290,000	\$40,210,000										\$86,500,000
Demolition												\$0
Legal												\$0
Land Lease Rent Prepayment												\$0
Total Land Cost or Value	\$46,290,000	\$40,210,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$86,500,000
Existing Improvements Cost or Value												\$0
Off-Site Improvements												\$0
Total Acquisition Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Land Cost / Acquisition Cost	\$46,290,000	\$40,210,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$86,500,000
Predevelopment Interest/Holding Cost												
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)												\$0
Excess Purchase Price Over Appraisal												\$0
REHABILITATION												
Site Work												\$0
Structures												\$0
General Requirements												\$0
Contractor Overhead												\$0
Contractor Profit												\$0
Prevailing Wages												\$0
General Liability Insurance												\$0
Urban Greening												\$0
Other Rehabilitation: (Specify)												\$0
Other Rehabilitation: (Specify)												\$0
Other Rehabilitation: (Specify)												\$0
Total Rehabilitation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Relocation Expenses												\$0
NEW CONSTRUCTION												
Site Work												\$0
Structures												\$0
General Requirements												\$0
Contractor Overhead												\$0
Contractor Profit												\$0
Prevailing Wages												\$0
General Liability Insurance												\$0
Urban Greening												\$0
Other New Construction: (Specify)												\$0
Other New Construction: (Specify)												\$0
Other New Construction: (Specify)												\$0
Other New Construction: (Specify)												\$0
Other New Construction: (Specify)												\$0
Other New Construction: (Specify)												\$0
Total New Construction Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARCHITECTURAL FEES												
Design												\$0
Supervision												\$0
Total Architectural Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Survey & Engineering												\$0
CONSTRUCTION INTEREST & FEES												
Construction Loan Interest												\$0
Origination Fee												\$0
Credit Enhancement/Application Fee												\$0
Bond Premium												\$0
Cost of Issuance												\$0
Title & Recording												\$0
Taxes												\$0
Insurance												\$0
Employment Reporting												\$0
Other Construction Int. & Fees: (Specify)												\$0
Other Construction Int. & Fees: (Specify)												\$0
Other Construction Int. & Fees: (Specify)												\$0
Other Construction Int. & Fees: (Specify)												\$0
Total Construction Interest & Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PERMANENT FINANCING												
Loan Origination Fee												\$0
Credit Enhancement/Application Fee												\$0
Title & Recording		\$100,000										\$100,000
Taxes												\$0
Insurance												\$0
Other Perm. Financing Costs: (Specify)												\$0
Other Perm. Financing Costs: (Specify)												\$0
Other Perm. Financing Costs: (Specify)												\$0
Other Perm. Financing Costs: (Specify)												\$0
Total Permanent Financing Costs	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Subtotals Forward	\$46,290,000	\$40,310,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$86,600,000
LEGAL FEES												
Legal Paid by Applicant												\$0
Other Attorney Costs: (Specify)												\$0
Other Attorney Costs: (Specify)												\$0
Other Attorney Costs: (Specify)												\$0
Total Attorney Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RESERVES												
Operating Reserve												\$0
Replacement Reserve												\$0
Transition Reserve												\$0
Rent Reserve												\$0
Other Reserve Costs: (Specify)												\$0
Other Reserve Costs: (Specify)												\$0

10/2/21	Sources/Uses of Funds											
USES OF FUNDS	Homekey Award	City and County of San Francisco - HSH	0	0	0	0	0	0	0	0	0	Total Sources/Costs
Project Development Costs												
Other Reserve Costs: (Specify)												\$0
Total Reserve Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONTINGENCY COSTS												
Construction Hard Cost Contingency												\$0
Soft Cost Contingency		\$25,000										\$25,000
Total Contingency Costs	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000
OTHER PROJECT COSTS												
TCAC App/Allocation/Monitoring Fees												\$0
Environmental Audit												\$0
Local Development Impact Fees												\$0
Permit Processing Fees												\$0
Capital Fees												\$0
Marketing												\$0
Furnishings		\$342,000										\$342,000
Market Study												\$0
Accounting/Reimbursable												\$0
Appraisal Costs												\$0
Other Costs: Start-Up Costs		\$250,000										\$250,000
Other Costs: (Specify)												\$0
Other Costs: (Specify)												\$0
Other Costs: (Specify)												\$0
Other Costs: (Specify)												\$0
Total Other Costs	\$0	\$592,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$592,000
SUBTOTAL PROJECT COST	\$46,290,000	\$40,927,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$87,217,000
DEVELOPER COSTS												
Developer Overhead/Profit												\$0
Consultant/Processing Agent												\$0
Project Administration												\$0
Broker Fees Paid to a Related Party												\$0
Construction Oversight by Developer												\$0
Other Developer Costs: (Specify)												\$0
Total Developer Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Costs	\$46,290,000	\$40,927,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$87,217,000

10/2/21

Year 1 Annual Income and Expenses

Employee Information				Comments
	Employee Job Title	Salary/Wages	Value of Free Rent	
1.00	On-Site Manager(s)	\$85,000	\$0	
2.00	On-Site Assistant Manager(s)	\$130,000	\$0	
1.00	Supportive Services Staff Supervisor(s)	\$90,000		
	Supportive Services Coordinator, On-Site	\$0		
8.00	Other Supportive Services Staff (inc. Case Manager)	\$600,000		
2.00	On-Site Maintenance Employee(s)	\$150,000	\$0	
	On-Site Leasing Agent/Administrative Employee(s)	\$0	\$0	
1.00	On-Site Security Employee(s)	\$80,000	\$0	
		\$0	\$0	
		\$0	\$0	
Total Salaries and Value of Free Rent Units		\$1,135,000	\$0	
6711	Payroll Taxes	\$60,000	Show free rent as an expense?	
6722	Workers Compensation	\$80,000		
6723	Employee Benefits	\$255,000		Yes
Employee(s) Payroll Taxes, Workers Comp. & Benefits		\$395,000		
Total Employee(s) Expenses		\$1,530,000		

Employee Units			
Income Limit	Job Title(s) of Employee(s) Living On-Site	Unit Type (No. of bdrms.)	Square Footage
None	On-Site Manager(s)	1	625
		0	0
		0	0
Total Square Footage			625

Year 1 Annual Operating Budget

Acct. No.	Revenue - Income	Residential	Commercial	Comments
5120/5140	Rent Revenue - Gross Potential		\$0	
	Restricted Unit Rents	\$163,728		
	Unrestricted Unit Rents	\$0		
5121	Tenant Assistance Payments			
	Subsidy Program #2 Name	\$0		
	Subsidy Program #2 Name	\$0		
	Operating Subsidy: HSH Additional Subsidy	\$487,338		
	Operating Subsidy: (specify)	\$0	\$0	
5910	Laundry and Vending Revenue	\$19,200		
5170	Garage and Parking Spaces	\$0	\$0	
5990	Interim Housing Revenue	\$0	\$0	
Gross Potential Income (GPI)		\$670,266	\$0	

	Vacancy Rate: Restricted Units	5.0%		
	Vacancy Rate: Unrestricted Units	5.0%		
	Vacancy Rate: Tenant Assistance Payments	5.0%		
	Vacancy Rate: Operating Subsidy: (specify)	5.0%		
	Vacancy Rate: Laundry & Vending & Other Income	5.0%		
	Vacancy Rate: Commercial Income		50.0%	
5220/5240	Vacancy Loss(es)	\$9,146	\$0	
Effective Gross Income (EGI)		\$661,120	\$0	

Acct. No.	Expenses	Residential	Commercial	Comments
Administrative Expenses: 6200/6300				
6203	Conventions and Meetings	\$10,500	\$0	
6210	Advertising and Marketing	\$0	\$0	
6250	Other Renting Expenses	\$0	\$0	
6310	Office/Administrative Salaries -- from above	\$0	\$0	
6311	Office Expenses	\$22,500	\$0	
6312	Office or Model Apartment Rent	\$0	\$0	
6320	Management Fee	\$124,020	\$0	
6330	Site/Resident Manager(s) Salaries -- from above	\$215,000	\$0	
6331	Administrative Free Rent Unit -- from above	\$0	\$0	
6340	Legal Expense -- Project	\$35,000	\$0	
6350	Audit Expense	\$20,000	\$0	
6351	Bookkeeping Fees/Accounting Services	\$18,240	\$0	
6390	Miscellaneous Administrative Expenses	\$25,500	\$0	
6263T	Total Administrative Expenses	\$470,760	\$0	

10/2/21		Year 1 Annual Income and Expenses		
Acct. No.	Expenses	Residential	Commercial	Comments
Utilities Expenses: 6400				
6450	Electricity	\$60,000	\$0	
6451	Water	\$110,000	\$0	
6452	Gas	\$23,000	\$0	
6453	Sewer	\$0	\$0	
	Other Utilities: Internet	\$60,000	\$0	
6400T	Total Utilities Expenses	\$253,000	\$0	
Operating and Maintenance Expenses: 6500				
Comments				
6510	Payroll -- from above	\$230,000	\$0	
6515	Supplies	\$27,000	\$0	
6520	Contracts	\$162,000	\$0	
6521	Operating & Maintenance Free Rent Unit -- from above	\$0	\$0	
6525	Garbage and Trash Removal	\$75,000	\$0	
6530	Security Contract	\$200,000	\$0	
6531	Security Free Rent Unit -- from above	\$0	\$0	
6546	Heating/Cooling Repairs and Maintenance	\$60,000	\$0	
6548	Snow Removal	\$0	\$0	
6570	Vehicle & Maintenance Equipment Operation/Reports	\$0	\$0	
6590	Miscellaneous Operating and Maintenance Expenses	\$25,000	\$0	
6500T	Total Operating & Maintenance Expenses	\$779,000	\$0	
Taxes and Insurance: 6700				
Comments				
6710	Real Estate Taxes	\$0	\$0	
6711	Payroll Taxes (Project's Share) -- from above	\$60,000	\$0	
6720	Property and Liability Insurance (Hazard)	\$0	\$0	
6729	Other Insurance (e.g. Earthquake)	\$0	\$0	
6721	Fidelity Bond Insurance	\$0	\$0	
6722	Worker's Compensation -- from above	\$80,000	\$0	
6723	Health Insurance/Other Employee Benefits--from above	\$255,000	\$0	
6790	Miscellaneous Taxes, Licenses, Permits & Insurance	\$500	\$0	
6700T	Total Taxes and Insurance	\$395,500	\$0	
Supportive Services Costs: 6900				
Comments				
6990	Staff Supervisor(s) Salaries - from above	\$90,000	\$0	
6990	Services Coordinator Salaries, On-Site - from above	\$0	\$0	
6990	Other Supportive Services Staff Salaries - from above	\$600,000	\$0	
6990	Supportive Services Admin Overhead	\$120,000	\$0	
6990	Other Supportive Services Costs: Admin, Training, Reports	\$19,500	\$0	
6990	Other Supportive Services Costs: Technology	\$15,000	\$0	
6990	Other Supportive Services Costs: Client Supplies	\$26,360	\$0	
6990	Other Supportive Services Costs: Program Supplies	\$25,000	\$0	
6990	Other Supportive Services Costs: Food Supplies	\$15,000	\$0	
6900T	Total Supportive Services Costs	\$910,860	\$0	
Total Operating Expenses		\$2,809,120	\$0	Comments
Funded Reserves: 7200				
		Residential	Commercial	
7210	Required Replacement Reserve Deposits	\$48,000	\$0	\$300/unit
7220	Other Reserves: (specify)	\$0	\$0	
7230	Other Reserves: (specify)	\$0	\$0	
7240	Other Reserves: (specify)	\$0	\$0	
	Total Reserves	\$48,000	\$0	
Ground Lease				
		Residential	Commercial	
	Ground Lease	\$0	\$0	
	Total Ground Lease	\$0	\$0	
Net Operating Income		(\$2,196,000)	\$0	
Financial Expenses: 6800				
Comments				
6820	1st Mortgage Debt Service	\$0	\$0	
6830	2nd Mortgage Debt Service	\$0	\$0	
6840	3rd Mortgage Debt Service	\$0	\$0	
6890	Misc. Financial Expenses: (specify)	\$0	\$0	
6890	Misc. Financial Expenses: (specify)	\$0	\$0	
6890	Misc. Financial Expenses: (specify)	\$0	\$0	
6890	Misc. Financial Expenses: (specify)	\$0	\$0	
6800T	Total Financial Expenses	\$0	\$0	
Cash Flow		(\$2,196,000)	\$0	
7190	Asset Management/Similar Fees	\$0	\$0	

Cash Flow Analysis

10/2/21

Income from Restricted Units will be based on Proposed Rents?		Proposed Rents														
Income From Housing Units	Inflation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Restricted Unit Rents	2.5%	163,728	167,821	172,017	176,317	180,725	185,243	189,874	194,621	199,487	204,474	209,586	214,825	220,196	225,701	231,343
Unrestricted Unit Rents	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tenant Assistance Payments																
Subsidy Program #2 Name	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subsidy Program #2 Name	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Subsidy: HSH Additional Subsidy		487,338	554,422	623,182	1,299,662	2,961,904	3,035,951	3,111,850	3,189,646	3,269,387	3,351,122	3,434,900	3,520,773	3,608,792	3,699,012	3,791,487
Operating Subsidy: (specify)		0														
Gross Potential Income - Housing		651,066	722,243	795,199	1,475,979	3,142,629	3,221,194	3,301,724	3,384,267	3,468,874	3,555,596	3,644,486	3,735,598	3,828,988	3,924,713	4,022,830
Other Income																
Laundry & Vending	2.5%	19,200	19,680	20,172	20,676	21,193	21,723	22,266	22,823	23,393	23,978	24,578	25,192	25,822	26,467	27,129
Other Income	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Income	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Potential Income - Other		19,200	19,680	20,172	20,676	21,193	21,723	22,266	22,823	23,393	23,978	24,578	25,192	25,822	26,467	27,129
Gross Potential Income - Total		670,266	741,923	815,371	1,496,655	3,163,822	3,242,917	3,323,990	3,407,090	3,492,267	3,579,574	3,669,063	3,760,790	3,854,810	3,951,180	4,049,959
Vacancy Assumptions																
Restricted Units	5.0%	8,186	8,391	8,601	8,816	9,036	9,262	9,494	9,731	9,974	10,224	10,479	10,741	11,010	11,285	11,567
Unrestricted Units	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tenant Assistance Payments	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Subsidy: (specify)	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laundry/Vending/Other Income	5.0%	960	984	1,009	1,034	1,060	1,086	1,113	1,141	1,170	1,199	1,229	1,260	1,291	1,323	1,356
Commercial Income	50.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Vacancy Loss		9,146	9,375	9,609	9,850	10,096	10,348	10,607	10,872	11,144	11,423	11,708	12,001	12,301	12,608	12,924
Effective Gross Income		661,120	732,548	805,761	1,486,806	3,153,726	3,232,569	3,313,383	3,396,218	3,481,123	3,568,151	3,657,355	3,748,790	3,842,509	3,938,572	4,037,036
Operating Expenses & Reserve Deposits																
Residential Exp. (w/o Real Estate																
Taxes & Sup. Services)	2.5%	1,502,760	1,540,329	1,578,837	1,618,308	1,658,766	1,700,235	1,742,741	1,786,309	1,830,967	1,876,741	1,923,660	1,971,751	2,021,045	2,071,571	2,123,361
Real Estate Taxes	2.5%	395,500	405,388	415,522	425,910	436,558	447,472	458,659	470,125	481,878	493,925	506,273	518,930	531,904	545,201	558,831
Supportive Services Costs	2.5%	910,860	933,632	956,972	980,897	1,005,419	1,030,554	1,056,318	1,082,726	1,109,794	1,137,539	1,165,978	1,195,127	1,225,005	1,255,631	1,287,021
Replacement Reserve	2.5%	48,000	49,200	50,430	51,691	52,983	54,308	55,665	57,057	58,483	59,945	61,444	62,980	64,555	66,169	67,823
Other Reserves	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Expenses	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses & Reserves		2,857,120	2,928,548	3,001,762	3,076,806	3,153,726	3,232,569	3,313,383	3,396,218	3,481,123	3,568,151	3,657,355	3,748,789	3,842,509	3,938,571	4,037,036
Net Operating Income		(2,196,000)	(2,196,000)	(2,196,000)	(1,590,000)	0	(0)	0	(0)	(0)	0	(0)	0	0	0	0
Debt Service																
1st Mortgage		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bridge Loan (repaid from Investor equity)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2nd Mortgage		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3rd Mortgage Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc. Financial Expenses: (specify)	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc. Financial Expenses: (specify)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc. Financial Expenses: (specify)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc. Financial Expenses: (specify)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Required Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow after all debt service		(2,196,000)	(2,196,000)	(2,196,000)	(1,590,000)	0	(0)	0	(0)	(0)	0	(0)	0	0	0	0
Debt Service Coverage Ratio (DSCR)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Use of Cash Flow After Debt Service - HCD Projects																
Asset Mgmt./ Similar Fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Max Asset Mgmt/Similar Fees	3.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Target NOI to get to 1.1 DSCR		0														
Subsidy needed to get to 1.1 DSCR		(2,196,000)														
Homekey Operating Subsidy amount		6,588,000														
Net Operating Income (NOI)		(2,196,000)	(2,196,000)	(2,196,000)	(1,590,000)	0	(0)	0	(0)	(0)	0	(0)	0	0	0	0
Cash Flow after all debt service		(2,196,000)	(2,196,000)	(2,196,000)	(1,590,000)	0	(0)	0	(0)	(0)	0	(0)	0	0	0	0
Homekey Subsidy Draw*		2,196,000	2,196,000	2,196,000	1,590,000	0	0	0	0	0	0	0	0	0	0	0
Cash Flow after Homekey subsidy		(0)	0	(0)	0	0	(0)	0	(0)	(0)	0	(0)	0	0	0	0
Net Operating Income after HK subsidy		(0)	0	(0)	0	0	(0)	0	(0)	(0)	0	(0)	0	0	0	0
DSCR with Homekey subsidy		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
*HK Subsidy balance after draws		4,392,000	2,196,000	0	(1,590,000)	(1,590,000)										

§304 Application Scoring Criteria (207 Points Max)										10/2/21		
Applications meeting the minimum program requirements outlined in Article III will require a minimum score of 120 points to be eligible for funding. Scores will be based on the following criteria:								Total Self Score not including Racial Equity and Community Engagement §304(3)		154.00		
1. Ability to expend funds timely and demonstration of operating leverage - max 40 points										39.00		
a. Identification of the site suitable for development and evidence of site control, or a plan and timeline for obtaining site control along with other supporting evidence - 20 max points based on average score of all sites										20.00		
Type of Site Control												
e. A sales contract, or other enforceable agreement for the acquisition of the property										20		
b. Commitment of non-Homekey rental or operating subsidies used to maintain the ongoing affordability of the Project - max 20 points, 1 point for each 5% increment of Assisted Units with committed funding. Project or Grantee based commitments for operating assistance, or rental subsidies.										19.00		
Assisted Units with committed funding	159	Total Units	160	% increment of Assisted Units with committed funding	99.4%	Increments of 5%	19					
Rental Subsidy: 'Award,	Subsidy Program #2 Name	Funds Committed	N/A	Assisted Units receiving Rental Subsidy						0		
Rental Subsidy 'Award,	Subsidy Program #2 Name	Funds Committed	N/A	Assisted Units receiving Rental Subsidy						0		
Operating Subsidy	Operating Subsidy: HSH Additional Subsidy	Funds Committed	Yes	Assisted Units receiving Operating Subsidy						159		
Operating Subsidy	Operating Subsidy: (specify)	Funds Committed	N/A	Assisted Units receiving Operating Subsidy						0		
File Name	Subsidy Program #2 Name	Provide commitment of this non-Homekey rental subsidy that will be used to maintain the ongoing affordability of the Project.			Uploaded to HCD?						N/A	
File Name	Subsidy Program #2 Name	Provide commitment of this non-Homekey rental subsidy that will be used to maintain the ongoing affordability of the Project.			Uploaded to HCD?						N/A	
File Name	Operating Subsidy: HSH Additional Subsidy	Provide commitment of this non-Homekey operating subsidy that will be used to maintain the ongoing affordability of the Project.			Uploaded to HCD?						Yes	
File Name	Operating Subsidy: (specify)	Provide commitment of this non-Homekey operating subsidy that will be used to maintain the ongoing affordability of the Project.			Uploaded to HCD?						N/A	
2. Experience - max 55 points										45.00		
a. Development, ownership, or operation experience - max 25 points										15.00		
a1. Does Applicant have the following experience: Development, ownership, or operation of one project similar in scope and size to the proposed project (describe below) - 10 points										Yes	10.00	
Project name and address		Who provides the experience	Experience type	Housing type	Population served		Latest date developed, owned, or operated					
Granada Hotel, 1000 Sutter Street, San Francisco (Homekey Round 1)		City and County of San Francisco	Developed	Affordable Rental	Homeless		11/13/20					
a2. If a1 above is Yes, 10 points already earned. Does Applicant have the following experience? Development, ownership, or operation of at least two affordable rental housing or interim projects in the last ten years, with at least one of those projects containing at least one unit housing a tenant who qualifies as a member of the Target Population (provide details below)? - 10 points										No	0.00	
Project name and address		Who provides the experience	Experience type	Housing type	Qualifying unit population served		Latest date developed, owned, or operated					
a3. 5 additional points awarded for each additional project (development, ownership, or operation of affordable rental housing or interim projects in the last ten years serving at least one member of the Target Population) - max 15 points										5.00		
Diva Hotel, 440 Geary Street, San Francisco (Homekey Round 1)		City and County of San Francisco	Developed	Affordable Rental	Homeless		12/2/20					
b. Experience helping persons address barriers to housing stability and providing other support services; 1 point awarded for each year of service experience - max 15 points										Years	33.0	15.00
Project Name and address		Who provides the experience	Experience Provider	Housing type	Population Served		# of months serving					
City and County of San Francisco, HSH and DPH, variety projects across the City of San Francisco		City and County of San Francisco	Applicant	Affordable Rental	Homeless		396					

§304 Application Scoring Criteria (207 Points Max)

10/2/21

5. Negative Points - max minus 20 points

a. For any Project resulting in the permanent displacement of residents (not businesses or farm operations), as outlined below:

The Project permanently displaces existing residents:	Total existing units	160	Total household units that will be displaced	0	Percentage of household units that will be displaced	0.00%	0.00
---	----------------------	-----	--	---	--	-------	-------------

Note: In the event of program oversubscription, where Applicants have the same score and the same date and time stamp, HCD may consider additional criteria as a tiebreaker, including but not limited to the cost-effectiveness, community impact, affirmatively furthering fair housing, innovative housing types, tenant stability and proximity to transit, services and amenities.

Application Development Team (ADT) Support Form

10/2/21

Complete the "yellow" cells in the form below for application related issues and email a copy to: appsupport@hcd.ca.gov

Name:							Contact Phone:	
Issue #	Program Name &	Tab	Cell #	Update/Comment	Urgency	ADT Status	Status Date	
1	Homekey							
2	Homekey							
3	Homekey							
4	Homekey							
5	Homekey							
6	Homekey							
7	Homekey							
8	Homekey							
9	Homekey							
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23	Homekey							
24	Homekey							
25	Homekey							
26	Homekey							
27	Homekey							
28	Homekey							
29	Homekey							
30	Homekey							

Homekey Application Upload Document Checklist				10/2/21
Document upload requirements and compliance information in column AK is auto-populated from document submittal replies in the worksheets noted below. Failure to submit a complete application including the required documentation may result in the need for you to amend and resubmit your application resulting in your application's HCD review to be repositioned to the date of resubmittal.				
Overview worksheet				
File Name	App1 Cert & Legal	See Certifications & Legal worksheet.	Uploaded to HCD?	Yes
File Name	App1 Resolution	Signature required; see Applicant Documents worksheet.	Uploaded to HCD?	Yes
File Name	App1 TIN Form	See Applicant Documents worksheet.	Uploaded to HCD?	Yes
File Name	Co-App1 Cert & Legal	See Certifications & Legal worksheet.	Uploaded to HCD?	
File Name	Co-App1 Resolution	Signature required; see Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App1 OrgDoc1, OrgDoc1, etc...	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App1 OrgChart	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App1 Signature Block	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App1 Payee Data Record	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App1 TIN Form	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App1 Cert of Good Standing	Dated 30 days or less from the Application due date.	Uploaded to HCD?	
File Name	Co-App1 Tax-Exempt Status	Evidence of tax-exempt status from IRS and Franchise Tax Board, if applicable	Uploaded to HCD?	
File Name	Co-App2 Cert & Legal	See Certifications & Legal worksheet.	Uploaded to HCD?	
File Name	Co-App2 Resolution	Signature required; see Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 OrgDoc2, OrgDoc2, etc...	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 OrgChart	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 Signature Block	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 Payee Data Record	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 TIN Form	See Applicant Documents worksheet.	Uploaded to HCD?	
File Name	Co-App2 Cert of Good Standing	Dated 30 days or less from the Application due date.	Uploaded to HCD?	
File Name	Co-App2 Tax-Exempt Status	Evidence of tax-exempt status from IRS and Franchise Tax Board for Non-profit Corp.	Uploaded to HCD?	
File Name:	Rehab Description	Narrative description of current condition of structure(s) and overall scope of work.	Uploaded to HCD?	Yes
File Name:	PNA	Physical Needs Assessment prepared by a qualified independent third party contractor.	Uploaded to HCD?	Yes
File Name:	Market Study	Provide a recent market study within the past year which conforms to Tax Credit Allocation Committee (TCAC) guidelines, and/or a rent roll, and/or other supporting documentation per §205 of the NOFA.	Uploaded to HCD?	N/A
File Name:	Market Study	Provide a recent market study within the past year which conforms to TCAC guidelines, and/or a rent roll, and/or other supporting documentation per §205 of the NOFA.	Uploaded to HCD?	N/A
File Name:	Non-Perm Structure	Detailed narrative of how the use will meet all Homekey Program requirements, including the requirements for use and affordability restrictions set forth at §208 of the NOFA	Uploaded to HCD?	N/A
Threshold worksheet				
File Name	Env. Report 1	Phase I (prepared or updated no earlier than 12 months prior to the application due date).	Uploaded to HCD?	Yes
File Name	Env. Report 2	Phase II (prepared or updated no earlier than 12 months prior to the application due date).	Uploaded to HCD?	N/A
File Name	CEQA	Copy of CEQA Determination Documents	Uploaded to HCD?	Yes
File Name	NEPA	Copy of Authority of Use Grant Funds (NHTF Verification from Responsible Entity)	Uploaded to HCD?	N/A
File Name	Local Approvals	'Local & Env Verification' worksheet(s) completed and signed by local authority or Responsible Entity, if different from jurisdiction.	Uploaded to HCD?	N/A
File Name	Racial Demographics	Racial Demographic Data Worksheet, which reports CoC outcomes by race and ethnicity. The worksheet on the Homekey webpage	Uploaded to HCD?	Yes
File Name:	Use Change	Provide a commitment and plan to facilitate or expedite the use change processes	Uploaded to HCD?	N/A
File Name:	Site Control1, Site Control2, etc	Provide documentation of the type of site control for each site above	Uploaded to HCD?	Yes
File Name:	Prelim1, Prelim2, etc	Provide current preliminary title report for each site above	Uploaded to HCD?	Yes
File Name:	Liability Insurance	Proof of General Liability Insurance that meets the requirements in §800(i)	Uploaded to HCD?	Yes
File Name:	Automobile Insurance	Proof of Automobile Liability Insurance that meets the requirements in §800(ii)	Uploaded to HCD?	Yes
File Name:	Property-Hazard Insurance	Proof of Property Insurance that meets the requirements in §800(v)	Uploaded to HCD?	Yes
File Name:	Development Plan	Provide a development plan	Uploaded to HCD?	Yes
File Name:	Relocation Narrative	Relocation Assistance Narrative for relocation or no relocation	Uploaded to HCD?	Yes
File Name:	Housing First Perm	Provide experience administering a Housing First program of harm reduction and low barriers to entry	Uploaded to HCD?	Yes
File Name:	One-for-one Replacement	iii(a) and (b) If the acquired housing or site will be redeveloped/repositioned per the locality's overall goal to address the needs of the Target Population and the community (unless the target site is going to be demolished before any occupancy by the Target Population), provide a letter of commitment to ensure one-for-one replacement of units.	Uploaded to HCD?	N/A
File Name:	Housing Site Map	Map indicating the original target housing location and all proposed housing location(s).	Uploaded to HCD?	Yes
File Name:	Outside Neighborhood	If replacement housing is proposed outside the target neighborhood, include a justification explaining why it is necessary to locate this replacement housing outside the target neighborhood (i.e., offsite) and how doing so supports and enables the Target Population to maintain housing.	Uploaded to HCD?	N/A
File Name:	Interim Hsg Exp	Provide experience in linking Interim Housing program participants to Permanent Housing to ensure long-term housing stability	Uploaded to HCD?	
File Name:	Housing First Interim	Provide experience administering a Housing First program that includes principles of harm reduction and low barriers to entry	Uploaded to HCD?	
File Name:	Relocation Plan	Relocation Assistance Narrative for relocation or no relocation	Uploaded to HCD?	Yes
File Name:	Access & Non-Discrimination	Provide a non-discrimination policy	Uploaded to HCD?	Yes
File Name:	Prevailing Wage	Provide a prevailing wage certification	Uploaded to HCD?	Yes
Certification & Legal worksheet				
File Name:	Cert & Legal Explanation	Letter of explanation for any "Yes" answers or red shaded items above.	Uploaded to HCD?	Yes
Award, Match, and Revenue worksheet				
File Name:	Utility Allowance	1Local housing authority document showing current utility allowance chart, with relevant components circled.	Uploaded to HCD?	Yes
File Name:	Appraisal	If land costs will be included in the Development Budget, attach an appraisal dated within 60 days of the application submittal date.	Uploaded to HCD?	Yes
File Name:	Op Subsidy Confirmation	A letter template and a list of potential Homekey complementary funding can be found on the Homekey webpage.	Uploaded to HCD?	Yes
Dev Sources worksheet				
File Name:	EFC1, EFC2, EFC3, etc.	Documentation for the executed funding commitments (see below)	Uploaded to HCD?	Yes
Application Scoring Criteria worksheet				
File Name	Subsidy Program #2 Name	Provide commitment of this non-Homekey rental subsidy that will be used to maintain the ongoing affordability of the Project.	Uploaded to HCD?	N/A
File Name	Subsidy Program #2 Name	Provide commitment of this non-Homekey rental subsidy that will be used to maintain the ongoing affordability of the Project.	Uploaded to HCD?	N/A
File Name	Operating Subsidy: HSH Additional Subsidy	Provide commitment of this non-Homekey operating subsidy that will be used to maintain the ongoing affordability of the Project.	Uploaded to HCD?	Yes
File Name	Operating Subsidy: (specify)	Provide commitment of this non-Homekey operating subsidy that will be used to maintain the ongoing affordability of the Project.	Uploaded to HCD?	N/A
File Name:	Commitment letter(s) or MOU(s)	Provide commitment letter(s) or MOU(s) documentation	Uploaded to HCD?	Yes
File Name:	Racial Disparities Analysis	Provide the Continuum of Care Outcomes by Race and Ethnicity	Uploaded to HCD?	Yes
File Name:	Community Engagement	Provide a detailed narrative of how the Applicant has engaged or will engage with the target community, including people currently experiencing homelessness and people with lived experience of homelessness, to inform the design of the project. Provide documentation of this engagement, including meeting notes, community planning documents, MOU of partnership with community organizations, etc.	Uploaded to HCD?	Yes
File Name:	Amenities Site Map	Map indicating the proposed housing location(s) and scoring related amenities below.	Uploaded to HCD?	Yes

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P.O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771
www.hcd.ca.gov



September 9, 2021

MEMORANDUM FOR: All Potential Applicants

FROM: Jennifer Seeger, Deputy Director
Division of State Financial Assistance

SUBJECT: **Homekey Program**
Notice of Funding Availability, Round 2

A handwritten signature in blue ink that reads "Jennifer Seeger".

The California Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$1.45 billion of Homekey Program (Homekey) grant funding through this Round 2 Notice of Funding Availability (NOFA). Building on the success of both [Project Roomkey](#) and the first round of Homekey, this significant investment continues a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or At Risk of Homelessness, and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic.

Of the \$1.45 billion in Homekey funding, \$1.2 billion is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF) established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2) and \$250 million is State General Fund. The \$250 million in State General Fund money is intended to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites to promote project feasibility. Five percent of the \$1.45 billion in Homekey funds is for Department administrative costs. Projects receiving an award from the state's direct allocation of the federal ARPA must expend the funds within eight months of the date of award. The portion of a project's award associated with State General Fund must be expended by June 30, 2026.

Due to the potential for program oversubscription, eligible applicants are encouraged to submit their completed application as soon as possible. The Department will be accepting the applications on a continuous, Over-the-Counter basis from the release of the Homekey application in late September until May 2, 2022, or until the available funds are exhausted, whichever occurs first. Applicants must submit a complete application available at <https://homekey.hcd.ca.gov/content/apply>.

On September 30, 2021, the Department will hold a webinar to review the Homekey NOFA and application process. To register, please go to the Department's [Homekey webpage](#). To receive information on the workshop and other updates, please subscribe to the Department's Homelessness Prevention Programs listserv at http://www.hcd.ca.gov/HCD_SSI/subscribe-form.html.

If you have any questions, please submit them to Homekey@hcd.ca.gov.

Homekey Program

Notice of Funding Availability, Round 2



**Gavin Newsom, Governor
State of California**

**Lourdes M. Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
California Department of Housing and Community Development**

2020 West El Camino Avenue, Sacramento, CA 95833 Telephone: (916) 263-2771
Website: <https://homekey.hcd.ca.gov/>

Homekey Program Email: Homekey@hcd.ca.gov

September 9, 2021

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HOMEKEY PROGRAM

NOTICE OF FUNDING AVAILABILITY

Article I – Program Overview

Section 100. Notice of Funding Availability (NOFA)

The California Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$1.45 billion in Homekey funding to sustain and rapidly expand the inventory of housing for people experiencing homelessness or At Risk of Homelessness and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. Before the COVID-19 pandemic, homelessness data showed Black, Indigenous, and People of Color (BIPOC) were overrepresented in the homelessness system. The pandemic made racial disparities more apparent, and communities are dealing with the additional disproportionate impact of illness and death among people experiencing homelessness. Homekey recognizes these impacts and encourages Eligible Applicants to examine disproportionate impacts in their own communities and to develop strategies to address these impacts.

Homekey is an opportunity for state, regional, and local public entities to develop a broad range of housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing, and to convert commercial properties and other existing buildings to Permanent or Interim Housing for the Target Population.

Of the \$1.45 billion in Homekey grant funds, \$1.2 billion is derived from the state's direct allocation of the federal Coronavirus State Fiscal Recovery Fund (CSFRF), which was established by the American Rescue Plan Act of 2021 (ARPA) (Pub.L. No. 117-2). In addition, \$250 million is derived from the state's General Fund to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites.

Section 101. Authorizing Legislation and Applicable Law

Assembly Bill No. 140 (2021-2022 Reg. Sess.) provided the statutory basis for Round 2 of the Homekey Program by adding section 50675.1.3 to the Health and Safety Code (HSC), and it exempted certain Round 2 Homekey Projects from the California Environmental Quality Act (CEQA) by adding section 50675.1.4 to the HSC. The statutory scheme includes new construction of dwelling units as an eligible use and establishes a set-aside of funds for projects serving Homeless Youth and Youth at Risk of Homelessness.

HSC section 50675.1.3, subdivision (e) states, “The Department of Housing and Community Development may adopt guidelines for the expenditure of the funds appropriated to the department, and for the administration of the program. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.”

This NOFA serves as the Department’s guidelines for the expenditure of Homekey funds and the administration of the Homekey Program. As such, this NOFA establishes the terms, conditions, forms, procedures, and other mechanisms that the Department deems

necessary to exercise its powers and to perform its duties pursuant to the Homekey Program. The matters set forth herein are regulatory mandates and are adopted as regulations that have the dignity of statutes. (*Ramirez v. Yosemite Water Company, Inc.* (1999) 20 Cal. 4th 785, 799 [85 Cal.Rptr.2d 844].)

The Multifamily Housing Program (MHP) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the HSC), and as subsequently amended, is hereby incorporated by reference. In accordance with HSC section 50675.1.3, subdivision (d), in the event of a conflict between this NOFA and the MHP, the provisions of this NOFA are controlling.

The MHP Final Guidelines (MHP Guidelines), effective June 19, 2019, and as subsequently amended, are hereby incorporated by reference. In the event of a conflict between any of this NOFA and the MHP Guidelines, the provisions of this NOFA are controlling.

The Department will only amend this NOFA as necessary and in accordance with the Department's guideline authority pursuant to HSC section 50675.1.3, subdivision (e).

All other criteria and matters set forth within the NOFA shall also govern the Tribal Entity set-aside that is further described below, unless and except to the extent expressly provided to the contrary by terms set forth within this NOFA and subject to any potential modification or waiver under or pursuant to Assembly Bill No. 1010 (Stats.2019, c. 660), which is set forth in HSC section 50406, subdivision (p).

Section 102. Program Timeline

Homekey funds will be available to Eligible Applicants on a continuous, Over-the-Counter (OTC) basis, rather than on a competitive basis. The following table summarizes the anticipated Homekey Program timeline.

Table 1: Anticipated Timeline for Homekey Applications

NOFA release	September 9, 2021
Application release	Late September 2021
Stakeholder Webinar	September 30, 2021
Final day to submit an application within geographic set-asides and within period for timely submission of application bonus award	January 31, 2022
Application period for statewide pool opens	February 1, 2022
Final application due date	May 2, 2022, or until funds are exhausted, whichever occurs first
Award announcements	Continuous, with individual awards generally announced within 45 days of the Department's receipt of a complete and accurate application and all required supplemental documentation
Standard Agreements issued	Continuous, after the Department's receipt of required information and documentation
Grantee Expenditure and Program Report, annually for five years subsequent to contract execution	Annually by January 31

The Department reserves the right to modify the projected timeline at any time.

Article II – Program Requirements

Section 200. Eligible Applicants

- i. Cities, counties, cities and counties, and all other state, regional, and Local Public Entities, including councils of government, metropolitan planning organizations, and regional transportation planning agencies designated in Section 29532.1 of the Government Code; or
- ii. Tribal Entities.

For purposes of this NOFA, a “Local Public Entity” is defined in accordance with HSC section 50079. Such definition includes the duly constituted governing body of an Indian reservation or rancheria; a tribally designated housing entity, as specified; and a housing authority, as specified.

Each of the foregoing entities may apply independently, or each entity may apply jointly with a nonprofit or for-profit corporation as a Co-Applicant.

Section 201. Eligible Uses

Awarded funds must be used to provide housing for the Target Population of individuals and families experiencing Homelessness or who are At Risk of Homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. With respect to the list of eligible uses below, an Eligible Applicant may choose to target Project Roomkey properties, or other, non-Project Roomkey properties. The list of eligible uses is as follows:

- i. Acquisition or Rehabilitation, or acquisition and Rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.
- ii. Master leasing of properties for non-congregate housing.
- iii. Conversion of units from nonresidential to residential.
- iv. New construction of dwelling units.
- v. The purchase of affordability covenants and restrictions for units.
- vi. Relocation costs for individuals who are being displaced as a result of the Homekey Project.
- vii. Capitalized operating subsidies for units purchased, converted, constructed, or altered with funds provided pursuant to HSC section 50675.1.3.

Section 202. Eligible Projects

The Department welcomes and will consider a variety of innovative housing solutions as eligible projects. The following list of eligible projects is not exhaustive.

- i. Conversion of nonresidential structures to residential dwelling units.
- ii. Conversion of commercially zoned structures, such as office or retail spaces, to residential dwelling units.
- iii. Adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses.
- iv. Multifamily rental housing projects.
- v. Excess state-owned properties.
- vi. Shared housing or scattered site housing is permitted as long as the resulting housing has common ownership, financing, and property management, and each household signs a lease.
- vii. The Department may, in its sole and absolute discretion, provide express written approval of structures lacking a permanent foundation, such as manufactured homes,

recreational vehicles, and floating homes, for temporary use only. The Department encourages applicants to explore financing alternatives to Homekey for such structures. Applicants that wish to access Homekey funds for these special uses shall submit, in their application, a detailed explanation of how the use will meet all Homekey Program requirements, including the requirements for use and affordability restrictions set forth at Section 208 of this NOFA.

Applicants seeking the Department's approval of structures lacking a permanent foundation are encouraged to discuss their options at the required pre-application consultation.

- viii. **Existing Homekey Assisted Units, previously awarded under the first round of Homekey funding, are ineligible for funding under this NOFA.**

Section 203. Geographic Distribution and Set-Asides

COVID-19 impacts people who are experiencing or who are at risk of Homelessness throughout California. As such, the Department would like to ensure jurisdictions throughout the state have an equitable opportunity to apply for Homekey funds to protect the health and safety of their most vulnerable residents.

To this end, the Department has divided the state into eight regions, as outlined in Table 2, below. The regions are largely aligned with the various Councils of Government (COGs). As detailed in Table 3 below, each region has funding reserved. Each region's share of the Homekey allocation is calculated based on its proportionate share of persons experiencing homelessness as indicated by both the sheltered and unsheltered 2019 Homeless Point-in-Time (PIT) counts, plus its proportionate share of extremely low-income (ELI) renter households that are paying more than 50 percent of their income for rent.

The Department has established a four-month priority application period from the release date of the Homekey application in late September through January 31, 2022. During this prioritization period, the Department will group applications into one of the eight geographic regions, unless the application is prioritized for the Homeless Youth or Tribal Entity set-asides.

After January 31, 2022, the Department will stop grouping applications by geographic region, and instead deploy unused funds from any undersubscribed geographic region(s) to fund subsequent applications statewide. The set-aside funding for Homeless Youth and Tribal Entities will remain unchanged. The Department will also redeploy undersubscribed and unused funds beginning May 2, 2022, as specified at Section 400 of this NOFA.

To further encourage the timely submission of Homekey applications, the Department will also award a bonus to applications submitted by January 31, 2022, as further detailed in Section 207.

Table 2: Counties by Geographic Distribution through January 31, 2022

Counties by Geographic Distribution			
Los Angeles County	San Joaquin Valley	Central Coast	Balance of State (Cont.)
Bay Area	Fresno	Monterey	Lassen
Alameda	Kern	San Benito	Mariposa
Contra Costa	Kings	San Luis Obispo	Mendocino
Marin	Madera	Santa Barbara	Modoc
Napa	Merced	Santa Cruz	Mono
San Francisco	San Joaquin	Balance of State	Nevada
San Mateo	Stanislaus	Alpine	Plumas
Santa Clara	Tulare	Amador	Shasta
Solano	San Diego County	Butte	Sierra
Sonoma	Sacramento Area	Calaveras	Siskiyou
Southern California	El Dorado	Colusa	Tehama
Imperial	Placer	Del Norte	Trinity
Orange	Sacramento	Glenn	Tuolumne
Riverside	Sutter	Humboldt	
San Bernardino	Yolo	Inyo	
Ventura	Yuba	Lake	

Table 3: Estimated Homekey Geographic Allocations

Region	PIT Count	Severely Rent-Burdened ELI	CSFRF Allocation	GF Allocation
Los Angeles County	58,936	395,380	\$296,715,462	\$61,966,491
Bay Area	35,028	196,270	\$165,312,376	\$34,524,079
Southern CA	15,360	188,835	\$101,785,576	\$21,257,049
San Joaquin Valley	10,064	100,400	\$60,041,459	\$12,539,146
San Diego County	8,102	88,470	\$50,514,984	\$10,549,623
Sacramento Area	8,167	68,640	\$45,065,261	\$9,411,495
Central Coast	8,157	35,795	\$35,671,365	\$7,449,660
Balance of State	7,464	30,834	\$32,093,517	\$6,702,457

Set-Asides

The \$1.45 billion in Homekey funds will be allocated as follows:

Table 4: Homekey Funding Categories

Category	CSFRF Allocation	GF Allocation
Total Homekey Allocation	\$1,200,000,000	\$250,000,000
Total Geographic Allocation	\$787,200,000	\$164,400,000
Discretionary Reserve at 20%	\$196,800,000	\$41,100,000
State Administrative at 5%	\$60,000,000	\$12,000,000
Tribal Set-Aside at 5%	\$60,000,000	\$12,500,000
Homeless Youth Set-Aside at 8%	\$96,000,000	\$20,000,000

The Department will reserve 20 percent of the Homekey money to address unforeseen circumstances and to ensure that funding is effectively aligned with need. (For instance, the Department may use this reserve money to fund high-scoring projects in oversubscribed regions.)

Of the total amount provided under this NOFA, set-asides shall be reserved for Homeless Youth and Tribal Entity Projects meeting the criteria set forth below, and in the amounts set forth in Table 4 above. Unless otherwise indicated, all scoring criteria and other NOFA provisions shall govern the set-aside awards provided under this NOFA.

1. Homeless Youth: Pursuant to HSC section 50675.1.3, subdivision (c), the Department will set aside eight percent (8%) of Homekey funding for Projects serving Homeless Youth, or Youth at Risk of Homelessness, as defined in 24 Code of Federal Regulations (CFR) part 578.3. Projects within this set-aside may expand the Target Population to include current and former foster youth through the age of 25.

This set-aside is not subject to geographic allocation, but the Department will aim to promote geographic equity. Homekey Projects are not required to serve Homeless Youth, or Youth at Risk of Homelessness. Homekey Projects proposing to serve Homeless Youth, or Youth at Risk of Homelessness, may also serve other qualifying members of the Target Population.

Projects that meet the threshold requirements of Sections 300-303, as well as the following criteria, will be prioritized for Homeless Youth set-aside funds:

- Have at least 25 percent (25%) of Assisted Units reserved for Homeless Youth or Youth at Risk of Homelessness; (See Section 304, 4a for points awarded)
- Have jointly applied and/or partnered with a nonprofit corporation(s), including community-based organization(s), with experience serving Homeless Youth, or Youth at Risk of Homelessness; and (see Section 304, 2a-c for points awarded)
- Have reasonable proximity to youth-centered amenities, including, but not limited to, community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and community centers for youth (e.g., LGBTQ+ centers, drop-in youth centers). (See Section 304, 4g for points awarded)

The Department will also prioritize Projects that provide supportive services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care. Services may include, but are not limited to, case management, income supports, educational and employment counseling, life skills, legal assistance, health and wellness, and family connection services.

2. Tribal Entities: The Department will set aside five percent (5%) of the Homekey funding for Eligible Applicants that meet the definition of a Tribal Entity, as set forth and provided in this NOFA. This set-aside is not subject to geographic allocation, but the Department will aim to promote geographic equity.

The Department will endeavor to provide comprehensive technical assistance to Tribal Entities, and Tribal Entities are highly encouraged to utilize available technical assistance throughout the application process and during implementation of the Project.

The requirements set forth in this NOFA are subject to AB 1010 (Stats.2019, c. 660), which is set forth in HSC section 50406, subdivision (p). Accordingly, and pursuant to HSC section 50406, subdivision (p), **(a)** where the provisions of tribal law, tribal governance, tribal charter, or difference in tribal entity or legal structure would cause a violation or not satisfy the requirements of this NOFA, said requirements may be modified as necessary to ensure program compatibility; and **(b)** where provisions of tribal law, tribal governance, tribal charter, or difference in tribal entity legal structure or agency create minor inconsistencies (as determined by the Director of the Department or a duly authorized designee thereof) with the requirements set forth in this NOFA, the Department may waive said requirements, as deemed necessary, to avoid an unnecessary administrative burden. Matters set forth or otherwise provided for in this NOFA that may be modified or waived include, without limitation, threshold scoring requirements and any other matters set forth in HSC section 50406, subdivision (p)(2). Tribal Applicants are accordingly encouraged to discuss any such potential modifications or waivers and their options in that regard at the required pre-application consultation.

Section 204. Program Deadlines

Capital funds must be expended within eight months of the date of award. For Projects that involve acquisition and are receiving capital awards, Grantees must expend the funds by the expenditure deadline and the project escrow must be closed by the expenditure deadline. To meet this requirement, the Department will provide ongoing support to assist Grantees and has developed an accelerated award and disbursement process.

Additionally, Grantees shall complete all applicable construction and/or Rehabilitation within 12 months of the date of award. All Projects shall achieve a full occupancy (fully occupied with consideration for an average of 10% vacancy rate at any given time) within 90 days of construction and/or Rehabilitation completion. The Grantee may ask the Department for an extension for construction and/or Rehabilitation completion, where it is clear that the extension is due to circumstances or conditions beyond their control and granting an extension will enable the Project to complete construction and/or Rehabilitation or achieve full occupancy of the Assisted Units. In cases where an extension for construction and/or Rehabilitation completion is granted by the Department, the deadlines for capital fund expenditure and full occupancy may be extended within the constraints of applicable law.

Pursuant to 31 CFR part 35.5, the Department may reimburse eligible costs incurred beginning on March 3, 2021. Applicants are encouraged to discuss their options at the required pre-application consultation.

All operating funds must be fully expended by the Grantee by no later than June 30, 2026.

Section 205. Maximum Grant Amounts and Capital Funding Match

Homekey will fund a maximum grant amount per door, pursuant to the conditions of this section, which includes both the acquisition cost and any needed Rehabilitation or new construction. **The award will be the lower of the maximum grant amount, or the sum of the acquisition amount supported by an appraisal and any additional construction and Rehabilitation expenses as supported by documentation required by the Department.** "Door" refers to units at the time of the acquisition, which may differ from the number of units that are available after a conversion of the property. For those projects that undergo a future conversion, the number of units may need to be reduced in order to accommodate kitchenettes, additional bedrooms, space for supportive services and other amenities. For new construction and conversion of office, commercial, or other non-residential structures into residential dwelling units, Homekey will fund a maximum grant amount per completed Assisted Unit serving the Target Population, or an amount as supported by an appraisal, whichever is lower. "Assisted Unit" refers to units that are available after the construction or conversion of the property.

The Department will contribute a baseline amount per door, as outlined below, in whichever category is higher for the Assisted Unit. This baseline contribution does not require a local match.

Unit Size -- Baseline Capital Amounts:

- i. Studio or one-bedroom units will receive a baseline amount of \$150,000 per door.
- ii. Two-bedroom units will receive a baseline amount of \$175,000 per door.
- iii. Three-bedroom or larger units will receive a baseline amount of \$200,000 per door.

Note that Homekey will fund "doors" based upon the number of units and unit size at the time of acquisition. In situations where units are combined to make larger units, awards will default to the number of doors and size of units at acquisition. In situations where multi-bedroom (two or more bedrooms) units at acquisition are divided into smaller unit sizes, awards will default to the number of doors and size of units with the lower baseline amount per door.

OR

Sub-Populations Served -- Baseline Capital Amounts:

- i. Assisted Units reserved for those experiencing Chronic Homelessness will receive a baseline amount of \$200,000 per door.
- ii. Assisted Units reserved for Homeless Youth or Youth at Risk of Homelessness will receive a baseline amount of \$175,000 per door.

Additional Contribution Amount – Local Match

Beyond the applicable baseline amount, the Eligible Applicant may leverage a 1:1 local match to provide up to \$100,000 in additional funds per door. For example, where the Applicant shows \$100,000 in matching funds, the Department will fund no more than \$250,000 for a 1-bedroom Assisted Unit, \$275,000 for a 2-bedroom Assisted Unit,

\$300,000 for a 3+ bedroom Assisted Unit, \$300,000 for an Assisted Unit serving those experiencing Chronic Homelessness, and \$275,000 per door for an Assisted Unit serving Homeless Youth/Youth at Risk of Homelessness.

Appendix A shows how maximum funding awards from Homekey vary with different per-door costs, unit types, and Applicant contribution levels.

For relocation costs, the Department will pay for one-half of the relocation cost per door in addition to the capital award. For example, if a Project includes \$15,000 in relocation costs, then the Department will pay for \$7,500 of that relocation cost.

For the purchase of affordability covenants and restrictions, and for master-leasing, the Department may size the award per door based on a recent market study within the past year which conforms to guidelines adopted by the Tax Credit Allocation Committee (TCAC), and/or a rent roll, and/or other supporting documentation. For these uses, the maximum Homekey contribution per door shall not exceed the maximum amounts referenced in this section for acquisition, Rehabilitation, and new construction.

Section 206. Operating Subsidies and Match

- i. Where an operating subsidy is requested, the total amount of operating subsidy per Assisted Unit is limited as follows:
 - a. Assisted Units reserved for those experiencing Chronic Homelessness, for Homeless Youth, or for Youth at Risk of Homelessness shall not exceed \$1,400 per month; and
 - b. All other Assisted Units shall not exceed \$1,000 per month.
- ii. The total duration of the operating subsidy (as described in i. above) is tied to the amount of the Applicant's matching funds, and is limited as follows:
 - a. If Projects can demonstrate a commitment of three years of non-Homekey operating funds for Assisted Units, the Department will provide an operating subsidy sized for two years.
 - b. If Projects can demonstrate a commitment of four or more years of non-Homekey operating funds for Assisted Units, the Department will provide an operating subsidy sized for three years.
 - c. If Projects have application scores of 140 or more, the Department may consider providing an operating subsidy sized for three years without the Applicant demonstrating a commitment of four or more years of non-Homekey operating funds.
- iii. Operating subsidy may pay for necessary, recurring Project Operating Expenses in an amount approved by the Department. Qualifying expenses include utilities, maintenance, management fees, taxes, licenses, and supportive services costs, but not debt service or required reserve account deposits. Operating Expenses should be included in the Project's submitted budget.

- iv. If requesting an operating subsidy, the Eligible Applicant must submit a letter of support from the local Continuum of Care (CoC) or Housing Authority confirming the need for an operating subsidy and evidencing that other operating funding, such as rental subsidies, were sought for the Project, but the funding isn't available for this use. A letter template and a list of potential Homekey complementary funding can be found on the Homekey [webpage](#).
- v. The Homekey-funded portion of the operating subsidy must be expended (liquidated) by June 30, 2026, with the Grantee establishing a capitalized operating subsidy reserve and disbursing the funds as outlined in this NOFA.
- vi. Eligible Applicants are required to demonstrate a five-year commitment to provide operating funds for the proposed project. The first two years of operating funds may include an award from Homekey. Operating match may be obtained from any source, including any federal, state, local, private, or philanthropic source. Eligible Applicants will have an opportunity to discuss the match requirements and potential match sources during the pre-application consultation.

Additionally, the following requirements apply to operating match contributions:

- i. The Eligible Applicant must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match Homekey funds; and
- ii. If the State General Funds are used to satisfy the matching requirements of another program, then funding from that program may not be used to fulfill the matching requirements of the Homekey Program.

Section 207. Bonus Awards

Timely Submission of Application

The Department will award an additional \$10,000 per Assisted Unit as a bonus award for each Project with a timely submission of a complete application to the Department by January 31, 2022. Application packages that are incomplete or that do not meet the filing requirements will not be awarded the bonus award. This bonus may be used for either operating or capital expenses.

Expedited Occupancy

The Department will award \$10,000 per Assisted Unit as a conditional bonus amount for Projects meeting the following expedited occupancy timeframe:

- i. Project's Assisted Units achieve full occupancy (with consideration for an average of 10 percent vacancy) within eight (8) months of the date of award.

This bonus award can be used for operating costs only, including the reimbursement of operating costs already incurred. Projects eligible for this bonus award must commit to achieving full occupancy within eight (8) months after the award date. Projects will not receive the bonus award if reaching full occupancy in eight (8) months was not planned in their application, nor required in their Standard Agreement.

The Department will not disburse the conditional bonus amount until proof of full occupancy (rent roll) is provided to the Department within eight (8) months of the date of award. Once the documentation is deemed sufficient by the Department, the Grantee may submit a request for funds disbursement. If Grantee fails to meet the expedited occupancy timeframe as indicated in their application, the Department may reallocate the conditional bonus amount to fund other Eligible Applicants.

Section 208. Affordability Term

The Grantee shall duly encumber all Interim Housing, Transitional Housing, and Congregate Shelter Projects with a 15-year covenant, declaration, regulatory agreement, or similar use restriction that (a) is recorded in first position against the Project real property for the benefit of the Department, (b) restricts the use, operation, occupancy, and affordability of the Project in accordance with all applicable requirements of this NOFA and all other Program requirements, and (c) is otherwise in form and substance acceptable to the Department.

The Grantee shall duly encumber all Permanent Housing Projects with a 55-year covenant, declaration, regulatory agreement, or similar use restriction that (a) is recorded in first position against the Project real property for the benefit of the state, regional, local, or tribal Grantee, (b) restricts the use, operation, occupancy, and affordability of the Project in accordance with all applicable requirements of this NOFA and all other Program requirements, (c) duly names the Department as a third party beneficiary with the right and privilege, but not the obligation, of enforcement thereof, and (d) is otherwise in form and substance acceptable to the Department.

Section 209. Flexibility

The Department recognizes the limited availability of local, state, and federal funds, and the corresponding imperative for flexibility in the Homekey Program. Therefore, subject to the Department's advance written approval, a Grantee may use a capital expenditure award to fund the proposed project's operating costs, or an operating award to fund the proposed capital expenditure, so long as the aggregate Homekey award is expended on eligible uses.

Article III – Threshold and Scoring Criteria

Section 300. Threshold Requirements

To be eligible to receive funding, all Projects must meet the following requirements as they relate to the Eligible Applicant and the project types:

- i. Applications may be submitted independently by an Eligible Applicant, as defined in Section 200 and Article VII. Alternatively, each of the foregoing Eligible Applicants may apply jointly with a nonprofit or for-profit corporation as Co-Applicant.
- ii. Projects must serve persons qualifying as members of the Target Population.
- iii. Applications must include an initial plan for providing supportive services based on the anticipated needs of the Target Population and any proposed sub-populations to be served by the Project. The initial plan shall be reasonably detailed and

comprehensive, as determined by the Department in its sole and absolute discretion. The supportive services plan shall provide a description of the services that will be available at the housing site including but not limited to case management, behavioral health services, physical health services, assistance obtaining benefits and essential documentation, and education and employment services. The plan shall include a description of the on-site staffing plan proposed to deliver these services. Also, the plan shall describe the approach to securing and/or connecting residents to off-site services including primary care and other needed physical health and behavioral health services as well as other tenancy supports.

- iv. Applications must include an overview of the plan and timeline for any required entitlements, permits, and environmental clearances. Eligible Applicants will have an opportunity to discuss their land use and environmental clearance plans, and related statutory authorities during the pre-application consultation.
- v. Applications must include a completed Racial Demographic Data Worksheet, which reports CoC outcomes by race and ethnicity. The completed worksheet may be submitted by the Applicant and the template can be found on the Homekey [webpage](#).
- vi. The Grantee shall have site control of the property at the time of application, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property shall be subject to the Department's approval. Site control may be evidenced by one of the following:
 - a. Fee title;
 - b. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all program requirements;
 - c. A leasehold estate held by a Tribal Entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
 - d. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;
 - e. A sales contract, or other enforceable agreement for the acquisition of the property;
 - f. A letter of intent, executed by a sufficiently authorized signatory of the Eligible Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Eligible Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Eligible Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow; or

- g. Other forms of site control that give the Department assurance (equivalent to items a. through f. above) that the Applicant will be able to complete the Project in a timely manner and in accordance with all the Program's objectives and requirements.
- h. For Applicants proposing sites that will require a use change for permanent housing, there should be a commitment and plan to facilitate or expedite those processes, so as to not delay expenditure and occupancy requirements.
- vii. The Eligible Applicant applying for the Homekey funding is the entity that the Department relies upon for experience and capacity, and will control the project during acquisition, development, and occupancy.
- viii. A development plan that supports acquisition of a site and fund expenditure before all program deadlines and demonstrates evidence of strong organizational and financial capacity to develop the project.
- ix. Assisted Units and other units of the Project must meet all applicable state and local requirements pertaining to rental housing, manufactured housing, including but not limited to requirements for minimum square footage, and requirements related to maintaining the project in a safe and sanitary condition.
- x. Applicants and Co-Applicants must be in good standing with the State of California and all agencies and departments thereof. By way of example and not limitation, an Applicant and Co-Applicant must be qualified to do business in the State of California and must be in good standing with the California Secretary of State and the California Franchise Tax Board. Applicants that are delinquent in meeting the material requirements of previous Department awards may, in the Department's reasonable discretion, fail threshold review.
- xi. The Department will require Eligible Applicants to submit a complete application with all required documents. The Department reserves the right to request clarification of unclear or ambiguous statements made in an application and other supporting documents.
- xii. Relocation Assistance Narrative. Applicant shall submit a concise, sufficiently detailed narrative to demonstrate its consideration of, and early engagement with, applicable relocation assistance laws and requirements. (This Relocation Assistance Narrative does not take the place of the relocation plan, or the Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, that the Grantee shall submit as a condition of funding.) Applicant's Relocation Assistance Narrative shall include or identify the following:
 - a. A diagrammatic sketch of the Project site.
 - b. Clear, high-resolution photographs of the Project site and all improvements thereon (e.g., buildings, parking lots, billboards).
 - c. The projected dates of any Homekey-funded acquisition, construction, Rehabilitation, demolition, or similar development activities at the Project site.

- d. A description of any persons, businesses, or farm operations that will or may be displaced from the Project site by the foregoing development activities. Applicant shall specify whether any such displacement will be permanent or temporary.
 - i. If no such displacement will occur, Applicant shall conclude the narrative by expressly confirming that Applicant's eligible use(s) of the funds will not result in the displacement of any persons, businesses, or farm operations from the Project site.
 - ii. If such displacement will occur, Applicant shall further develop the narrative by including the additional elements set forth at (e) – (i) below.
- e. A description and evidence of attempts made to maintain the tenure of existing residents that may qualify under the criteria for the Target Population.
- f. A description of the aggregate relocation needs of the persons, businesses, or farm operations that will or may be displaced by the Homekey-funded activities.
- g. A brief description of how those relocation needs will be met, as well as the Applicant's projected timeline for fully meeting those needs, including the dates of planned notices to displaced persons, businesses, or farm operations.
- h. An identification of the Applicant's relocation consultant and/or relocation services provider in connection with the project site. Applicant shall also submit legible copies of its services contract or letter of intent with or to the relocation consultant and/or relocation services provider.
- i. Applicant's cost estimate (and associated funding strategy) for providing relocation assistance and benefits to the persons, businesses, or farm operations that will or may be displaced by the Homekey-funded activities.

Section 301. Permanent Housing Requirements

In addition to Section 300 above, Permanent Housing projects will also be evaluated on the following requirements:

- i. Funding commitments or other reasonable assurance to cover operations and service costs with specific funding sources (government/philanthropic/private) for the proposed project for five (5) years and a budget which covers operations and services costs through year 15 from the recordation of the use restriction.
- ii. If the Eligible Applicant is acquiring, rehabilitating, and operating a Permanent Housing project, the Eligible Applicant or Co-Applicant shall demonstrate the following minimum experience requirements:
 - a. Development, ownership, or operation of a project similar in scope and size to the proposed project; or development, ownership, or operation of at least two affordable rental housing projects in the last ten years, with at least one of those projects containing at least one unit housing a tenant who qualifies as a member of the Target Population.
 - b. The property manager and supportive service provider shall have three or more years of experience serving persons of the Target Population. If a property manager is not yet selected for the proposed project, the Eligible Applicant shall certify that this requirement will be reflected in any future solicitation or memorandum of understanding
 - c. Experience administering a Housing First program that includes principles of harm reduction and low barriers to entry.
- iii. One-for-one replacement of assisted housing
 - a. If the acquired housing or site is to be redeveloped/repositioned as part of the locality's overall goal to address the needs of the Target Population and the community, the Applicant shall provide as part of the application a commitment to ensure one-for-one replacement of units.
 - b. If the target site is going to be demolished before any occupancy by the Target Population, no one-for-one replacement commitment needs to be provided. The unit mix will be evaluated based on the project proposal.
 - c. The application shall include a site map indicating the original target housing location and all proposed housing location(s). If all proposed housing will be located within the neighborhood, no additional documentation is necessary. If replacement housing is proposed outside the target neighborhood, the application must also include a justification explaining why it is necessary to locate this replacement housing outside the target neighborhood (i.e., offsite) and how doing so supports and enables the Target Population to maintain housing.

Section 302. Interim Housing Requirements

In addition to Section 300 above, Interim Housing projects will also be evaluated on the following requirements:

- i. Funding commitments or other reasonable assurance to cover operations and service costs with specific funding sources (government/philanthropic/private) for the

proposed project for five (5) years and submit a budget to cover operations and services costs through year 15 from the recordation of the use restriction.

- ii. If the Eligible Applicant is acquiring, rehabilitating, and/or operating an Interim Housing project, the Eligible Applicant or Co-Applicant shall demonstrate the following minimum experience requirements:
 - a. Successful development, ownership, or operation of an Interim Housing project, such as an emergency shelter or Transitional Housing for at least three of the last ten years for individuals who qualify as members of the Target Population;
 - b. Experience in linking Interim Housing program participants to Permanent Housing to ensure long-term housing stability; and
 - c. Experience administering a Housing First program that includes principles of harm reduction and low barriers to entry.

Section 303. Other Requirements

- i. Units serving the Target Population and occupied units serving ELI households are eligible for funding.
 - a. Homekey may fund all units in a project or a portion of the units. If seeking Homekey funding for a portion of the units in a given project, Applicants must identify committed sources for the non-Homekey units. The non-Homekey units are not required to serve the Homekey Target Population.
 - b. If, at the time of acquisition, an existing tenant's household income is at or below the ELI limit, but the tenant does not qualify as a member of the Target Population, the tenant may remain in place and the unit may still be funded by Homekey. When, in the course of normal tenant turnover, the ineligible household moves from the unit, the unit shall thereafter be occupied by the Target Population. There should be no more than 49 percent of the Assisted Units that do not meet the Target Population. An existing household who meets the Target Population definition or was a member of the Target Population at the time they moved into the property will not be counted towards the 49 percent cap. Evidence confirming that existing tenants qualify as either ELI or Target Population will be required of the Applicant.
- ii. At year 15 from the recordation of the use restriction, in circumstances where the Grantee has exhausted available operating funding and demonstrated to the Department that the Project is no longer feasible, the Department may approve an increase in income levels, to the minimum extent required for fiscal integrity, in five percent increments of Assisted Units up to 50 percent AMI.
- iii. The Department reserves the right to set restrictions on the unit mix, rent levels, and other factors deemed necessary. To the maximum extent possible, these changes shall minimize the impact on the lowest income Project residents and shall be phased in as gradually as possible. If, following any increase in rents and income limits, or modification of Target Population occupancy requirements, new resources become available, or market demand changes, allowing reversion to the former income and

rent limits or Target Population occupancy requirements, the Department may re-impose these income limits and rent limits or Target Population occupancy requirements, in whole or in part, subject to an analysis of Project feasibility.

- iv. In addition to Section 300 above, Applicants purchasing affordability covenants and restrictions will also be evaluated on the following requirements:
 - a. The Grantees that purchase affordability covenants and restrictions for existing residential units shall restrict those units to individuals and families who are Homeless or who are At Risk of Homelessness, as defined in 24 CFR part 578.3. Such restriction shall run for at least 15 years.
- v. In addition to Section 300 above, master leasing projects will also be evaluated on the following requirements:
 - a. The Grantee shall provide a 15-year plan from the recordation of the use restriction to cover operations and service costs for the Project with specific funding sources (government/philanthropic/private). The Department may waive the requirement for a 15-year plan to cover operating and services costs in cases where master-leased units are intended for a shorter-term need, including, but not limited to, the housing of individuals temporarily displaced as a result of Rehabilitation, or immediate and short-term placement of individuals while permanent units are under construction.
 - b. The Department can consider and has the discretion to approve other master leasing timeframes and scenarios. Applicants are encouraged to discuss their options at the required pre-application consultation.

Section 304. Application Scoring Criteria

In addition to meeting the other minimum program requirements outlined in Article III, Applicants must score a **minimum of 120 points to be eligible for funding**. Scores will be based on the following:

Table 5: Homekey Application Scoring Criteria

Categories and Maximum Point Scores	Evaluation Criteria
1. Ability to expend funds timely and demonstration of operating leverage (Up to 40 points)	<ul style="list-style-type: none"> a. Identification of the site suitable for development and evidence of site control, or a plan and timeline for obtaining site control along with other supporting evidence (e.g., letter of intent, an exclusive negotiating agreement, ground lease, etc.). NOTE: Sections 300-303 of this NOFA further outline site control requirements related to specific project type. (Up to 20 points) <ul style="list-style-type: none"> - Fee title/leasehold (20 points) - Option agreement/sales contract (20 points) - Exclusive negotiating agreement (15 points) - Letter of intent (15 points) b. Documented commitment of non-Homekey rental or operating subsidies that will be used to maintain the ongoing affordability of the project. (Up to 20 points)

Categories and Maximum Point Scores	Evaluation Criteria
	<p>Project-Based or Grantee-Based Enforceable Funding Commitments for operating assistance, or rental subsidies (including, but not limited to project-based vouchers, VASH vouchers, tenant-based vouchers, or locally funded rental assistance): (1 point for each 5 percentage increment of Assisted Units with committed funding, up to a maximum of 20 points)</p> <p>Contingencies in commitment documents based upon the receipt of Round 2 Homekey funding will not disqualify a source from being counted as committed. However, the Department must approve evidence that funding will reliably be available.</p>
<p>2. Experience (Up to 55 points)</p>	<p>a. Demonstration of Applicant or member(s) of development team’s experience in development, ownership, or operation of a project(s) similar in scope and size to the proposed Project. NOTE: Sections 300-303 of this NOFA further outline threshold experience requirements related to specific project type. (Up to 25 points)</p> <ul style="list-style-type: none"> - Development, ownership, or operation of one project similar in scope and size to the proposed Project; or development, ownership, or operation of at least two affordable rental housing or interim projects in the last ten years, with at least one of those projects containing at least one unit housing a tenant who qualifies as a member of the Target Population. (10 points) - 5 additional points awarded for each additional project (development, ownership, or operation of affordable rental housing or interim projects in the last ten years serving at least one member of the Target Population) (up to 15 additional points) <p>b. Demonstration of service provider’s experience helping persons address barriers to housing stability and providing other support services, not necessarily within a housing project. Service provider may be Applicant, or a member of the development team described in Applicant’s response to point category 2.c., below. Service provider experience must be with the specific population(s) housed within the Homekey units to count toward points in this section (e.g., families, singles, Homeless Youth, Chronically Homeless) (Up to 15 points)</p> <ul style="list-style-type: none"> - 1 point awarded for each year of service experience, up to a maximum of 15 points. - NOTE: Sections 300-303 of this NOFA further outline threshold experience requirements related to specific project type. <p>c. Commitment letter(s) or MOU(s) documenting how the complete development and management team (which may include Applicant, developer, property manager, lead service provider, etc.) are connected and will work together on the Project. Applicants are encouraged to complete due diligence checklists to ensure all members of the team are aware of roles and responsibilities (Up to 15 points)</p>
<p>3. Racial equity and Community Engagement (Up to 20 points)</p>	<p>a. Racial Disparities Analysis (Up to 10 points) Using the Racial Demographic Data Worksheet (in application), provide the Continuum of Care Outcomes by Race and Ethnicity and the following analysis. NOTE: Section 300 of this NOFA further outlines this threshold requirement.</p> <p>Using the data from the worksheet, provide a narrative analysis of the racial and ethnic disparities in systems outcomes. What are the root</p>

Categories and Maximum Point Scores	Evaluation Criteria
	<p>causes or factors leading to these racial inequities? For service providers with prior experience, provide an analysis of prior program outcomes.</p> <p>Detail how the Applicant will address racial and ethnic disparities in program outcomes at each stage of the project design and development.</p> <p>b. Community Engagement (Up to 10 points) Detail how the Applicant has engaged or will engage with the target community, including people currently experiencing homelessness and people with lived experience of homelessness, to inform the design of the project.</p> <p>Provide documentation of this engagement, including but not limited to meeting notes, community planning documents, MOU of partnership with community organization, etc.</p>
<p>4. Community impact and site selection (Up to 92 points)</p>	<p>a. The Project serves specific sub-populations (20 points)</p> <ul style="list-style-type: none"> - 25% or more of Assisted Units are reserved for those experiencing Chronic Homelessness (20 points); OR - 50% or more of Assisted Units are reserved for those experiencing Homelessness (20 points); OR - 25% or more of Assisted Units are reserved for Homeless Youth or Youth at Risk of Homelessness (20 points); <p>b. Assisted Units include units for large family housing types (10 points)</p> <ul style="list-style-type: none"> - At least twenty-five percent (25%) of the Assisted Units in the project shall be three-bedroom or larger units, AND - At least an additional twenty-five percent (25%) of the Assisted Units in the project shall be two-bedroom or larger units, consistent with TCAC Regulations (4 CCR § 10325(g)(1)(A-I)), (10 points) <p>c. Commitment to 55 year deed restriction to serve Target Population, waiving any potential accommodation by the Department to increase income limits as described in Section 303. (Up to 20 points)</p> <ul style="list-style-type: none"> - At least 25% of Assisted Units restricted (5 points) - At least 50% of Assisted Units restricted (10 points) - At least 75% of Assisted Units restricted (15 points) - 100% of Assisted Units restricted (20 points) <p>d. The extent to which the Project (with 20 or more units) commits to being accessible to persons with disabilities (Up to 10 points)</p> <ul style="list-style-type: none"> - Exceeds the state and federal accessibility requirements set forth Section 505, specifically providing a minimum of 15 percent of units with features accessible to persons with mobility disabilities, as defined in 24 C.F.R. Section 8.22 and the parallel ADAAG 2010 and CBC provisions; (5 points) - A minimum of 10 percent of units with features accessible to persons with hearing or vision disabilities, as defined in 24 CFR Part 8.22 and the parallel ADAAG 2010 and CBC Chapter 11B provisions. (5 points) <p>e. The proposed project requires no Rehabilitation or construction, or the Rehabilitation/construction and full occupancy can be completed within eight (8) months of award. Those receiving points in this category are</p>

Categories and Maximum Point Scores	Evaluation Criteria
	<p>also able to utilize the bonus award as outlined in Section 207. (10 points)</p> <p>f. For any project where the Applicant’s capital match exceeds the minimum match required per Assisted Unit, one (1) point will be assigned for every \$10,000 over the minimum match required (Up to 10 points);</p> <p>OR</p> <p>For any project where the average total cost per Assisted Unit is below the minimum baseline per door, one (1) point will be assigned for every \$10,000 under the baseline amount. (Up to 10 points)</p> <p>g. Site Selection (Up to 12 points)</p> <p>The project site is located within 1/2 mile of a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop OR the project includes an alternative transportation service for residents (e.g., van or dial-a-ride service), if costs of obtaining and maintaining the van and its service are included in the budget and the operating schedule is either on demand by tenants or a regular schedule is provided (4 points)</p> <p>The Project site is in proximity to essential services:</p> <ul style="list-style-type: none"> i. Grocery store – within 1/2 mile of a full-scale grocery store/supermarket where staples, fresh meat, and fresh produce are sold. (1 mile for projects in rural areas) (2 points); <p>NOTE: If applying for TCAC, it is advisable that the grocery store be at least 25,000 gross interior square feet.</p> <ul style="list-style-type: none"> ii. Health facility – within 1/2 mile (1 mile for projects in rural areas) of a qualifying medical clinic with a physician, physician’s assistant, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (not merely a private doctor’s office). <p>A qualifying medical clinic must accept Medi-Cal payments, or Medicare payments, or Health Care for the Homeless, or have an equally comprehensive subsidy program for low-income patients; (1 point)</p> <ul style="list-style-type: none"> iii. Library – within 1/2 mile of a book-lending public library (1 mile for projects in rural areas); (1 point) iv. Pharmacy – within 1/2 mile of a pharmacy (1 mile for projects in rural areas). May be included in a grocery store or health facility (2 points) v. For projects with units serving Homeless Youth: within one mile of at least two of the following: community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and/or community centers for youth (e.g., LGBTQ+ centers, drop-in youth centers) (2 points)
<p>5. Negative Points (Up to -20 points)</p>	<ul style="list-style-type: none"> a. For any project resulting in the permanent displacement of residents (not businesses or farm operations), as outlined below: <ul style="list-style-type: none"> - The project permanently displaces existing residents in 5% of total units. (-5 points) - Applicants lose one point (up to an additional 15 points) for each additional percentage point of households displaced out of total units.

In the event of program oversubscription, where Applicants have the same score and the same date and time stamp, the Department may consider additional criteria as a tiebreaker, including, but not limited to, cost-effectiveness, community impact, affirmatively furthering fair housing, innovative housing types, tenant stability and proximity to transit, and services and amenities.

Article IV. Application Submission, Review, and Award Process

Section 400. Application Process and Submission

For OTC funding, applications will be accepted and evaluated on a first-come, first-served basis at any time from the release of the application until May 2, 2022, or until the available funds are exhausted, whichever occurs first. Funds are awarded to those applicants that meet the minimum threshold criteria, including the minimum point score.

Homekey Round 2 application materials must be submitted electronically to the Department's [website](#).

Electronic Submission - Requirements for uploading the Homekey Round 2 Application and required supporting documentation, including naming conventions, are described in the Homekey Round 2 Application instructions/checklist tab. Applicants must upload all complete application materials to the Department's website no later than 11:59 p.m. Pacific Daylight Time on Wednesday, May 2, 2022, to the extent that funds remain available at that time.

Application packages that are incomplete or that do not meet the filing requirements will not be considered for funding but may be amended and resubmitted. Applications must be on the Department's forms and, forms cannot be altered or modified by the Applicant. Excel forms must be submitted in Excel format, not as a PDF document.

- i. Applications will be prioritized as described in Section 203.
- ii. The Department will evaluate applications for compliance with the minimum program requirements set forth in this NOFA.
- iii. After each Applicant has been certified to meet the minimum program requirements, each project must receive a minimum overall score of 120 points, as outlined in Section 304, to be considered for a funding award.
- iv. Each Applicant and Co-Applicant shall submit an authorizing resolution that, in the Department's reasonable determination, materially comports with the Program's requirements and is legally sufficient. In addition, each Co-Applicant shall submit a complete set of its organizational documents (including any amendments thereto). The Department will not disburse Homekey funds until it receives the foregoing documentation, as specified.
- v. Applicant shall provide documentation of its ability to obtain the insurance coverages outlined in Article VIII of this NOFA.
- vi. The application is a public record, which is available for public review pursuant to the California Public Records Act (CPRA) (Chapter 3.5 (commencing with Section 6250))

of Division 7 of Title 1 of the Government Code). After final Homekey awards have been issued, the Department may disclose any materials provided by the Applicant to any person making a request under the CPRA. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

- vii. The Department reserves the right to do the following:
 - a. Score an application as submitted even if information is missing from the application;
 - b. Request clarification of unclear or ambiguous statements made in an application or request additional clarifying documentation or information; and
 - c. Beginning May 2, 2022, deploy unused funds from an undersubscribed set-aside to fund other Eligible Applicants for other subsets of the Target Population.

Section 401. Pre-Application Consultation and Technical Assistance

The Department requires all Applicants to engage in a pre-application consultation with the Department prior to applying. The consultation will allow the prospective Applicant to discuss the proposed project, along with other applicable programmatic considerations, including those related to site acquisition, the CEQA, land use and land entitlements, CoC coordination and services partnerships, and long-term financing approaches. Pre-application consultations will be available upon the release of this NOFA and may be requested by emailing Homekey@hcd.ca.gov.

Section 402. Award Process

The Department will send an award letter to the successful Applicant. Funds will be disbursed after the Standard Agreement has been fully executed and approved by the Department unless the Standard Agreement specifies conditions precedent to disbursement.

The Department is committed to disbursing Homekey funds in a timely manner. To avoid any expenditure delays, funds may be issued directly to an escrow company that has been approved by the Department if the full award is toward acquisition. The Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by the Department.

Section 403. Appeals

Basis of Appeals.

1. Applicants may appeal the Department's written determination that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an award.
2. No Applicant shall have the right to appeal a decision of the Department relating to another Applicant's application (e.g., eligibility, point score, award, denial of award).

3. The appeal process provided herein applies solely to decisions of the Department made pursuant to this NOFA.

Appeal Process and Deadlines.

1. **Process.** To file an appeal, Applicants must submit to the Department a written appeal, which sets forth all relevant facts, arguments, and evidence in support of the appeal. In addition, the Applicant must specify the area(s) of the application that are relevant to or provide context for the appeal. New or supplemental information must be limited and necessary to provide clarification or to address the insufficiencies identified in the subject application. No new or supplemental information will be considered if it would result in an unfair competitive advantage to the Applicant. Appeals are to be submitted to the Department at Homekey@hcd.ca.gov.
2. **Filing Deadline.** Appeals must be received by the Department no later than five (5) business days from the date of the Department's written determination regarding the subject application.
3. **Decision.** The requirements of this NOFA and all other applicable law will govern the Department's determination. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department.

Article V – Other Program Requirements

Section 500. Article XXXIV

Per HSC section 37001, subdivision (h)(2), article XXXIV, section 1 of the California Constitution (Article XXXIV) is not applicable to development that consists of the acquisition, Rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from the CSFRF established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2). As such, Article XXXIV is not applicable to Homekey-funded development.

Section 501. Housing First

The Eligible Applicant shall certify to employ the core components of Housing First, as set forth at Welfare and Institutions Code section 8255, in its property management and tenant selection practices. Projects shall accept tenants regardless of sobriety, participation in services or treatment, history of incarceration, credit history, or history of eviction in accordance with practices permitted pursuant to Housing First practices, including local Coordinated Entry System prioritization protocols, or other federal or state Project funding sources.

Section 502. Tenant Selection

Referrals to Homekey Assisted Units shall be made through the local Coordinated Entry System (CES) for persons who are experiencing Homelessness. For persons At Risk of Homelessness, CES or another comparable prioritization system based on greatest need shall be used. All referral protocols for Homekey Assisted Units must be developed in collaboration with the local CoC and implemented consistent with the requirements set forth

in this NOFA. CoC collaboration in Project and supportive service design is also strongly encouraged to help target and serve greatest need populations.

Section 503. Participation in Statewide HDIS/HMIS

All Homekey Grantees shall support CoC participation in the statewide Homeless Data Integration System (HDIS), and, in accordance with state and federal law (including all applicable privacy law), disclose relevant data to the local Homeless Management Information System (HMIS).

Section 504. Relocation

1. Grantee must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Grantee must have a relocation plan prior to proceeding with any phase of a project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities do not suffer a disproportionate impact as a result of projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law. In addition, before the Homekey award will be disbursed, Grantee must have either:
 - a. A Department-approved relocation plan; or
 - b. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed and approved by the Department.

The Department will identify its form, substance, and submittal requirements for these relocation documents in the Homekey application materials. Where the Grantee's activities will or may result in displacement, the Grantee's development budget shall include enough funds to pay all costs of relocation benefits and assistance. Any modifications to the foregoing process requirements must be approved in advance by the Department in writing.

Section 505. Accessibility and Non-Discrimination

All developments shall adhere to the accessibility requirements set forth in California Building Code Chapter 11A and 11B and the Americans with Disabilities Act, Title II. In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 8, or HUD's modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 F.R. 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the Project and be available in a sufficient range of sizes and amenities consistent with 24 CFR part 8.26.

Grantees shall adopt a written non-discrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other

classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this NOFA.

Grantees shall comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code section 11135, Section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

Section 506. Prevailing Wages

Applicant's contemplated use of Homekey funds is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Applicant is urged to seek professional legal advice about the law's requirements. Prior to disbursing the Homekey funds, the Department will require a certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by the general contractor(s) and the Grantee.

Section 507. Environmental Clearances

The Department encourages Eligible Applicants to fully engage with the Department's technical assistance and to consider the CEQA exemption set forth at HSC section 50675.1.4 and the provision for land use consistency and conformity set forth at HSC section 50675.1.3, subdivision (i).

Applicants should consult with their counsel for legal advice in construing application of the foregoing exemptions to their Project. It is entirely within an Applicant's discretion to determine whether to use the statutory CEQA exemption, whether the exemption applies to the Applicant's proposed activity, or whether some other mechanism applies and could be used to satisfy obligations under CEQA.

Article VI – Program Operations

Section 600. Program Oversight

As specified by the Department and upon request, Grantees shall provide progress reports in connection with the development plan and any updates to the timeline for completion of the Project. The development plan should include the Project's completion milestones and any updates or substantial changes.

Grantees shall promptly notify the Department upon any changes in Grantee organization, authorization, or capacity.

Section 601. Reporting

Grantees shall submit an annual Homekey Program and Expenditure Report to the Department for five years following Standard Agreement execution. The report will be due no

later than January 31 for the prior calendar year of January 1 to December 31. The report shall be in such form and contain such information as required by the Department in its sole and absolute discretion. At minimum, the report shall include the following data:

- i. The amount of funds expended for the project.
- ii. The location of any properties for which the funds are used.
- iii. The number and size of habitable housing units produced, or planned to be produced, using the funds.
- iv. The number and demographics of individuals housed, or likely to be housed, using the funds.
- v. The racial and ethnic composition of the tenants assisted.
- vi. The number of units, and the location of those units, for which operating subsidies have been, or are planned to be, capitalized using the funds.
- vii. Detail of supportive services offered to tenants.
- viii. Any lessons learned from the use of the funds.
- ix. The proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the long-term affordability of the project.
- x. The progress and status in securing any required entitlements, permits, environmental clearances.
- xi. The proposed timeline for the completion of the project.

If a project received an award for an operating subsidy, Grantees shall also report their operating expenditures in the annual report.

In addition to the foregoing, the Grantee shall submit to the Department such periodic reports, updates, and information as deem necessary by the Department to monitor compliance and/or perform program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

The Grantee shall ensure that the expenditure of Homekey funds is consistent with the requirements of the Program. The Department shall monitor the expenditures to ensure that those expenditures comply with this NOFA.

The Department may request the repayment of funds or pursue any other remedies available, at law or in equity, for failure to comply with Program requirements.

Section 602. Disbursement of Grant Funds

Pursuant to 31 CFR part 35.5, the Department may disburse funds to cover Homekey-critical expenditures that were incurred beginning March 3, 2021. Homekey Program funds will be disbursed to the Grantee after the Department has received a request for funds from the Grantee and a Standard Agreement between the Grantee and the Department is fully

executed. The Standard Agreement will set forth the general conditions of disbursement, any conditions precedent to disbursements (e.g., documentation requirements for pre-Standard Agreement expenditures or conditional performance measures), and the Department's remedies upon an event of default. The Standard Agreement will also identify the payee. Where Co-Grantees wish to receive the grant award outside of escrow, they must identify, and memorialize in the Standard Agreement, which Grantee will serve as the designated payee for all award amounts.

Section 603. Legal Documents

Upon the award of Homekey funds to a Project, the Department shall enter into one or more agreements with the Grantee(s), including a Standard Agreement, which shall encumber funds from the Homekey Program, subject to specified conditions. The agreement or agreements shall include, but not be limited to:

- i. A description of the approved project and the permitted uses of funds;
- ii. The amount and terms of the program grant;
- iii. The use, income, occupancy, and rent restrictions, to be imposed on the project through a use restriction (e.g., covenant, regulatory agreement) recorded against the property of the project;
- iv. Performance milestones, and other progress metrics, governing the completion of the project, along with the remedies available to the Department in the event of a failure to meet such milestones or metrics;
- v. Provisions governing the manner, timing, and conditions of the disbursement of the program grant;
- vi. Special conditions imposed as part of the Department's approval of the project;
- vii. Terms and conditions required by federal and state law;
- viii. Requirements for reporting to the Department;
- ix. Remedies available to the Department in the event of a violation, breach, or default of the agreement; and
- x. Provisions regarding Grantee liability. Specifically, the Grantee will remain liable to the Department for compliance with and the performance of all Program requirements regardless of any Department-approved transfer or assignment of interest. Likewise, each co-Grantee will remain jointly and severally liable to the Department for compliance with and the performance of all Program requirements regardless of any Department-approved transfer or assignment of interest, and notwithstanding the co-Grantees' identification of a designated payee.

The agreement will also include such other provisions as are necessary to ensure adherence to the objectives and requirements of the program.

Section 604. Sales, Transfers, and Encumbrances

An Applicant(s) shall not sell, assign, transfer, or convey the awarded Project, or any interest therein or portion thereof, without the express prior written approval of the Department, which may be granted, delayed, or withheld in the Department's sole and absolute discretion.

Section 605. Defaults and Grant Cancellations

Funding commitments may be canceled by the Department under any of the following conditions:

- i. The objectives and requirements of the Homekey Program cannot be met and the implementation of the Project cannot proceed in a timely fashion in accordance with the timeframes established in the Standard Agreement or the regulatory agreement.
- ii. In the event of a breach or violation by the Grantee, the Department may give written notice to the Grantee to cure the breach or violation. If the breach or violation is not cured to the satisfaction of the Department within a reasonable time period, the Department, at its option, may declare a default under the relevant document and may seek legal remedies for the default including the following:
 - a. The Department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete the Project in accordance with Homekey Program requirements; and
 - b. The Department may seek such other remedies as may be available under the relevant agreement or at law, or in equity.

Article VII – Definitions

Below are the definitions for purposes of the Homekey Program:

- i. "Applicant" means the "Eligible Applicant," as that term is defined in this NOFA, as well as the Eligible Applicant's nonprofit or for-profit corporation Co-Applicant(s), if applicable. As allowed or required by context, the term "Applicant" shall refer to all such entities in their individual and/or collective capacity.
- ii. "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or the Department.
- iii. "Assisted Unit" means a residential housing unit that is subject to rent, income, occupancy, or other restrictions associated with a Homekey site.
- iv. "At Risk of Homelessness" has the same meaning as defined in Title 24 CFR Part 578.3.
- v. "Co-Applicant" means the nonprofit or for-profit corporation that is jointly applying for Homekey funds with a state, regional, or local public entity, or with a Tribal Entity.

- vi. "City" means a city or city and county that is legally incorporated to provide local government services to its population. A city can be organized either under the general laws of this state or under a charter adopted by the local voters.
- vii. "Chronic Homelessness" means a person who is chronically homeless, as defined in Title 24 CFR Part 578.3.
- viii. "Continuum of Care" means the same as defined by the United States Department of Housing and Urban Development at Title 24 CFR Part 578.3.
- ix. "Department" means the Department of Housing and Community Development.
- x. "Eligible Applicant" means a city; county; a city and county; any other state, regional, and local public entity, including a council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code; or a Tribal Entity(ies) as defined in this NOFA. For purposes of this definition, a "local public entity" is further defined in accordance with HSC section 50079. As allowed or required by context, "Applicant" shall be interpreted to include any of the foregoing entities, as well as that entity's nonprofit or for-profit corporation Co-Applicant. Upon receiving an award of Homekey funds, the Eligible Applicant and any Co-Applicant(s) will, both individually and collectively, be referred to as the "Grantee" for purposes of this NOFA.
- xi. "Extremely Low Income" or "ELI" has the same meaning as in Title 24 CFR Part 93.2.
- xii. "Enforceable Funding Commitment" means a letter or other document, in form and substance satisfactory to the Department, which evidences an enforceable commitment of funds or a reservation of funds by a Project funding source, and which contains the following:
 - a. The name of the Applicant or Grantee;
 - b. The Project name;
 - c. The Project site address, assessor's parcel number, or legal description; and
 - d. The amount, interest rate (if any), and terms of the funding source.

The Enforceable Funding Commitment may be conditioned on certain standard underwriting criteria, such as appraisals, but may not be generally conditional. Examples of unacceptable general conditions include phrases such as "subject to senior management approval," or a statement that omits the word "commitment," but instead indicates the lender's "willingness to process an application" or indicates that financing is subject to loan committee approval of the Project. Contingencies in commitment documents based upon the receipt of tax-exempt bonds or low-income housing tax credits will not disqualify a source from being counted as committed.
- xiii. "Grantee" means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under the Program, and that will be held responsible for compliance with and performance of all Homekey Program requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an "Eligible Applicant," as that term is defined in this NOFA. All such entities shall, in their

individual and collective capacity as the “Grantee,” be bound by the Homekey Standard Agreement and each and every one of the Homekey Program terms, conditions, and requirements.

- xiv. “HDIS” means the statewide Homeless Data Integration System.
- xv. "Homeless" has the same meaning as defined in Title 24 CFR Part 578.3.
- xvi. “Homeless Youth” or “Youth at Risk of Homelessness” has the same meaning as defined in Title 24 CFR Part 578.3.
- xvii. "Housing First" has the same meaning as in Welfare and Institutions Code section 8255, including all of the core components listed therein.
- xviii. "HUD" means the U.S. Department of Housing and Urban Development.
- xix. "Interim Housing", “Transitional Housing” or "Congregate Shelter" means any facility whose primary purpose is to provide a temporary shelter for the Homeless in general or for specific populations of the Homeless, and which does not require occupants to sign leases or occupancy agreements.
- xx. “Local Public Entity” is defined in accordance with HSC section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. “Local public entity” also includes two or more local public entities acting jointly.
- xxi. "NOFA" means a Notice of Funding Availability.
- xxii. "Operating Expenses" means the amount approved by the Department that is necessary to pay for the recurring expenses of the Project, such as utilities, maintenance, management fees, taxes, licenses, and supportive services costs, but not including debt service or required reserve account deposits.
- xxiii. "Permanent Supportive Housing" has the same meaning as "supportive housing," as defined at HSC section 50675.14, subdivision (b)(2), except that "Permanent Supportive Housing" shall include associated facilities if used to provide services to housing residents.
- xxiv. "Permanent Housing" means a housing unit where the landlord does not limit length of stay in the housing unit, the landlord does not restrict the movements of the tenant, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- xxv. “Positive Youth Development (PYD)” is an intentional, prosocial approach that engages youth within their communities, schools, organizations, peer groups, and families in a manner that is productive and constructive; recognizes, utilizes, and enhances young

people's strengths; and promotes positive outcomes for young people by providing opportunities, fostering positive relationships, and furnishing the support needed to build on their leadership strengths.

- xxvi. "Project" means a structure or set of structures providing housing or shelter with common financing, ownership, and management.
- xxvii. "Program Award" means the portion of program funds available for a Grantee to expend toward eligible program uses.
- xxviii. "Point-in-Time Count" or "PIT" means a count of sheltered and unsheltered Homeless persons on a single night conducted by Continuums of Care as prescribed by HUD.
- xxix. "Rehabilitation" means the term as defined at HSC section 50096, but includes improvements and repairs made to a residential structure acquired for the purpose of preserving its affordability and use by the Target Population.
- xxx. "Rural Area" is defined in accordance with HSC section 50199.21.
- xxxi. "Target Population" means individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined at HSC section 50675.1.3, subdivision (l), and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.
- xxxii. "Tribal Entity(ies)" means an Applicant that is any of the following:
 - a. Applicant meets the definition of Indian tribe under Section 4103(13)(B) of Title 25 of the United State Code;
 - b. Applicant meets the definition of Tribally Designated Housing Entity under 25 USC 4103(22);
 - c. If not a federally recognized tribe, either:
 - i. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Section 82.1 of Title 25 of the Federal Code of Regulations.
 - ii. Applicant is an Indian tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to Section 65352.3 of the Government Code.
- xxxiii. "Unit" means a residential unit that is used as a primary residence by its occupants, including individual units within the project.
- xxxiv. "Youth Assisted Unit" means an Assisted Unit serving Homeless Youth, or Youth at Risk of Homelessness, as defined in Title 24 CFR Part 578.3. Pursuant to Section 203, Youth Assisted Units may also serve current and former foster youth through the age of 25.

Article VIII – Insurance Requirements

Section 800. Insurance Requirements

i. Commercial General Liability

Applicants shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the Applicant's limit of liability. **The policy must name the State of California and the Department of Housing and Community Development, as well as the respective appointees, officers, agents, and employees of each, as additional insureds, but only with respect to work performed under the contract.**

If available in the open market at a reasonable cost, the policy shall also include an endorsement for physical abuse and child/sexual molestation coverage.

Coverage shall include actual or threatened physical abuse, mental injury, sexual molestation, negligent hiring, employment, supervision, investigation, reporting to proper authorities, and retention of any person for whom the Applicant is responsible. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the Applicant's limit of liability. Coverage shall include the cost of defense and the cost of defense shall be provided outside the coverage limit.

If available in the open market at a reasonable cost, the policy shall also include an endorsement for assault and battery.

ii. Automobile Liability

Applicant shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired, and non-owned motor vehicles. **The policy must name the “State of California and the Department of Housing and Community Development”, as well as the respective appointees, officers, agents, and employees of each, as additional insureds, but only with respect to work performed under the contract.**

If Applicant will not have or use any commercially owned vehicles during the term of the Standard Agreement, by signing the Standard Agreement, the Applicant certifies that the Applicant and any appointees, employees, subcontractors, or servants possess valid automobile coverage in accordance with California Vehicle Code sections 16450 to 16457, inclusive. The Department reserves the right to request proof at any time.

iii. Workers' Compensation and Employer's Liability

Applicant shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of the contract. In addition, employer's liability limits of \$1,000,000 are required. By signing the Standard Agreement, Applicant acknowledges compliance with these regulations. **A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California and the Department of Housing and Community Development must be attached to the certificate.**

iv. Builder's Risk/Installation Floater

If there is installation or construction of property/materials on or within the facility at any time during the term of the Standard Agreement, the Applicant shall maintain in force, at its own expense, Builders Risk/Installation Floater covering the labor, materials, and equipment to be used for completion of the Work performed under this contract against all risks of direct physical loss, excluding earthquake and flood, for an amount not less than the full amount of the property and/or materials being installed and/or constructed on or within the facility. The Applicant agrees as a provision of the contract to waive all rights of recovery against the state.

v. Property Insurance

The Applicant shall maintain fire, lightning and extended coverage insurance on the facility which shall be in a form of a commercial property policy, in an amount equal to one hundred percent (100%) of the then current replacement cost of the facility, excluding the replacement cost of the unimproved real property constituting the site. The extended coverage endorsement shall, as nearly as practicable, include but not be limited to loss or damage by an explosion, windstorm, riot, aircraft, vehicle damage, smoke, vandalism, and malicious mischief and such other hazards as are normally covered by such endorsement.

vi. Self-Insured

If a state, regional, or local public entity is the sole Applicant, and if that entity is self-insured in whole or in part as to any of the above-described types and levels of coverage, then that entity shall provide the Department with a written acknowledgment of this fact before execution of the Standard Agreement. If, at any time after the execution of the Standard Agreement, the state, regional, or local public entity abandons its self-insured status, that entity shall immediately notify the Department of this fact and shall comply with all of the terms and conditions of this Section pertaining to insurance requirements. The Department may accept evidence of self-insurance from other Eligible Applicants in its sole and absolute discretion.

APPENDIX A: Capital Contributions to Projects*

Assisted Unit, 1:1 Match	Homekey Capital Contributions		
	Total Cost Per Door *	Maximum Homekey Contribution	Applicant Contribution
Up to 1 Bedroom	\$140,000	\$140,000	\$0
	\$150,000	\$150,000	\$0
	\$160,000	\$155,000	\$5,000
	\$180,000	\$165,000	\$15,000
	\$200,000	\$175,000	\$25,000
	\$220,000	\$185,000	\$35,000
	\$240,000	\$195,000	\$45,000
	\$260,000	\$205,000	\$55,000
	\$280,000	\$215,000	\$65,000
	\$300,000	\$225,000	\$75,000
	\$320,000	\$235,000	\$85,000
	\$340,000	\$245,000	\$95,000
\$350,000+	\$250,000	\$100,000+	
Two Bedrooms	\$155,000	\$155,000	\$0
	\$175,000	\$175,000	\$0
	\$195,000	\$185,000	\$10,000
	\$215,000	\$195,000	\$20,000
	\$235,000	\$205,000	\$30,000
	\$255,000	\$215,000	\$40,000
	\$275,000	\$225,000	\$50,000
	\$295,000	\$235,000	\$60,000
	\$315,000	\$245,000	\$70,000
	\$335,000	\$255,000	\$80,000
	\$355,000	\$265,000	\$90,000
	\$375,000+	\$275,000	\$100,000+
Three or More Bedrooms	\$180,000	\$180,000	\$0
	\$190,000	\$190,000	\$0
	\$200,000	\$200,000	\$0
	\$220,000	\$210,000	\$10,000
	\$240,000	\$220,000	\$20,000
	\$260,000	\$230,000	\$30,000
	\$280,000	\$240,000	\$40,000
	\$300,000	\$250,000	\$50,000
	\$320,000	\$260,000	\$60,000
	\$340,000	\$270,000	\$70,000
	\$360,000	\$280,000	\$80,000
	\$380,000	\$290,000	\$90,000
\$400,000+	\$300,000	\$100,000+	
Experiencing Chronic Homelessness	\$180,000	\$180,000	\$0
	\$190,000	\$190,000	\$0
	\$200,000	\$200,000	\$0

Assisted Unit, 1:1 Match	Homekey Capital Contributions		
	Total Cost Per Door *	Maximum Homekey Contribution	Applicant Contribution
	\$220,000	\$210,000	\$10,000
	\$240,000	\$220,000	\$20,000
	\$260,000	\$230,000	\$30,000
	\$280,000	\$240,000	\$40,000
	\$300,000	\$250,000	\$50,000
	\$320,000	\$260,000	\$60,000
	\$340,000	\$270,000	\$70,000
	\$360,000	\$280,000	\$80,000
	\$380,000	\$290,000	\$90,000
\$400,000+	\$300,000	\$100,000+	
Homeless Youth or Youth At Risk of Homelessness	\$155,000	\$155,000	\$0
	\$175,000	\$175,000	\$0
	\$195,000	\$185,000	\$10,000
	\$215,000	\$195,000	\$20,000
	\$235,000	\$205,000	\$30,000
	\$255,000	\$215,000	\$40,000
	\$275,000	\$225,000	\$50,000
	\$295,000	\$235,000	\$60,000
	\$315,000	\$245,000	\$70,000
	\$335,000	\$255,000	\$80,000
	\$355,000	\$265,000	\$90,000
\$375,000+	\$275,000	\$100,000+	

* The total cost per door referenced in the table above includes all eligible capital expenses, including acquisition, Rehabilitation, and new construction costs.

STANDARD AGREEMENT

AGREEMENT NUMBER

PURCHASING AUTHORITY NUMBER (if applicable)

STD 213 (Rev. 04/2020)

21-HK-16942

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

CONTRACTOR'S NAME

City and County of San Francisco

2. The term of this Agreement is:

START DATE

Upon HCD Approval

THROUGH END DATE

Fifteen (15) Years from Effective Date

3. The maximum amount of this Agreement is:

\$54,778,000.00

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

EXHIBITS	TITLE	PAGES
Exhibit A	Authority, Purpose and Scope of Work	9
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C*	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	State of California General Terms and Conditions	15
Exhibit E	Special Conditions	6
TOTAL NUMBER OF PAGES ATTACHED		33

Items shown with an asterisk (), are hereby incorporated by reference and made part of this agreement as if attached hereto.*

These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

City and County of San Francisco

CONTRACTOR BUSINESS ADDRESS See Attached	CITY See Attached	STATE See Attached	ZIP See Attached
PRINTED NAME OF PERSON SIGNING See Attached	TITLE		
CONTRACTOR AUTHORIZED SIGNATURE See Attached	DATE SIGNED See Attached		

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS 2020 W. El Camino Ave., Suite 130	CITY Sacramento	STATE CA	ZIP 95833
PRINTED NAME OF PERSON SIGNING	TITLE Contracts Manager, Business & Contract Services Branch		
CONTRACTING AGENCY AUTHORIZED SIGNATURE	DATE SIGNED		

California Department of General Services Approval (or exemption, if applicable)

Exempt per; SCM Vol. 1 4.04.A.3 (DGS memo dated 06/12/1981)

DRAFT

CONTRACTOR

City and County of San Francisco

City and County of San Francisco, a municipal corporation

By: _____ Date: _____

Shireen McSpadden

Executive Director of Department of Homelessness and Supportive Housing

Address:

440 Turk Street
San Francisco, CA 94102

Prep Date: 01/05/2022

DRAFT

AGREEMENT SUMMARY

STD 215 (Rev. 04/2020)

SCO ID:

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

AGREEMENT NUMBER 21-HK-16942	AMENDMENT NUMBER
--	-------------------------

1. CONTRACTOR'S NAME City and County of San Francisco		2. FEDERAL I.D. NUMBER
3. AGENCY TRANSMITTING AGREEMENT Housing and Community Development	4. DIVISION, BUREAU, OR OTHER UNIT Financial Assistance	5. AGENCY BILLING CODE 035539
6a. CONTRACT ANALYST NAME	6b. EMAIL	6c. PHONE NUMBER

7. HAS YOUR AGENCY CONTRACTED FOR THESE SERVICES BEFORE?
 NO YES (If Yes, enter prior contractor name and agreement number)

PRIOR CONTRACTOR NAME N/A	PRIOR AGREEMENT NUMBER N/A
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8. BRIEF DESCRIPTION OF SERVICES
 Local entities will partner with the state to acquire and/or rehabilitate a variety of housing types to serve people experiencing homelessness or who are also at risk of serious illness from COVID-19.

9. AGREEMENT OUTLINE (Include reason for Agreement: Identify specific problem, administrative requirement, program need or other circumstances making the Agreement necessary; include special or unusual terms and conditions.)

Assembly Bill No. 140 (2021-2022 Reg. Sess.) added section 50675.1.3 to the Health and Safety Code (HSC) to sustain and rapidly expand the inventory of housing for people experiencing homelessness or At Risk of Homelessness and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. The statutory scheme includes new construction of dwelling units as an eligible use and establishes a set-aside of funds for projects serving Homeless Youth and Youth at Risk of Homelessness.

10. PAYMENT TERMS (More than one may apply)

<input type="checkbox"/> Monthly Flat Rate	<input type="checkbox"/> Quarterly	<input type="checkbox"/> One-Time Payment	<input type="checkbox"/> Progress Payment
<input type="checkbox"/> Itemized Invoice	<input type="checkbox"/> Withhold 0%	<input type="checkbox"/> Advanced Payment Not To Exceed	
<input type="checkbox"/> Reimbursement/Revenue	\$ \$ 0.00	or	0%
<input checked="" type="checkbox"/> Other (Explain) N/A			

FUND TITLE	ITEM	FISCAL YEAR	CHAPTER	STATUTE	PROJECTED EXPENDITURES
General Fund	2240 10101 0001 Cat.	2021/2022	21	2021	\$ 8,488,000.00
Coronavirus Fiscal Recovery Fund of 2021	2240 169 8506 Cat.	2021/2022	21	2021	\$ 46,290,000.00
OBJECT CODE 22402000/46840 = \$46,290,000.00 5432000 - Grants and Subventions - Governmental 22402000/40158 = \$8,488,000.00 5432000 - Grants and Subventions - Governmental					AGREEMENT TOTAL \$ 54,778,000.00
OPTIONAL USE I certify upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above.					AMOUNT ENCUMBERED BY THIS DOCUMENT \$ 54,778,000.00 PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT \$ 0.00 TOTAL AMOUNT ENCUMBERED TO DATE \$ 54,778,000.00

ACCOUNTING OFFICER'S SIGNATURE	ACCOUNTING OFFICER'S NAME (Print or Type)	DATE SIGNED
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AGREEMENT SUMMARY

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21-HK-16942

AMENDMENT NUMBER

12. AGREEMENT

Table with 5 columns: AGREEMENT, TERM FROM, TERM THROUGH, TOTAL COST OF THIS TRANSACTION, BID, SOLE SOURCE, EXEMPT. Rows include Original, Amendment No. 1, 2, 3, and a TOTAL row.

13. BIDDING METHOD USED:

- Request for Proposal (RFP) (Attach justification if secondary method is used)
Invitation for Bid (IFB)
Other (Explain) SCM 5.80,B.2.b
Use of Master Service Agreement
Sole Source Contract (Attach STD. 821)

Note: Proof of advertisement in the State Contracts Register or an approved form STD.821, Contract Advertising Exemption Request, must be attached.

14. SUMMARY OF BIDS (List of bidders, bid amount and small business status) (If an amendment, sole source, or exempt, leave blank.)

15. IF AWARD OF AGREEMENT IS TO OTHER THAN THE LOWER BIDDER, PLEASE EXPLAIN REASON(S). (If an amendment, sole source, or exempt, leave blank.)

16. WHAT IS THE BASIS FOR DETERMINING THAT THE PRICE OR RATE IS REASONABLE?

N/A

17a. JUSTIFICATION FOR CONTRACTING OUT (Check one)

- Contracting out is based on cost savings per Government Code 19130(a). The State Personnel Board has been so notified.
Contracting out is justified based on Government Code 19130(b). When this box is checked, a completed JUSTIFICATION - CALIFORNIA CODE OF REGULATIONS, TITLE 2, SECTION 54760 must be attached to this document.
Not Applicable (Interagency / Public Works / Other)

17b. EMPLOYEE BARGAINING UNIT NOTIFICATION N/A

By checking this box, I hereby certify compliance with Government Code section 19132(b)(1).

Table with 3 columns: AUTHORIZED SIGNATURE, SIGNER'S NAME (Print or Type), DATE SIGNED. All fields are N/A.

18. FOR AGREEMENTS IN EXCESS OF \$5,000: Has the letting of the agreement been reported to the Department of Fair Employment and Housing? [] No [] Yes [x] N/A

19. HAVE CONFLICT OF INTEREST ISSUES BEEN IDENTIFIED AND RESOLVED AS REQUIRED BY THE STATE CONTRACT MANUAL SECTION 7.10? [] No [] Yes [x] N/A

20. FOR CONSULTING AGREEMENTS: Did you review any contractor evaluations on file with the DGS Legal Office? [] No [] Yes [x] N/A

21. IS A SIGNED COPY OF THE FOLLOWING FILE AT YOUR AGENCY FOR THIS CONTRACTOR? A. Contractor Certification Clauses B. STD.204 Vendor Data Record

22. REQUIRED RESOLUTIONS ARE ATTACHED [] No [x] Yes [] N/A

23. IS THIS A SMALL BUSINESS AND/OR A DISABLED VETERAN BUSINESS CERTIFIED BY DGS? [] No [] Yes SB/DVBE Certification Number: N/A

24. ARE DISABLED VETERANS BUSINESS ENTERPRISE GOALS REQUIRED? (If an amendment, explain changes, if any) [] No (Explain Below) [] Yes % of Agreement

25. IS THIS AGREEMENT (WITH AMENDMENTS) FOR A PERIOD OF TIME LONGER THAN THREE YEARS? [] No [] Yes (If Yes, provide justification below)

I certify that all copies of the referenced Agreement will conform to the original Agreement sent to the Department of General Services.

Table with 3 columns: SIGNATURE, NAME/TITLE (Print or Type), DATE SIGNED. Signature field contains 'Contracts Analyst'.



AGREEMENT SUMMARY

STD 215 (Rev. 04/2020)

AGREEMENT NUMBER

21-HK-16942

AMENDMENT NUMBER

JUSTIFICATION - CALIFORNIA CODE OF REGULATIONS, TITLE 2, SECTION 547.60

In the space provided below, the undersigned authorized state representative documents, with specificity and detailed factual information, the reasons why the contract satisfies one or more of the conditions set forth in Government Code section 19130(b). Please specify the applicable subsection. Attach extra pages if necessary.

The undersigned represents that, based upon his or her personal knowledge, information or belief the above justification correctly reflects the reasons why the contract satisfies Government Code section 19130(b).

SIGNATURE	NAME/TITLE (Print or Type)	DATE SIGNED	
PHONE NUMBER	<div data-bbox="518 1899 989 2089" style="border: 2px solid blue; border-radius: 15px; padding: 10px; text-align: center;"> <p style="margin: 0;">STREET ADDRESS</p> <p style="margin: 0; font-size: 2em; font-weight: bold; color: blue;">DRAFT</p> </div>		
EMAIL			STATE

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

California Assembly Bill No. 140 (Chapter 111, Statutes of 2021) (“**AB 140**”) added sections 50675.1.3 and 50675.1.4 to the Multifamily Housing Program (“**MHP**”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.3 provides the statutory basis for the Homekey Program – Round 2 (“**Homekey**” or “**Program**”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“**Department**” or “**HCD**”) to administer MHP.

The Department issued a Homekey Program Notice of Funding Availability, Round 2 on September 9, 2021, which was subsequently amended on January 14, 2022 (the “**NOFA**”). The NOFA incorporates by reference the MHP, as well as the Multifamily Housing Program Final Guidelines, dated June 19, 2019 (“**MHP Guidelines**”), both as amended and in effect from time to time. Homekey grant funds are derived primarily from the state’s direct allocation of the federal Coronavirus State Fiscal Recovery Fund (“**CSFRF**”), which was established by the American Rescue Plan Act of 2021 (“**ARPA**”) (Pub.L. No. 117-2). Homekey funds are also derived from the State of California’s General Fund.

This STD 213, Standard Agreement (“**Agreement**”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Grantee, as defined below, for funding under the Program (the “**Grant**”). As such, this Agreement shall be executed by the Grantee. Where the Grantee comprises a Public Entity or Tribal Entity, as defined below, and one or more additional entities, all entities shall execute the Agreement.

This Agreement hereby incorporates by reference the Application, as well as the project report prepared by the Department in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following (collectively, the “**Program Requirements**”), and each of the following, as amended and in effect from time to time, is incorporated hereto as if set forth in full herein:

- A. AB 140;
- B. The above-referenced MHP statutory scheme;
- C. The NOFA;

Homekey Program – Round 2 (Homekey)
NOFA Date: September 9, 2021, and amended on January 14, 2022
Project Name: 1321 Mission
Approved Date: 01-24-2022
Prep. Date: 01-26-2022

EXHIBIT A

- D. The MHP Guidelines;
- E. ARPA and related federal guidance;
- F. The award letter issued by the Department to the Grantee; and
- G. All other applicable law.

2. Purpose

The Homekey Program is intended to provide housing for individuals and families who are homeless or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases ("**Target Population**").

Grantee applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Grantee agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. Definitions

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. "**AMI**" means Area Median Income.
- B. "**Application**" means the application for Grant funds that was submitted in response to the Department's NOFA.
- C. "**Assisted Unit**" means a Homekey-funded residential dwelling unit that is subject to rent, income, occupancy, and other restrictions in accordance with Program Requirements. See also "**Youth Assisted Unit**."
- D. "**Chronically Homeless**" is defined in accordance with Part 578.3 of Title 24 of the Code of Federal Regulations.
- E. "**Co-Applicant**" means the nonprofit corporation, for-profit corporation, limited liability company, and/or limited partnership that applied for an award of Homekey Grant funds with the Eligible Applicant (i.e., a Public Entity or Tribal Entity).

Homekey Program – Round 2 (Homekey)

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- F. **“Designated Payee”** means the Co-Grantee that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- G. **“Eligible Applicant”** means the Public Entity or Tribal Entity that applied for an award of Homekey Grant funds.
- H. **“Eligible Uses”** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.3, subdivision (a).
- I. **“Expenditure Deadline for Capital Funds”** means the date by which the capital expenditure award must be fully expended. This deadline is eight (8) months from the date of the Grantee’s award unless the Department has approved an alternate arrangement in advance and in writing.
- J. **“Expenditure Deadline for Operating Funds”** means the date by which the operating subsidy award must be fully expended. This deadline is **June 30, 2026**.
- K. **“Grantee”** means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under the Program, and that will be held responsible for compliance with and performance of all Program Requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an “Eligible Applicant,” as defined in the NOFA and as set forth above. **“Grantee”** refers, both individually and collectively, to the Co-Applicant and/or the Eligible Applicant that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Grantee comprises two or more entities, each entity may be referred to as a **“Co-Grantee.”** On the STD 213 portion of this Agreement, the Grantee is identified as the Contractor.
- L. **“Homeless Youth”** means a child, youth, or current or former foster youth through the age of 25 who qualifies as “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.
- M. **“Homeless Youth Project”** means a Project that was prioritized to receive set-aside Homekey funds because (i) at least 25 percent of its Assisted Units will be restricted to Homeless Youth or Youth at Risk of Homelessness; (ii) the Grantee jointly applied and/or partnered with a nonprofit corporation with experience serving the foregoing subpopulation; and (iii) the Project is in reasonable proximity to youth-centered amenities, such as community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and community centers for youth. Alternatively, **“Homeless Youth Project”** means a Project that was prioritized to receive set-aside Homekey funds because it will provide

Homekey Program – Round 2 (Homekey)

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Supportive Services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care.

- N. “Interim Housing” or “Transitional Housing”** means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements, or to pay any rent, fees, or charges.
- O. “Local Public Entity”** is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term **“Local Public Entity”** also includes two or more local public entities acting jointly.
- P. “Performance Milestones”** means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Grantee’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- Q. “Permanent Housing”** means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of tenancy, the landlord does not restrict the tenant’s movements, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- R. “Program Requirements”** means the legal authority and Program materials listed at Paragraph 1.A – G, above.
- S. “Project”** means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing, Interim Housing, or Transitional Housing for the Target Population.
- T. “Public Entity”** is defined in accordance with Health and Safety Code section 50675.1.3, subdivision (a), and means a city, a county, a city and county, and any

Homekey Program – Round 2 (Homekey)

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other state, regional, or Local Public Entity, including any council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code. For purposes of this Agreement, a “**Local Public Entity**” is defined in accordance with Health and Safety Code section 50079 and as set forth above.

- U. “Scope of Work” or “Work”** means the work to be performed by the Grantee to accomplish the Program purpose.
- V. “Supportive Services”** means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits.
- W. “Target Population”** means individuals and families who are “homeless” or “at risk of homelessness,” as those terms are defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.
- X. “TCAC”** means the California Tax Credit Allocation Committee.
- Y. “Tribal Entity”** means an entity that meets any of the following criteria:
- i. Meets the definition of Indian tribe under section 4103(13)(B) of title 25 of the United States Code;
 - ii. Meets the definition of Tribally Designated Housing Entity under section 4103(22) of title 25 of the United States Code;
 - iii. Is not a federally recognized tribe, but is either:
 - I. Listed in the petitioner list of the Office of Federal Acknowledgment (OFA) within the Office of the Assistant Secretary – Indian Affairs of the Department of the Interior pursuant to Part 82.1 of Title 25 of the Code of Federal Regulations; or
 - II. Is an Indian tribe located in the State of California and identified on the contact list maintained by the Native American Heritage Commission for the purpose of consultation pursuant to Government Code section 65352.3.
- Z. “Youth Assisted Unit”** means an Assisted Unit serving Homeless Youth or Youth at Risk of Homelessness. See also “**Assisted Unit.**”

Homekey Program – Round 2 (Homekey)

NOFA Date: September 9, 2021, and amended on January 14, 2022

Project Name: 1321 Mission

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AA. “Youth at Risk of Homelessness” means a child, youth, or current or former foster youth through the age of 25 who qualifies as “at risk of homelessness” or “homeless” under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.

4. Eligible Uses

Grantee shall apply the Program Grant funds to one or more of the following uses. All costs in connection with such Eligible Uses must be incurred on or after March 3, 2021, by the Expenditure Deadline for Capital Funds, and by the Expenditure Deadline for Operating Funds, respectively and as applicable. Grantee’s use of the funds and scope of work (“**Scope of Work**” or “**Work**”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.
- B. Master leasing of properties for non-congregate housing.
- C. Conversion of units from nonresidential to residential.
- D. New construction of dwelling units.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of the Homekey Project.
- G. Capitalized operating subsidies for units purchased, converted, or altered with Homekey Grant funds provided pursuant to Health and Safety Code section 50675.1.3.

5. Rent Standards

Permanent Housing. Rent limits for initial occupancy, and for each subsequent occupancy, of an Assisted Unit shall not exceed 30 percent of that Assisted Unit’s designated income-eligibility level.

Interim Housing, Transitional Housing. No rent shall be charged to the Target Population residents of Interim Housing or Transitional Housing.

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6. Program Deadlines

For Projects that involve acquisition, the Grantee shall expend any capital expenditure award and the Project escrow must be closed by the Expenditure Deadline for Capital Funds.

For Projects that involve construction and/or rehabilitation, the Grantee shall expend any capital expenditure award by the Expenditure Deadline for Capital Funds, and complete any construction or rehabilitation activities within twelve (12) months of the date of the award.

All acquisition-only Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of the Expenditure Deadline for Capital Funds. Otherwise, Projects shall achieve full occupancy of the Assisted Units within ninety (90) calendar days of construction and/or rehabilitation completion. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time.

Projects that received a bonus award for expedited occupancy shall achieve full occupancy within eight (8) months of the date of the award. For purposes of this paragraph, "full occupancy" means fully occupied with consideration for an average 10 percent vacancy rate at any given time. No bonus award shall be granted for expedited occupancy if the Grantee requests and the Department approves an extension for full occupancy.

Grantee may ask the Department for an extension to complete construction and/or rehabilitation, where the Grantee clearly demonstrates that the extension is due to circumstances or conditions beyond the Grantee's control, and that granting the extension will enable the construction and/or rehabilitation to be completed and full occupancy of the Assisted Units to be achieved. Where the Department grants an extension for completion of construction and/or rehabilitation, the Expenditure Deadline for Capital Funds and the deadline for full occupancy of the Assisted Units may also be extended within the constraints of applicable law.

Grantee shall expend any Homekey-funded operating subsidy award by the Expenditure Deadline for Operating Funds.

7. Performance Milestones

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Grantee shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each, a “**Milestone Completion Date**”). The Performance Milestones shall include, but not be limited to, any applicable Expenditure Deadline for Capital Funds, Expenditure Deadline for Operating Funds, occupancy deadline, or expedited occupancy deadline.

Grantee may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department’s reasonable discretion. In no event will the Department approve an extension request in the absence of Grantee’s demonstration of good cause for said extension, along with Grantee’s reasonable assurances that the extension will not result in Grantee’s failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

8. Reporting Requirements

Grantee shall submit an annual Homekey Program and Expenditure Report, and comply with all additional reporting requirements, as set forth and specified at Section 601 of the NOFA, all in accordance with the Milestone Completion Date(s) set forth at Exhibit E of this Agreement.

After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department.

Upon the Department’s request and as specified, the Grantee shall provide progress reports in connection with the development plan and any updates to the timeline for completion of the Project. The development plan should include the Project’s completion milestones and any updates or substantial changes.

In addition, the Grantee shall submit to the Department such periodic reports, updates, and information as deemed necessary by the Department to monitor compliance and/or perform Program evaluation. Any requested data or information shall be submitted in electronic format on a form provided by the Department.

Grantee shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.

9. Department Contract Coordinator

The Department’s Contract Coordinator for this Agreement is the Deputy Director of the Division of State Financial Assistance, or the Deputy Director’s designee. Unless otherwise informed, Grantee shall mail any notice, report, or other communication

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required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address or email to Homekey2SGM@hcd.ca.gov:

California Department of Housing and Community Development
Attention: Homekey Program – Round 2 (Homekey)
State Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

10. Grantee Contract Coordinator

The Grantee Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Grantee Contract Coordinator at the address specified at Exhibit E of this Agreement.

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BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Grantee has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Grantee after this Agreement has been fully executed and after the Department receives the Grantee's request for funds, with all required supporting documents appended thereto. The Grantee shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comports with the Program Requirements (if the Grantee has not already submitted same);
- C. Documentary evidence of any eligible costs incurred on or after March 3, 2021 and before the execution of this Agreement;
- D. Certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law;
- E. A copy of the Department-approved relocation plan for the Project, or a copy of a Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department;
- F. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- G. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- H. A current title report (dated within 15 days of the request for funds); or for tribal trust land, a title status report ("**TSR**") or an attorney's opinion regarding chain of title and current title status;

EXHIBIT B

- I. Any forms, certifications, or documentation required pursuant to Paragraph 5– Additional Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- J. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

3. Performance

After disbursement of the funds, the Grantee shall meet each Performance Milestone set forth at Exhibit E by the relevant Milestone Completion Date. After satisfaction of each Performance Milestone, the Grantee shall promptly report its progress, in writing, to the Department. Grantee may apply to the Department for an extension of any Milestone Completion Date based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Performance Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE GRANTEE TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO GRANTEE.

4. Fiscal Administration

- A. Grantee shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit the Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any capital expenditure award funds that have not been expended by the Expenditure Deadline for Capital Funds must be returned to the Department with accrued interest. Any operating subsidy award funds that have not been expended by the Expenditure Deadline for Operating Funds must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

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Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Grantee may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

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EXHIBIT D

HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement, when fully executed by the Department and the Grantee, is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "**Effective Date**").
- B. This Agreement shall terminate fifteen (15) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "**Expiration Date**").
- C. Grantee will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B and, as necessary and applicable, under Paragraph 5 – Additional Conditions Precedent to Disbursement of Exhibit E.
- D. Any expenses incurred prior to March 3, 2021, after the Expenditure Deadline for Capital Funds, or after the Expenditure Deadline for Operating Funds, respectively and as applicable, are not eligible for payment under the Program, unless an alternate arrangement is legally permissible and has been approved by the Department in advance and in writing.
- E. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department in the absence of an alternate arrangement that has been approved by the Department in advance and in writing.

2. Termination for Cause

The Department may terminate this Agreement for cause at any time by giving at least fourteen (14) calendar days' advance written notice to the Grantee. Upon such termination, Grantee shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

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Cause shall consist of Grantee's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Grantee's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified.
- B. Grantee's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Project-Specific Provisions and Special Terms and Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Grantee's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Grantee in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Grantee has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

In the event of this or any other breach, violation, or default by the Grantee, the Department may give written notice to the Grantee to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department in its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. Cancellation

- A. It is mutually understood between the parties that this Agreement may have been written for the mutual benefit of both parties before ascertaining the availability of

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congressional appropriation of funds to avoid program and fiscal delays that would occur if this Agreement were executed after that determination was made.

- B. This Agreement is valid and enforceable only if sufficient funds are made available to the State of California by the United States Government for fiscal years 2021-2022 through 2025-2026 for CSFRF purposes. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or to any statute enacted by the Congress that may affect the provisions, terms, or funding of this Agreement in any manner.
- C. The parties mutually agree that if the Congress does not appropriate sufficient funds for the CSFRF, this Agreement shall be amended to reflect any subsequent reduction in CSFRF funds.
- D. The Department may cancel this Agreement, in whole or in part, if (i) sufficient funds are not made available by the United States Government; (ii) Congress enacts any restrictions, limitations, or conditions that impact this Agreement or the funding of this Agreement; or (iii) cancellation is otherwise permitted under state contracting law.
- E. To cancel this Agreement pursuant to this paragraph, the Department shall give thirty (30) calendar days' advance written notice to the Grantee. The Locality shall return any undisbursed portion of its Grant award to the Department within thirty (30) calendar days from the date on the Department's written notice of cancellation, unless (i) the parties have agreed upon an alternate arrangement in advance and in writing; or (ii) an alternate arrangement is necessary for one or both parties to remain in compliance with ARPA or other applicable law.

4. **Eligible Activities**

Grant funds awarded to the Grantee shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

5. **Performance Milestones**

Grantee shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

6. **Article XXXIV**

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Per Health and Safety Code section 37001, subdivision (h)(2), article XXXIV, section 1 of the California Constitution (“**Article XXXIV**”) is not applicable to development that consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from CSFRF established by ARPA. As such, Article XXXIV is not applicable to Homekey-funded development, construction, or acquisition.

7. **Appraisals**

Grantee shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

8. **Compliance with Prevailing Wage Law**

Grantee’s Project is subject to state and federal prevailing wage law. Grantee is urged to seek professional legal advice about prevailing wage law requirements and Grantee’s potential obligations thereunder. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California’s prevailing wage law, as well as all applicable federal prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Grantee and its general contractor(s).

9. **Environmental Conditions**

Grantee shall provide a Phase I Environmental Site Assessment (“**ESA**”) for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Grantee desires to proceed with the Project, the Grantee shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Grantee shall also provide an asbestos assessment and a lead-based paint report for the Department’s approval if the Project involves rehabilitation or demolition of existing improvements.

10. **Insurance**

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Grantee shall obtain the insurance coverages identified in the NOFA. Grantee shall maintain such insurance coverages for either the term of this Agreement or the term of any required restrictive covenant or regulatory agreement, whichever applicable term is longer. Grantee shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Grantee shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Grantee is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Grantee shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Grantee abandons its self-insured status at any time after execution of this Agreement, the Grantee shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

11. Operating Funds

Grantee shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Grantee shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

12. Relocation

Grantee must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Grantee must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. To ensure that displaced persons and entities do not suffer a disproportionate impact as a result of Projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law. In addition, before the Homekey award will be disbursed, Grantee must have either:

- A. A Department-approved relocation plan; or
- B. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement, which has been duly executed by the Grantee and approved by the Department.

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13. One-for-One Replacement of Assisted Units

One-for-one replacement of Assisted Units is permissible if approved in advance by the Department per Section 301 of the NOFA, after the Department's determination, in its sole and absolute discretion, that such replacement will not reduce the inventory of units that are already available at affordable rents to households that are at or under 30 percent AMI.

14. Site Control

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Grantee shall have control of the property at all times, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Grantee's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.
- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Grantee, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Grantee shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the

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- award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Grantee. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other evidence of site control that gives the Department assurance (equivalent to A-E above) that the Grantee will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

15. **Adaptability and Accessibility**

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility, including, without limitation, the requirements set forth in the NOFA.

16. **Title Status and Reports**

Grantee shall provide a current title report for the real property on which the Project is located. If Grantee's interest in the property is leasehold, then Grantee shall provide a current title report for the leasehold interest and the fee interest. For tribal trust land, Grantee shall provide a TSR or an attorney's opinion regarding chain of title and current title status. As set forth and specified at Exhibit B of this Agreement, Grantee shall provide such title report or documentation of title status prior to disbursement of any Homekey Grant funds.

17. **Title Insurance**

Grantee shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Grantee holds good and marketable title (fee simple or leasehold).

18. **Property Management Plan**

Grantee shall submit a property management plan to the Department for its review and approval. Such management plan shall be consistent with any representations

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made in the Application, and it shall meet the Program Requirements (e.g., include the management, maintenance, and repair information required by the MHP Guidelines).

19. Supportive Services Plan

Grantee shall submit a Supportive Services plan to the Department for its review and approval. Such Supportive Services plan shall be consistent with any representations made in the Application, and it shall meet the Program Requirements (e.g., provide for delivery of housing stability services and benefits).

20. Compliance with Title VI of the Civil Rights Act of 1964

Grantee and any of its contractors, subcontractors, successors, transferees, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this Agreement. Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the U.S. Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this Agreement.

21. Nondiscrimination

Statutes and regulations prohibiting discrimination are applicable to this Agreement and include, without limitation, the following:

- A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.) and the U.S. Department of the Treasury's implementing regulations at 31 CFR Part 22;
- B. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.);
- C. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);

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- D. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.);
- E. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101 et seq.); and
- F. The State of California nondiscrimination statutes, regulations, and standards set forth and identified in the NOFA and at Exhibit C of this Agreement.

Grantee shall adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with Homekey funds.

22. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Grantee shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing, Transitional Housing, or Permanent Housing. Grantee is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development (“HUD”). Grantee shall comply with all applicable state and federal fair housing laws.

23. Grantee Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Grantee acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety

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Code, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit, subject to applicable state laws and local governmental ordinances related to public health, animal control, and animal anticruelty.

24. **Final Certificate of Occupancy**

Grantee shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

25. **Occupancy**

The Assisted Units shall be occupied by the Target Population, and such units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Grantee shall certify, upon occupancy, that it will employ the core components of Housing First (as set forth at Welfare and Institutions Code section 8255) as part of its property management plan and Supportive Services plan.

26. **Tenant Selection**

Referrals to Assisted Units shall be made through the local Coordinated Entry System ("CES"), or another comparable prioritization system based on greatest need shall be used. All referral protocols for Assisted Units shall be developed in collaboration with the local Continuum of Care and implemented consistent with the Program Requirements.

27. **Participation in Statewide HDIS/HMIS**

Grantee shall support Continuum of Care participation in the statewide Homeless Data Integration System ("**HDIS**"). As required by and in accordance with state and federal law (including all applicable privacy law), Grantee shall further disclose relevant data to the local Homeless Management Information System ("**HMIS**") and comparable data collection systems.

28. **Restrictive Covenants and Regulatory Agreements**

A restrictive covenant, regulatory agreement, or similar use restriction shall be recorded against the Project real property, depending on the Project type. For Interim Housing or Transitional Housing Projects that will not result in Permanent Housing,

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the Department will prepare, and the Public Entity shall cause, a 15-year restrictive covenant to be recorded against the Project real property. For Interim Housing or Transitional Housing Projects that will ultimately result in Permanent Housing, the Public Entity or Tribal Entity shall prepare and cause a 15-year restrictive covenant to be recorded against the Project real property. For Permanent Housing Projects, the Public Entity or Tribal Entity shall prepare and cause a 55-year regulatory agreement to be recorded against the Project real property. For Permanent Housing Projects located on tribal trust land, a 50-year use restriction shall be recorded against the Project real property.

All use restrictions shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions shall include occupancy and rent restrictions that maintain the Project's accessibility to the Target Population over the full term of the use restriction.

All use restrictions are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

29. Restrictions on Sales, Transfers, and Encumbrances

Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

30. Retention, Inspection, and Audit of Records

Grantee is responsible for maintaining records which fully disclose the activities funded by the Grant. Grantee shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. The U.S. Department of the Treasury and any authorized oversight body or representative, including, without limitation, the Treasury's Office of Inspector General, the Government Accountability Office, and the Pandemic Relief

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Accountability Committee, shall have the right of access to such records in order to conduct audits or other investigations. Grantee shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Grantee shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Grantee shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Grantee in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Grantee, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Grantee shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

31. Site Inspection

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

32. Compliance with State and Federal Laws, Rules, Guidelines, and Regulations

Grantee agrees to comply with all state and federal laws, rules, guidelines, and

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regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

33. **Updated Information**

If there is any change in the information that has been provided to the Department, Grantee shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval. In addition, Grantee shall promptly notify the Department, in writing, of any changes in Grantee or Co-Grantee organization, authorization, or capacity.

34. **Survival of Obligations**

The obligations of the Grantee, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

35. **Litigation**

Grantee shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

36. **Entire Agreement; Severability**

This Agreement constitutes the entire agreement between the Grantee and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

37. **Modification or Waiver under AB 1010**

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The Department reserves the right to waive or modify any requirement under this Agreement, or any Program Requirement, as authorized by and in accordance with Assembly Bill No. 1010 (Chapter 660, Statutes of 2019) (“**AB 1010**”), which is codified at Health and Safety Code section 50406, subdivision (p).

38. **Waivers**

No waiver of any breach, violation, or default under this Agreement shall be held to be a waiver of any other or subsequent breach or violation thereof or default thereunder. The Department’s failure, at any time, to enforce the provisions of this Agreement or to require the Grantee’s performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department’s right to enforce this Agreement.

39. **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**

This Agreement is subject to the administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities, which are set forth at 2 Code of Federal Regulations part 200.

40. **Single Audit Requirements**

Grantee is responsible for complying, as necessary, with the Single Audit Act and its implementing regulation at 2 Code of Federal Regulations part 200, subpart F regarding audit requirements.

41. **Disputes**

In the event of any conflict between this Agreement and any Grantee documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

42. **Consent**

The parties agree that wherever the consent or approval of the Department or Grantee is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party’s sole and absolute discretion, or other words of similar import.

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43. Grantee Liability

Grantee shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Grantee shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Grantees' identification of a Designated Payee.

44. Defense and Indemnification

Grantee agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Grantee's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Grantee shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

45. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

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EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS

Permanent Housing

A. PROJECT-SPECIFIC PROVISIONS

1321 Mission 1321 Mission Street San Francisco, CA 94103				Accessor Parcel Number (APN): Lot 043, Block 3509	
County of San Francisco					
# of Bedrooms	Units	Non-Homekey Units	Homekey-Assisted Units	AMI Income Limit	Restriction to Subset of Target Population
Manager Unit	1	0	1	N/A	N/A
0 (Studio)	60	0	60	30%	Chronically Homeless
0 (Studio)	60	0	60	30%	N/A
3-Bedroom	39	0	39	30%	N/A
Totals:	160	0	160		

1. Permanent Housing – Award, Disbursement, and Eligible Use(s). Grantee received Homekey Program award letter on December 21st, 2021 (the “**Award Date**”). Pursuant to that award letter, the Grantee is receiving Homekey Grant funds in the amount of \$54,778,000.00 (the “**Award**”). The Payee of these funds is City and County of San Francisco. Grantee will use the funds to provide Permanent Housing for the Target Population. Specifically, the Grantee will apply these funds towards the following eligible use(s):

- a. Acquisition and rehabilitation of a hotel to provide Permanent Housing for the Target Population.
- b. Capitalization of an operating subsidy for the Assisted Units.

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Grantee's Award includes \$46,290,000.00 for capital expenditures and \$8,488,000.00 for operating funds. The Expenditure Deadline for Capital Funds is set forth herein as a Milestone Completion Date. The Expenditure Deadline for Operating Funds is set forth herein as a Milestone Completion Date.

Grantee will receive additional funds in the amount of \$1,590,000.00 (the "**Bonus Award**") if the Project's Assisted Units achieve full occupancy (with consideration for an average of 10 percent vacancy) within eight (8) months of the Award Date. The occupancy deadline in connection with Grantee's Bonus Award is set forth herein as a Milestone Completion Date. The Department will not disburse the Bonus Award until it receives documentary evidence, in form and substance reasonably satisfactory to the Department, that the Milestone Completion Date has been met. Grantee shall only use such Bonus Award for its incurred or prospective operating costs for the Project. If Grantee duly satisfies all requirements and conditions relative to the Bonus Award, Grantee's total award amount will be \$54,778,000.00 (the "**Total Award Amount**").

- 2. Project Narrative.** The Grantee is acquiring an 11 story, 160-unit multifamily building. Having been completed in 2015, no rehabilitation or renovations are required. The project site will be serving both chronically homeless, and homeless populations consisting of adults, couples, and families. The project site is within ½ mile of transportation, full-scale grocery store, health facility, and a pharmacy.

Obligation to Serve Subsets of the Target Population. Grantee shall ensure that at least 25 percent of the Project's Assisted Units are restricted to occupancy by the Chronically Homeless. Grantee shall ensure that at least 50 percent of the Project's Assisted Units are restricted to occupancy by the Homeless.

- 3. Scope of Work.** This property is being purchased by the Grantee to convert from general multifamily, to permanent supportive housing. The Case Management ratio for the Chronically Homeless, Homeless, and At-Risk of Homelessness populations is 20:1.

Supportive Services to be provided:

- Case Management: Staff will provide service to tenants with the goal of maintaining housing stability with ongoing meetings and counseling, develop service plans that are tenant driven, and provide referrals and linkages to off-site support services.

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- Behavioral Health Services: City and County of San Francisco’s Department of Homeless and Supportive Housing and Department of Public Health will provide onsite case management, and access to onsite or roving clinical services. Additional clinical consultation and crisis service are available through the DPH mobile services hub.
- Physical Health Services: Provided through DPH onsite or roving nurses and/or case management support to enroll in public health coverage. Case management staff assists tenants to access primary care to ensure health care needs are met.
- Assistance obtaining benefits and essential documentation: Onsite case managers assists with obtaining public benefits and HSH facilitates identity and income documentation for all tenants at the point of housing referral/move-in.
- Education and employment services: HSH will provide referral services and coordination of workshops and trainings as needed by tenants.
- Community Building: Weekly coffee and pastries, holiday events, and other programs to provide socialization and stability.
- Other services: Services staff connect each tenant with resources needed to be food secure as they live independently.

FTE Staff Positions for Homekey Units:

- a) Supportive Services Staff Supervisor (1 FTE)
- b) Case Manager (8 FTE)

4. Grantee Contract Coordinator.

Authorized Representative Name:	Shireen McSpadden
Authorized Representative Title:	Executive Director, Department of Homelessness and Supportive Housing
Entity Name:	City and County of San Francisco
Address:	440 Turk Street San Francisco, CA 94102

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Telephone No.:	(415) 350-4258
E-Mail Address:	Shireen.mcspadden@sfgov.org

5. Additional Conditions Precedent to Disbursement.

The Department will not disburse the Award until it receives a fully conforming resolution authorizing Grantee, through its authorized representative to execute and deliver this Standard Agreement and other Homekey Documents.

6. Budget Detail.

Grantee is obligated to cover the Project's development, operations and service costs for five (5) years. Grantee will satisfy this obligation by leveraging funding commitments, or other reasonable funding assurances, from the following funding sources:

Homekey: An award letter dated December 21st, 2021 committing to the amount of \$54,778,000.00 for acquisition.

City and County of San Francisco- Department of Homelessness and Supportive Housing (DHS): A letter from DHS dated October 25th, 2021 committing to the amount of \$40,927,000.00.

Grantee shall maintain the ongoing affordability of the Project by leveraging the following non-Homekey sources of rental or operating subsidies:

City and County of San Francisco- DHS: A letter from DHS dated October 25th, 2021 committing to the amount of \$8,677,518.00.

7. Performance Milestones.

Performance Milestones	Milestone Completion Date
The Project's escrow must be closed, and the capital funds must be fully expended.	August 21 st , 2022
All Homekey-funded construction or rehabilitation must be completed.	December 21 st , 2022

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Performance Milestones	Milestone Completion Date
Full occupancy by the Target Population must be accomplished in accordance with the descriptions and representations set forth in the Application.	August 21 st , 2022
A copy of Grantee’s written nondiscrimination policy (in accordance with <u>Exhibit D</u> of this Agreement) must be submitted to the Department.	August 21 st , 2022
A [DRAFT] Regulatory Agreement or other use restriction must be submitted to the Department for review and approval.	August 21 st , 2022
A Department-approved Regulatory Agreement or other use restriction must be recorded against the Project real property as specified and described in the NOFA and this Agreement.	December 21 st , 2022
Homekey-funded operating funds must be fully expended.	June 30, 2026
A Homekey Program and Expenditure Report must be submitted to the Department as specified and described in the NOFA.	January 31 – Each year for five (5) years following the Effective Date of this Agreement

B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

- 1. Use Restriction.** The state, regional, local, or tribal Grantee shall ensure that the Project is duly encumbered with a 55-year covenant, declaration, regulatory

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agreement, or similar use restriction (the “**Regulatory Agreement**”) that **(a)** is recorded in first position against the Project for the benefit of the state, regional, local, or tribal Grantee; **(b)** restricts the use, operation, occupancy, and affordability of the Project in accordance with this Agreement and the applicable Program Requirements; **(c)** duly names the Department as a third-party beneficiary with the right and privilege, but not the obligation, of enforcement thereof; and **(d)** is otherwise in form and substance acceptable to the Department.

The Regulatory Agreement must be recorded against the real property of the Project site by the Milestone Completion Date set forth herein. The Grantee shall obtain the Department’s express written approval of the Regulatory Agreement prior to the recordation of the same. After recordation, the Grantee shall promptly provide the Department with a conformed copy of the recorded Regulatory Agreement.

Unless otherwise authorized by the prior and express written approval of the Department, the Regulatory Agreement must be recorded as a lien against the Project in first position, and must remain in first position, over all other Project agreements, covenants, or other matters of record on the real property for the period of affordability required by the Program.

2. Grantee has committed to a 55-year use restriction for the Project and has waived any potential accommodation by the Department to increase income limits, as described in the NOFA, for 100 percent of the Assisted Units.
3. Grantee has made the following accessibility commitments with respect to the Project: The Project will exceed the state and federal accessibility requirements set forth in the NOFA. At least 10 percent of the Project’s units must have features accessible to persons with hearing or vision disabilities, as specified and described in the NOFA.

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AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

MISSION SMARTSPACE SENIOR LLC, a Delaware limited liability company,
as Seller

and

CITY AND COUNTY OF SAN FRANCISCO,
as Buyer

For the purchase and sale of

1321 Mission Street,
San Francisco, California

_____, 2021

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AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE
(1321 Mission Street, San Francisco)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this “**Agreement**”), dated for reference purposes only as of _____, 2021, is by and between MISSION SMARTSPACE SENIOR LLC, a Delaware limited liability company (“**Seller**”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**Buyer**” or “**City**”).

IN CONSIDERATION of the payment of the non-refundable sum of Ten Dollars and No/100 (\$10.00) by City, the receipt of which is hereby acknowledged by Seller, and the respective agreements contained hereinbelow, Seller and City agree as follows:

1. PURCHASE AND SALE

1.1 Property Included in Sale

Seller agrees to sell and convey to City, and City agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following:

(a) the real property consisting of approximately 9,208 square feet of land, located in the City and County of San Francisco, commonly known as 1321 Mission Street, Assessor Parcel Numbers Block 3509, Lot 043 and more particularly described in the attached Exhibit A (the “**Land**”);

(b) all improvements and fixtures located on the Land, including, without limitation, that certain apartment building consisting of 160 apartments, ground floor commercial space, a central lobby, public lounges, common areas, plus a rooftop garden as well as all other buildings and structures located on the Land, all apparatus, equipment and appliances used in connection with the operation or occupancy of the Land and its improvements such as heating and air conditioning systems and facilities used to provide any utility, refrigeration, ventilation, garbage disposal or other services, and together with all on-site parking, if any (collectively, the “**Improvements**”);

(c) any and all rights, privileges, and easements incidental or appurtenant to the Land or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Land, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and any and all of Seller's right, title and interest in and to all roads and alleys adjoining or servicing the Land or Improvements (collectively, the “**Appurtenances**”);

(d) the Leases (as defined below);

(e) the tangible personal property owned by Seller, and accepted by City, located on or in or used in connection with the Land, Appurtenances, or Improvements as described in Exhibit B attached hereto (the “**Personal Property**”). Seller shall not remove any Personal Property subsequent to the Effective Date, except for (i) Personal Property which is replaced with Personal Property of comparable utility, or (ii) as otherwise requested by City no later than sixty (60) days prior to Closing; and

(f) any intangible personal property now or hereafter owned by Seller and used in the ownership, use or operation of the Land, Improvements, Appurtenances, or Personal

Property, excluding the names “Panoramic,” “SmartSpace,” “CitySpaces,” “CitySpace Studios,” or any derivation thereof. Buyer may otherwise use any other trade name now used in connection with the Land or Improvements, and, to the extent expressly approved by City pursuant to this Agreement, any contract rights or other agreements or rights relating to the ownership, use and operation of the Land, Improvements or Personal Property or any of the foregoing (collectively, the “**Intangible Property**”).

All of the items referred to in Subsections (a), (b), (c), (d), (e) and (f) above are collectively referred to as the “**Property**.”

2. PURCHASE PRICE

2.1 Purchase Price

The total purchase price for the Property is Eighty-Six Million Five-Hundred Thousand and No/100 Dollars (\$86,500,000.00) (the “**Purchase Price**”).

2.2 Deposit

Within ten (10) business days after the later of the Effective Date (as defined in Section 11.17 (Effective Date) below) or the Homekey Award Date (as defined in Section 2.5 (Project Homekey) below), City will deliver to the Title Company (as defined in Section 3.2 (Title Insurance) below), as escrow agent, Five Million and 00/100 Dollars (\$5,000,000.00) as an earnest money deposit applicable to the Purchase Price (the “**Deposit**”). If City elects, the Title Company will deposit the Deposit into an interest-bearing account at a bank or financial institution approved by City in writing, and the term “Deposit” will include any interest earned thereon. Unless this Agreement is terminated and the Deposit disbursed as provided in this Agreement, the Deposit will be applied to the Purchase Price at Closing. If City terminates this Agreement for failure of any condition precedent under this Agreement, then City and Seller will equally share all title fees and escrow cancellation fees and Seller and City will instruct the Title Company to immediately return the Deposit to City. If the sale of the Property is not consummated because of a City default, then City will pay all title fees and escrow cancellation fees and Seller and City will instruct the Title Company to immediately release the Deposit to Seller in accordance with Section 6.8 (City Default and Liquidated Damages) below. If City terminates this Agreement due to a Seller default, then Seller will pay all title fees and escrow cancellation fees and Seller and Buyer will instruct the Title Company to immediately return the Deposit to City.

2.3 Payment

(a) On the Closing Date (as defined in Section 6.2 (Closing Date)), City will pay the Purchase Price, adjusted pursuant to the provisions of Article 7 (Expenses and Taxes), and reduced by any credits due City hereunder.

(b) Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under Sections 6.3(h) and 6.3(i) (Seller's Delivery of Documents), City may be required to withhold a portion of the Purchase Price pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the “**Federal Tax Code**”), or Section 18662 of the California Revenue and Taxation Code (the “**State Tax Code**”). Any

amount properly so withheld by City and paid to the Internal Revenue Service or the California Franchise Tax Board will be deemed to have been paid by City as part of the Purchase Price, and Seller's obligation to consummate the transaction contemplated herein and its obligations under this Agreement will not be excused or otherwise affected by such withholding.

2.4 Funds

All payments made by any party hereto will be in legal tender of the United States of America, paid in cash or by wire transfer of immediately available funds to Title Company (as defined in Section 3.2 (Title Insurance) below), as escrow agent.

2.5 Project Homekey

Seller acknowledges that City intends to apply for funding from the State of California through the State of California's Project Homekey program ("Project Homekey") to fund all or a portion of the Purchase Price to support the acquisition of the Property. City agrees to keep Seller informed to the extent possible on the Project Homekey process, including the date City submits any application associated with the Project and any meaningful feedback received during the application process. Seller agrees to use commercially reasonable efforts to cooperate with City during Project Homekey application process.

If City is successful in its Project Homekey application, the date upon which City is formally notified of its award under Project Homekey will be referred to as the "Homekey Award Date." The date upon which Project Homekey funds are transferred into escrow for the Property is referred to as the "Homekey Funding Date." If City is unsuccessful in its application for Project Homekey funding, (i) City may terminate this Agreement without penalty, or (ii) Seller and City may agree (in the sole and absolute discretion of each of them) to an extension to this Agreement to allow for a subsequent Project Homekey application or other funding source.

3. TITLE TO THE PROPERTY

3.1 Conveyance of Title to the Property

At the Closing, Seller will convey to City, or its nominee, marketable and insurable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the "**Deed**"), subject to the Accepted Conditions of Title (as defined in the Due Diligence Agreement and Permit to Enter Property by and between Seller and City dated as of July 29, 2021 (the "**Due Diligence Agreement**")).

3.2 Title Insurance

Delivery of title in accordance with the preceding Section will be evidenced by the commitment of Stewart Title Guaranty Company (the "**Title Company**") to issue to City, or its nominee, an ALTA extended coverage owner's policy of title insurance (Form ALTA 2006 – updated 6/17/2006) (the "**Title Policy**") in the amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements in City, or its nominee, free of the liens of any and all deeds of trust, mortgages, assignments of rents, financing statements, rights of tenants or other occupants (except for the tenants under the Leases, provided such exception is limited to the interest of such tenants as tenants only without any rights or options to purchase

any of the Property), subject only to the Accepted Conditions of Title, as defined in the Due Diligence Agreement, or otherwise accepted by City under the Due Diligence Agreement. If Seller gives notice under Section 1.3(c) of the Due Diligence Agreement that Seller will remove or cure the exceptions objected to by City on or before the Closing and fails to remove the objectionable exceptions from title before the Closing Date, and City is unwilling to take title subject to the objectionable exceptions, Seller will be in default under this Agreement and City will have the rights and remedies provided in this Agreement. The Title Policy must provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property, and contain an affirmative endorsement that there are no violations of restrictive covenants, if any, affecting the Property and such other special endorsements as City may reasonably request. The Title Policy will also provide for reinsurance with direct access with such companies and in such amounts as City may reasonably request.

3.3 Bill of Sale

At the Closing, Seller will transfer title to the Personal Property by bill of sale in the form attached hereto as Exhibit D (the “**Bill of Sale**”), such title to be free of any liens, encumbrances or interests. To the extent possible, any maintenance contract or warranty in connection with the purchase of the Personal Property will be optional (namely, City may, but is not required to, purchase any maintenance contract or warranty as provided in Section 5.2(h) below), and included in the Assignment of Intangible Property (defined below).

3.4 Assignment of Intangible Property

At the Closing, Seller will transfer title to the Intangible Property by such instruments as City may reasonably determine necessary, including, without limitation, an Assignment of Contracts, Warranties and Guaranties, and other Intangible Property in the form attached hereto as Exhibit E (the “**Assignment of Intangible Property**”).

3.5 Assignment of Leases

At the Closing, Seller shall transfer its title to the Leases by an assignment of leases in the form attached hereto as Exhibit F (the “**Assignment of Leases**”), such title to be free of any liens, encumbrances or interests, except for the Accepted Conditions of Title (as defined in the Due Diligence Agreement).

4. BUYER'S DUE DILIGENCE INVESTIGATIONS; AS-IS SALE

4.1 City's Due Diligence

As of the date hereof, Seller has given City and/or its Agents a full opportunity to investigate the Property as provided in the Due Diligence Agreement, and Seller has provided the Documents (as defined in the Due Diligence Agreement) to City and its Agents.

5. ENTRY; CONDITIONS TO CLOSING

5.1 Entry

During the Due Diligence Period and at all times prior to the Closing Date, subject to the terms and conditions of the Due Diligence Agreement Seller shall afford City and its Agents reasonable access to the Property and the Documents (as defined in the Due Diligence Agreement) for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the City Conditions Precedent. As

used herein, the “**Due Diligence Period**” means the period commencing upon the execution of the Due Diligence Agreement by the City (August 2, 2021) and ending on October 1, 2021.

5.2 City's Conditions to Closing

The following are conditions precedent to City's obligation to purchase the Property (collectively, “**City Conditions Precedent**”):

(a) City has reviewed and approved title to the Property, as set forth in Article 3 herein and the Due Diligence Agreement.

(b) City has reviewed and approved the physical and environmental conditions of the Property prior to the end of the Due Diligence Period, as provided in the Due Diligence Agreement. City shall be responsible for performing or arranging any such reviews at City's expense, provided that if City's consultants reasonably determine that, based upon their Phase I examination, a Phase II examination is necessary with respect to all or a part of the Real Property, or if City otherwise desires to drill any test wells or take any soil borings, City shall notify Seller of the scope of any proposed Phase II examination, test wells or soil borings and may request Seller's consent to perform the same. City may not perform a Phase II examination, drill any test wells or take any soils borings without Seller's prior written consent, which may be withheld or granted in Seller's sole and absolute discretion. If Seller consents to a Phase II examination, any test wells or soils borings, City shall pay the cost of any such Phase II examination or the drilling of such test wells or soils borings performed by City or City's consultants.

If any of City's investigations reveal any contamination of the Property with any Hazardous Material, as defined in Section 8.1 (Representations and Warranties of Seller) below, then City may, at its sole election, by written notice to Seller on or before the end of the Due Diligence Period: (i) request that Seller, at Seller's sole cost, complete before the Closing through duly licensed contractors approved by City such activities as are necessary to cleanup, remove, contain, treat, stabilize, monitor or otherwise control Hazardous Material located on or under the Property in compliance with all governmental laws, rules, regulations and requirements and in accordance with a written remediation plan approved by City in its sole discretion and by all regulatory agencies with jurisdiction; or (ii) terminate this Agreement. If City notifies Seller of its election to request that Seller remediate the contamination, Seller shall have fifteen (15) days after receipt of City's notice, to elect, at Seller's sole option, to provide City with: Seller's election to remediate the contamination before the Closing; or Seller's election to terminate this Agreement. Seller's failure to provide notice to Buyer within such fifteen (15)-day period shall be deemed notice of termination. If Seller chooses to remediate the contamination, the Closing may be extended for a reasonable time to enable Seller to complete such remediation, provided any such extension shall be subject to City's prior written approval, which City may give or withhold in its sole discretion. Seller shall indemnify City for any claims relating to the remediation of such Hazardous Material pursuant to a separate written agreement in form and substance satisfactory to City and Seller. If Seller and City are not able to agree to the form of such indemnification agreement, either party may terminate this Agreement.

(c) City has reviewed and confirmed the compliance of the Property with all applicable laws, regulations, permits, and approvals as of the Closing Date.

(d) City has reviewed and approved the Documents (as defined in the Due Diligence Agreement) prior to the end of the Due Diligence Period.

(e) Seller is not in default in the performance of any covenant or agreement to be performed by Seller under this Agreement or the Due Diligence Agreement, and all of Seller's representations and warranties contained in or made pursuant to this Agreement are true and correct both when made and as of the Closing Date. At the Closing, Seller will deliver to City a certificate certifying that each of Seller's representations and warranties contained in Section 8.1 (Representations and Warranties of Seller) below are true and correct as of the Closing Date or stating any exceptions thereto. If any exceptions are not satisfactory to the City in its sole discretion, this condition shall not be satisfied.

(f) The physical condition of the Property is substantially the same on the Closing Date as on the last day of the Due Diligence Period, reasonable wear and tear and loss by casualty excepted (subject to the provisions of Section 9.1 (Risk of Loss)), and, as of the Closing Date, there is no litigation or administrative agency or other governmental proceeding, pending or threatened, that after the Closing would materially adversely affect the value of the Property or the ability of City to operate the Property for its intended use, and no proceeding is pending or threatened that could or would cause the change, redesignation or other modification of the zoning classification of, or of any building or environmental code requirements applicable to, any of the Property.

(g) Title Company is committed at the Closing to issue to City, or its nominee, the Title Policy as provided in Section 3.2 (Title Insurance).

(h) City has reviewed and approved prior to the end of the Due Diligence Period a schedule (the "**Schedule of Agreements**") setting forth a list of all of the contracts or agreements that City has elected that Seller will assign to City, and City will assume at Closing (the "**Assumed Contracts**"), together with true and accurate copies of all such documents. At or before the Closing, Seller has terminated any contracts or agreements other than the Assumed Contracts and the Leases, without liability to City.

(i) Seller has delivered the items described in Section 6.3 below (Seller's Delivery of Documents) in form and substance satisfactory to City.

(j) Title Company has agreed to be the real estate reporting person for the Closing in compliance with the Reporting Requirements (as defined in Section 6.6 below).

(k) City has reviewed and approved prior to the end of the Due Diligence Period of all income and expense statements, year-end financial and monthly operating statements for the Property for the three (3) most recent calendar years prior to Closing and to the extent available, the current year, all of which shall be prepared on the accrual tax-basis accounting method.

(l) At or before the Closing, Seller has terminated any existing and pending leases and other occupancy agreements other than the Leases, without liability to City.

(m) Prior to the Effective Date, the City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution or an ordinance, as applicable, approving, adopting and authorizing this Agreement and the transaction

contemplated herein. City agrees to notify Seller within three (3) business days after the satisfaction of this condition.

(n) City has successfully obtained Project Homekey funding from the State of California to fund all or a portion of the Purchase Price, such funds have been transferred into escrow for the Property, and all applicable Project Homekey conditions related to the Property have been met.

(o) Seller has complied with all applicable requirements of Chapter 41B of the San Francisco Administrative Code (Community Opportunity to Purchase Act) (“COPA”), and no Qualified Nonprofit (as defined under COPA) shall have exercised the right of first refusal to purchase the Property conferred upon Qualified Nonprofits by Section 41B.7 of COPA.

The City Conditions Precedent are solely for the benefit of City. If any City Condition Precedent is not satisfied, City will have the right in its sole discretion either to waive in writing the City Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement. The waiver of any City Condition Precedent will not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant, or agreement of Seller, except to the extent of the specific City Condition Precedent so waived. If one or more City Condition Precedents has not been satisfied, but may be satisfied with additional time, then City may extend Closing Date, at City's option, for a reasonable period of time specified by City, to allow such City Conditions Precedent to be satisfied, subject to City's further right to terminate this Agreement upon the expiration of the period of any such extension if all City Conditions Precedent have not been satisfied, and provided that no such extension shall exceed ninety (90) days, in the aggregate, unless agreed to by Seller in its sole and absolute discretion.

With respect to those City Conditions Precedent which expressly state that the same are to be satisfied prior to the end of the Due Diligence Period, if the City has not given notice to Seller indicating that any such City Condition Precedent is satisfied or waived by the end of the Due Diligence Period, Seller may send a notice to City requesting that City confirm that such City Condition Precedent is either satisfied or waived. Unless within ten (10) days after receipt of such notice from Seller, City notifies Seller that such City Condition Precedent is satisfied or waived, Seller shall have the right to terminate this Agreement by giving written notice of such termination to City at any time after the expiration of such ten (10) day period.

5.3 Cooperation with City

Seller will cooperate with City and do all acts as may be reasonably requested by City with regard to the fulfillment of any City Conditions Precedent including, without limitation, execution of any documents, applications or permits, but Seller's representations and warranties to City will not be affected or released by City's waiver or fulfillment of any City Condition Precedent, except to the extent of the specific Condition Precedent so waived. Seller hereby irrevocably authorizes City and its Agents to make all inquiries with and applications to any person or entity, including, without limitation, any regulatory authority with jurisdiction as City may reasonably require to complete its due diligence investigations.

5.4 Map Act Compliance

The parties acknowledge that the conveyance of the Property is exempt from the California Subdivision Map Act under Government Code section 66428; therefore, compliance with the Subdivision Map Act is not a condition precedent to Closing.

5.5 Leases

(a) During the Due Diligence Period, City shall have the right to review: (i) all existing leases and other occupancy agreements other than the Excluded Leases (as defined below), and (ii) tenant correspondence files other than with respect to the Excluded Leases, and (iii) a current rent roll for the Property (excluding the Excluded Leases), prepared by Seller and listing for each tenant the name, location of leased premises, rent, obligation for reimbursement of expenses, amount of security deposit and rent paid more than thirty (30) days in advance (if any), lease commencement date, lease termination date, lease expansion or extension options, option rent, and cost of living or other rent escalation clauses, any unexpired free rent, operating expense abatements or other unexpired concessions, and a description of any uncured defaults, if any. “**Excluded Leases**” means those leases with California College of the Arts (“**CCA**”) University of the Pacific (“**UOP**”) or Panoramic Interests LLC (“**PI**”).

(b) Before the end of the Due Diligence Period, City shall notify Seller (i) whether or not City wishes to take an assignment of, and to assume, as of the Closing, the lease with Coffee Cultures, and (ii) whether or not City approves all leases and occupancy agreements it has been provided in accordance with Section 5.5(a), other than the Excluded Leases. If City notifies Seller that it does not approve any leases other than the lease with Coffee Cultures and the Excluded Leases, then this Agreement shall automatically terminate. If City has not given the notice required under this Section 5.5(b) to Seller by the end of the Due Diligence Period, Seller may send a notice to City requesting that City give such notice. Unless City gives the notice required under this Section 5.5(b) to Seller within ten (10) days after receipt of such Seller’s notice requesting such notice from City, Seller shall have the right, at no cost to City, to terminate this Agreement by giving written notice of such termination to City at any time after the expiration of such ten (10) day period.

(c) Seller will not enter into any new leases at the Property without City’s approval or deemed approval as provided in this Section 5.5(c), except for Leases of individual apartment units at the Property with individuals or households referred to Seller by Brilliant Corners or another organization that works with homeless individuals and/or individuals who are at risk of homelessness (“**Target Individuals**”) or individuals who Seller otherwise reasonably believes are Target Individuals. Within ten (10) days after entering into any new lease with any Target Individual, but in no event later than five (5) days prior to the Closing Date, Seller shall notify City of such new lease and provide a copy of the lease to the City. Seller shall notify City at least ten (10) business days prior to entering into any new lease with any tenant other than a Target Individual, which notice shall include the identity of the tenant, the unit to be leased, the amount of rent and amount of the security deposit. City shall approve or disapprove any proposed new leases other than with Target Individuals within ten (10) business days after receipt of a request for approval from Seller. City’s failure to disapprove any lease within ten (10) business days after receipt of Seller’s request for approval shall be deemed to constitute

approval of such lease by City. Seller acknowledges that Target Individuals are preferred by the City as tenants, as the City intends to lease units to Target Individuals after acquiring the Property, and Seller intends to focus its leasing efforts on Target Individuals.

(d) Seller will terminate the lease with PI effective as of or prior to the Closing. Seller will use its commercially reasonable efforts to negotiate termination agreements with respect to the Excluded Leases (other than the lease with PI) and with respect to the lease with Coffee Cultures if City notifies Seller pursuant to Section 5.5(b) that City elects not to take an assignment of such lease. Any such termination agreements will be effective as of the Closing, and conditioned upon the Closing occurring. Seller agrees to notify City within seven (7) days after it has entered into any such termination agreement. City agrees that any such termination agreement with CCA and UOP may provide for any subleases of individual units at the Property to be assigned to Seller at Closing, in which case the same shall be further assigned by Seller to City at Closing, and may also provide for any subleases of individual units at the Property to terminate as of Closing. City acknowledges that Seller does not control and has only limited approval rights (and City shall not have approval rights) over the subleasing of individual units by CCA or UOP, however, Seller is currently assisting CCA in its subleasing activities, and has been working with Brilliant Corners to locate Target Individuals as subtenants of CCA, and will continue to do so, to the extent desired by CCA.

(e) At the Closing, Seller will assign to City, and City will assume (1) all leases and other occupancy agreements that City has approved pursuant to Section 5.5(b), (2) all new leases entered into by Seller with Target Individuals or otherwise approved (or deemed approved) by City in accordance with Section 5.5(c), (3) all subleases, if any, assigned to Seller in accordance with Section 5.5(d) (all of the foregoing described in clauses (1) through (3) are collectively referred to herein as the “**Leases**”).

5.6 Seller’s Conditions to Closing

The following are conditions precedent to Seller’s obligation to sell the Property (collectively, “**Seller Conditions Precedent**”):

(a) City shall have deposited into escrow the Purchase Price, subject to adjustment for any prorations and credits provided hereunder, in cash or by federal wire transfer of immediately available funds and all other monies required to be deposited by Buyer hereunder.

(b) City shall have deposited into escrow all instruments and documents to be delivered by City to Seller at the Closing under the provisions of this Agreement.

(c) City shall have performed and satisfied all material covenants and material obligations of City under this Agreement to the extent such covenants and obligations are to be performed or satisfied as of the Closing Date.

(d) All representations and warranties of City contained in this Agreement shall be true and correct in all material respects as of the Effective Date and shall remain true and correct in all material respects as of the Closing Date and are deemed remade as of the Closing Date.

(e) No Qualified Nonprofit (as defined under COPA) shall have exercised the right of first refusal to purchase the Property conferred upon Qualified Nonprofits by Section 41B.7 of COPA.

The Seller Conditions Precedent are solely for the benefit of Seller. If any Seller Condition Precedent is not satisfied, Seller will have the right in its sole discretion either to waive in writing the Seller Condition Precedent in question and proceed with the sale or, in the alternative, terminate this Agreement, provided that if the failure of such Seller Condition Precedent is due to a default by City, any termination by Seller as a result thereof shall not waive Seller's right to recover liquidated damages under Section 6.8. The waiver of any Seller Condition Precedent will not relieve City of any liability or obligation with respect to any representation, warranty, covenant, or agreement of City, except to the extent of the specific Seller Condition Precedent so waived. If one or more Seller Condition Precedents has not been satisfied, but may be satisfied with additional time, then Seller may extend Closing Date, at Seller's option, for a reasonable period of time specified by Seller, to allow such Seller Conditions Precedent to be satisfied, subject to Seller's further right to terminate this Agreement upon the expiration of the period of any such extension if all Seller Conditions Precedent have not been satisfied and provided that no such extension shall exceed ninety (90) days, in the aggregate, unless agreed to by City in its sole and absolute discretion. Any such extension shall not exceed the deadline for City to obtain funding from Project Homekey, as described in Section 6.2 below.

5.7 COPA

Seller and City each acknowledge that City's purchase of the Property will not occur if a Qualified Nonprofit exercises the right of first refusal conferred by Section 41B.7 of COPA, and in the event of such exercise this Agreement shall terminate.

6. ESCROW AND CLOSING

6.1 Opening of Escrow

On or before the Closing Date (as defined in Section 6.2), the parties will open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement will serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated under this Agreement. Seller and City will execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement will control.

6.2 Closing Date

The consummation of the purchase and sale contemplated under this Agreement (the "**Closing**") will be held, and delivery of all items to be made at the Closing under the terms of this Agreement will be made, at the offices of Title Company located at 100 Pine Street, Suite 450, San Francisco, CA 94111-5106 approximately sixty (60) days after the Homekey Award Date (the "**Anticipated Closing Date**"), or on such other date as City and Seller may mutually agree (the actual date of Closing, the "**Closing Date**"); provided, however, that City will have the right to unilaterally extend the Closing Date up to ninety (90) days after the Homekey Award Date (the "**Extended Closing Date**") upon payment of the Deposit and as provided under Section 5.2 (City's Conditions to Closing). Seller agrees that the timing requirements under Project Homekey, including an obligation to close escrow before a certain date, may accelerate

or postpone the Closing Date. So long as the Deposit has been paid, Seller agrees to reasonably cooperate with this process, subject to receiving sufficient advance notice from Buyer to coordinate defeasance of Seller's existing financing.

The Closing Date may not otherwise be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. If the Closing does not occur on or before the Extended Closing Date, Title Company will, unless it is notified by both parties to the contrary, within five (5) days after the Extended Closing Date, return to the depositor any items that may have been deposited into escrow, provided that the Deposit will not be released without the written consent of both parties or an order of a court of competent jurisdiction. Any such return will not, however, limit the provisions of this Agreement or otherwise relieve either party of any liability it may have for its wrongful failure to close. In no circumstances shall the Closing Date occur prior to the Effective Date or the Homekey Funding Date.

6.3 Seller's Delivery of Documents

At or before the Closing, Seller will deliver to City, or City's nominee, through escrow, the following, in form and substance satisfactory to City:

- (a) a duly executed and acknowledged Deed;
- (b) a duly executed Bill of Sale;
- (c) a Certificate from the Secretary of State or other appropriate government official of the State of California indicating that, as of the Closing Date, there are no filings against Seller in the office of the Secretary of State or other government official under the Uniform Commercial Code of such State which would be a lien on any of the items specified in the Bill of Sale (other than such filings, if any, as are being released at the time of the Closing);
- (d) four (4) duly executed and acknowledged counterparts of the Assignment of Leases;
- (e) four (4) duly executed counterparts of the Assignment of Intangible Property;
- (f) to the extent in the possession of Seller or its property manager, originals of the Documents, Leases, and Assumed Contracts and any other items relating to the ownership or operation of the Property not previously delivered to City;
- (g) a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit H, and on which City is entitled to rely, that Seller's indirect owner is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code;
- (h) a properly executed California Franchise Tax Board Form 593 certifying that Seller's indirect owner is a California resident if Seller is an individual or Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or is a partnership for tax purposes or other evidence satisfactory to City that Seller is exempt from the withholding requirements of Section 18662 of the State Tax Code;
- (i) such resolutions, authorizations, or other limited liability company documents or agreements relating to Seller and its members as the Title Company may

reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated by this Agreement, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;

(j) a closing statement in form and content satisfactory to City and Seller;

(k) the duly executed certificate regarding the continued accuracy of Seller's representations and warranties as required by Section 5.2(e) above; and

(l) A statement executed by Seller certifying to City (i) all defaults, if any, which then exist on the part of any party to any Lease or Assumed Contract in any obligations for the payment of money under the applicable Lease or Assumed Contract; and (ii) all defaults, if any, which then exist on the part of any party to any Lease or Assumed Contract in any obligations under the applicable Lease or Assumed Contract other than obligations for the payment of money and for which a written notice of default has been given or received.

6.4 City's Delivery of Documents and Funds

At or before the Closing, City, or its nominee, will deliver to Seller through escrow the following:

(a) an executed certificate of acceptance of the Deed executed by City's Director of Property;

(b) four (4) duly executed and acknowledged counterparts of the Assignment of Leases;

(c) four (4) duly executed counterparts of the Assignment of Intangible Property;

(d) a closing statement in form and content satisfactory to City and Seller; and

(e) the Purchase Price, as provided in Article 2 hereof, subject to adjustment as provided in Section 7.

6.5 Other Documents

Seller and City will each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms of this Agreement.

6.6 Title Company as Real Estate Reporting Person

Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "**Reporting Requirements**") require that certain information be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Closing. Seller and City agree that if the Closing occurs, Title Company will be the party responsible for closing the transaction contemplated in this Agreement and is designated as the real estate reporting person (as defined in the Reporting Requirements) for such transaction. Title Company will perform all duties required of the real estate reporting person for the Closing under the Reporting Requirements, and Seller and City will each timely furnish Title Company with any information reasonably requested by Title

Company and necessary for the performance of its duties under the Reporting Requirements with respect to the Closing.

6.7 Seller Default

If the sale of the Property is not consummated solely because of a Seller default under this Agreement or the Due Diligence Agreement, or if a City Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some affirmative act or failure to act where Seller has an affirmative duty to act, City may, at its sole election, and as its sole and exclusive remedy, either (1) terminate this Agreement by delivery of notice of termination to Seller, whereupon Seller will pay to City any title, escrow, legal and inspection fees incurred by City and any other expenses reasonably incurred by City in connection with the Due Diligence Agreement and performance of its due diligence review of the Property, and neither party will have any further rights or obligations under this Agreement or the Due Diligence Agreement; or (2) continue this Agreement pending City's action for specific performance.

6.8 City Default and Liquidated Damages

If the sale of the Property contemplated under this Agreement is not consummated solely because of a default under this Agreement by City, then City will pay the amount of the Deposit to Seller as liquidated damages. The parties have agreed that Seller's actual damages, in the event of a default by City, would be extremely difficult or impracticable to determine. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST CITY, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF CITY.

INITIALS: Seller pk City AQP

7. EXPENSES AND TAXES

7.1 Rent and Other Apportionments

The following are to be apportioned through escrow as of the Closing Date:

(a) Rent

Rent under the Leases shall be apportioned as of the Closing Date, regardless of whether or not such rent has been paid to Seller. With respect to any rent arrearage arising under the Leases, after the Closing, City shall pay to Seller any rent actually collected which is applicable to the period preceding the Closing Date; provided, however, that all rent collected by City shall be applied first to all unpaid rent accruing on and after the Closing Date through the month during which such rent is collected, and then to unpaid rent accruing prior to the Closing Date. City shall not be obligated to take any steps to recover any rent arrearage, and Seller shall not be permitted to do so. Notwithstanding the foregoing, nothing herein shall preclude Seller from collecting any arrearages owed under any leases terminated effective as of, or prior to, the Closing Date, including, but not limited to the Excluded Leases.

(b) Leasing Costs

Seller shall pay all leasing commissions and tenant improvement costs accrued in connection with any Lease executed on or before the Closing (including, without limitation, any leasing commissions attributable to expansion or extension options which are not exercised until after the Closing), if applicable. City shall be entitled to a credit against the Purchase Price for the total sum of all security deposits paid to Seller by tenants under any Leases (except to the extent properly applied to any obligations of such tenants prior to the Closing), and any interest earned thereon, and to the extent applicable, as well as for any free rent, operating expense abatements, or other unexpired concessions under any Leases to the extent they apply to any period after the Closing.

(c) Other Tenant Charges

Where the Leases contain tenant obligations for taxes, common area expenses, operating expenses or additional charges of any other nature, and where Seller shall have collected any portion thereof in excess of amounts owed by Seller for such items for the period prior to the Closing Date, there shall be an adjustment and credit given to City on the Closing Date for such excess amounts collected. City shall apply all such excess amounts to the charges owed by City for such items for the period after the Closing Date and, if required by the Leases, shall rebate or credit tenants with any remainder. If it is determined that the amount collected during Seller's ownership period exceeded expenses incurred during the same period by more than the amount previously credited to City at Closing, then Seller shall promptly pay the deficiency to City.

(d) Utility Charges

Seller will cause all the utility meters to be read on the Closing Date, and will be responsible for the cost of all utilities used prior to the Closing Date. All utility deposits paid by Seller will remain the property of Seller and City will reasonably cooperate to cause such deposits to be returned to Seller to the extent Seller is entitled thereto.

(e) Other Apportionments

Amounts payable under any Assumed Contracts, annual or periodic permit or inspection fees (calculated on the basis of the period covered), and liability for other normal Property operation and maintenance expenses and other recurring costs will be apportioned as of the Closing Date.

7.2 Closing Costs

City will pay the cost of the any survey ordered by City, the premium for the Title Policy, recording fees and one-half of any escrow fees. City will pay the cost of any transfer taxes applicable to the sale of the Property. Seller will pay one-half of any escrow fees, and for all costs incurred in connection with the prepayment or satisfaction of any loan, bond or other indebtedness secured by the Property including, without limitation, any prepayment fees, penalties or charges. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section or elsewhere in this Agreement will be allocated in accordance with the closing customs for San Francisco County, as determined by Title Company.

7.3 Real Estate Taxes and Special Assessments

At or before the Closing, Seller will pay all general real estate taxes payable for the tax year in which the Closing occurs and all prior years. Seller may file claim with the City and County of San Francisco for a property tax refund for any taxes paid for the period from and after the Closing Date. At or before the Closing, Seller will pay the full amount of any special assessments against the Property, including, without limitation, interest payable thereon, applicable to the period prior the Closing Date. Seller will pay any other taxes applicable to the Property for the period prior to the Closing Date.

7.4 Preliminary Closing Adjustment

Seller and City shall jointly prepare a preliminary Closing adjustment on the basis of the Leases and other sources of income and expenses, and shall deliver such computation to Title Company prior to Closing.

7.5 Sales and Use Taxes for Transferred Taxable Personal Property

Based on Seller's representations and warranties in Section 8.1(r) and Section 8.1(s) below, the parties anticipate that the sale of the Personal Property included in the sale of the Property will be considered an "occasional sale" under the California Sales and Use Tax Law (California Revenue and Taxation Code 6001, *et seq.*), and as a result thereof, will be exempt from sales and use taxes. If the State of California deems the sale of the Personal Property included in the sale of the Property not to be an "occasional sale" under the California Sales and Use Tax Law, City will pay to Seller, and Seller will promptly remit to the State of California, the entire amount of any applicable sales and use taxes triggered by the transfer of the Personal Property included in the sale of the Property, in accordance with the California law. The parties agree that the value of the Personal Property included in the sale of the Property is Twenty Five Thousand Dollars and 00/100 (\$25,000.00). Upon such payment of any applicable sales and use taxes, Seller will promptly provide City with confirmation of such payment to the State of California. Seller, on behalf of itself and its successors and assigns, will indemnify, defend and hold harmless City, its Agents and their respective successors and assigns, from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses (including, without limitation, reasonable attorneys' fees) relating to the sales and use taxes arising out of the transfer of the Personal Property included in the sale of the Property, but only to the extent the City has paid such sales and use tax to Seller as provided in this Section 7.5. The foregoing indemnity includes any applicable sales and use taxes that City pays to Seller and Seller fails to remit to the State of California. The indemnification provisions of this Section will survive beyond the Closing. Each party agrees to cooperate with the other in the event of any audit by, or communication with, the State of California as it relates to any applicable sales and use taxes triggered by the transfer of the Personal Property included in the sale of the Property.

7.6 Post-Closing Reconciliation

If any of the foregoing prorations cannot be calculated accurately on the Closing Date, then they will be calculated as soon after the Closing Date as feasible. Either party owing the other party a sum of money based on such subsequent prorations will promptly pay such sum to the other party.

7.7 Survival

The provisions of this Section will survive the Closing.

8. REPRESENTATIONS AND WARRANTIES; AS-IS SALE

8.1 Representations and Warranties of Seller

Seller represents and warrants to City as follows:

(a) To Seller's knowledge, and without any independent investigation or inquiry by Seller, there are no material physical or mechanical defects of the Property, and no violations of any laws, rules or regulations applicable to the Property, including, without limitation, any earthquake, life safety and handicap laws (including, but not limited to, the Americans with Disabilities Act), except with respect to the model unit constructed in the basement of the Improvements, provided that Seller makes no representation or warranty as to the compliance of the premises leased by Coffee Cultures with any handicap laws (including, but not limited to, the Americans with Disabilities Act). City is hereby notified that the model unit was constructed for demonstration purposes only and is not a habitable dwelling unit.

(b) To Seller's knowledge, and without any independent investigation or inquiry by Seller, Seller has not received any written information indicating that any document or instrument furnished by Seller to City in connection with this Agreement contains any untrue statement of material fact or omits a material fact necessary to make the statements contained therein not misleading under the circumstances under which any such statement was made.

(c) The Leases and Assumed Contracts furnished to City and are true, correct, and complete copies of such documents. The Documents and other information furnished to City (other than the Leases and Assumed Contracts) include all of the relevant documents and information in the possession of Seller or its property manager pertaining to the physical condition and operation of the Property and are true and complete (to the extent in the possession of Seller or its property manager) copies of such documents.

(d) Seller does not have knowledge of any condemnation, either instituted or planned to be instituted by any governmental or quasi-governmental agency other than City, which could detrimentally affect the use, operation or value of the Property.

(e) There are no easements or rights of way on the Property that have been acquired by prescription or are otherwise not of record, and to Seller's knowledge, there are no easements, rights of way, permits, licenses or other forms of agreement that afford third parties the right to traverse any portion of the Property to gain access to other real property that are not of record. There are no disputes with regard to the location of any fence or other monument of the Property's boundary nor any claims or actions involving the location of any fence or boundary.

(f) To Seller's knowledge, all water, sewer, gas, electric, telephone, and drainage facilities and all other utilities required by law or by the normal use and operation of the Property are and at the time of Closing will be installed to the property lines of the Property and to Seller's knowledge and without any independent investigation or inquiry by Seller, are adequate to service the Property.

(g) There is no litigation pending or, after due and diligent inquiry, to Seller's knowledge, threatened, against Seller or any basis for litigation that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or the ability of Seller to perform its obligations under this Agreement.

(h) Seller is the legal and equitable owner of the Property, with full right to convey the same, and without limiting the generality of the foregoing, Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any interest in any of the Property, except as required under COPA.

(i) Seller is a limited liability company duly organized and validly existing under the laws of the State of Delaware and is in good standing under the laws of the State of Delaware, and in good standing as a registered foreign limited liability company in California; this Agreement and all documents executed by Seller that are to be delivered to City at the Closing are, or at the Closing will be, duly authorized, executed and delivered by Seller, are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, are, and at the Closing will be, sufficient to convey good and marketable title (if they purport to do so), and do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

(j) Seller has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state, or local governmental agency. In the event Seller has been so suspended, disbarred, disciplined, or prohibited from contracting with any governmental agency, it will immediately notify the City of and the reasons therefor together with any relevant facts or information requested by City. Any such suspension, debarment, discipline, or prohibition may result in the termination or suspension of this Agreement.

(k) Seller knows of no facts nor has Seller failed to disclose any fact that would prevent City from using and operating the Property after Closing as residential housing and ground floor retail.

(l) Except as described in the reports listed on Schedule 1 ("**Seller's Environmental Disclosure**") (i) the Property is not currently in violation of any Environmental Laws; (ii) the Property is not now, nor to Seller's knowledge has it ever been, used in any manner for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material; (iii) during Seller's ownership of the Property, and to Seller's knowledge, prior to Seller's ownership of the Property, there has been no release and there is no threatened release of any Hazardous Material in, on, under or about the Property; (iv) during Seller's ownership of the Property, and to Seller's knowledge, prior to Seller's ownership of the Property, there have not been and there are not now any underground storage tanks, septic tanks or wells or any aboveground storage tanks at any time used to store Hazardous Material located in, on or under the Property, or if there are currently any such tanks or wells located on the Property, their location, type, age and content has been specifically identified in Seller's Environmental Disclosure, they are properly registered with all appropriate authorities, they are in full compliance with all applicable statutes, ordinances and regulations, and they have not resulted in the release or threatened release of any Hazardous Material into the environment; (v) to Seller's knowledge, the Property does not consist of any landfill; (vii) to Seller's knowledge, and without any independent investigation or inquiry by Seller, no building materials that constitute Hazardous Materials were incorporated into the Improvements in violation of Environmental

Laws in effect at the time the Improvements were constructed; and (viii) the Property is not subject to any claim by any governmental regulatory agency or third party related to the release or threatened release of any Hazardous Material, and there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in, on, under or about the Property, or the migration of Hazardous Material from or to other property. As used herein, the following terms shall have the meanings below:

“Environmental Laws” means any present or future federal, state or local laws, ordinances, regulations or policies relating to Hazardous Material (including, without limitation, their use, handling, transportation, production, disposal, discharge or storage) or to health and safety, industrial hygiene or environmental conditions in, on, under or about the Property, including, without limitation, soil, air and groundwater conditions.

“Hazardous Material” means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a “hazardous substance,” or “pollutant” or “contaminant” pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”, also commonly known as the “Superfund” law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any “hazardous waste” listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Improvements or are naturally occurring substances on or about the Property; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and “source,” “special nuclear” and “by-product” material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

“Release” or **“threatened release”** when used with respect to Hazardous Material includes any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any of the improvements, or in, on, under or about the Property. Release also includes, without limitation, “release” as defined in Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601).

(m) At the time of Closing, there will be no outstanding written or oral contracts made by Seller for any of the Improvements that have not been fully paid for and Seller will cause to be discharged all mechanics' or materialmen's liens arising from any labor or materials furnished to the Property at the request of Seller before Closing. There are no obligations in connection with the Property that will be binding upon City after Closing except for the Accepted Conditions of Title, the Assumed Contracts, and the Leases.

(n) Seller is not a “foreign person” within the meaning of Section 1445(f)(3) of the Federal Tax Code.

(o) There are no free rent, operating expense abatements, incomplete tenant improvements, rebates, allowances, or other unexpired concessions (collectively referred to as

“Offsets”) or any termination, extension, cancellation or expansion rights under any existing or pending Leases except as set forth in the Leases. Seller has paid in full any of landlord's leasing costs incurred by Seller in connection with any tenant improvements.

(p) No brokerage or similar fee is due or unpaid by Seller with respect to any Lease. No brokerage or similar fee shall be due or payable on account of the exercise of, without limitation, any renewal, extension or expansion options arising under any Leases.

(q) The copies of the Leases delivered by Seller to City contain all of the information pertaining to any rights of any parties to occupy the Property, including, without limitation, all information regarding any unexpired rent concessions, over-standard tenant improvement allowances or other inducements to lease.

(r) Seller is not engaged in the business of “retail sales” as defined under the California Sales and Use Tax Law. Seller does not hold, and the nature of Seller’s business does not require Seller to hold, a seller’s permit under the California Sales and Use Tax Law.

(s) Within twelve (12) months prior to the Closing Date Seller has not engaged in two (2) or more sales sufficient in number, scope, and character to constitute an activity for which it is required to hold a seller’s permit under the California Sales and Use Tax Law.

8.2 Survival and Limitation on Seller’s Representations and Warranties

All representations and warranties contained in Section 8.1, are qualified by any information contained in the Documents and other materials made available to City pursuant to the Due Diligence Agreement, including any title report or survey made available to City. In addition, in the event City is actually aware prior to the Closing that any of the representations or warranties set forth in Section 8.1 are not true, correct or complete, and City nonetheless proceeds with the purchase of the Property, such representations and warranties shall be deemed to be qualified by all matters of which City is actually aware, and City shall have no claim for breach of any such representation or warranty to the extent it is actually aware prior to the Closing of any inaccuracies therein. The representations and warranties of Seller set forth in Section 8.1, as qualified by all matters of which City is actually aware as of the Closing and by any exceptions and qualifications set forth on the certificate regarding the continued accuracy of Seller's representations and warranties as required by Section 5.2(e) above, Seller’s indemnification obligations under the Assignment of Intangible Property and Seller’s indemnification obligations under the Assignment of Leases (collectively, “**Seller’s Surviving Obligations**”), shall survive the Closing for a period of nine (9) months from and after the Closing Date (the “**Survival Period**”). City must give Seller written notice of any claim City may have against Seller with respect to any of Seller’s Surviving Obligations prior to the expiration of the Survival Period. Any such claim which City may have which is not so asserted prior to the expiration of the Survival Period shall not be valid or effective, and Seller shall have no liability with respect thereto. Notwithstanding any provision of this Agreement or any closing document executed by Seller and delivered to Buyer at Closing to the contrary, Seller’s liability with respect to Seller’s Surviving Obligations shall not exceed, in the aggregate, one percent (1%) of the Purchase Price; provided that Seller’s liability with respect to Seller’s

Surviving Obligations may exceed, in the aggregate, one percent (1%) of the Purchase Price for any claims caused by Seller's intentional misrepresentation or fraud.

8.3 As-Is Sale.

(a) As provided in this Agreement and the Due Diligence Agreement, it is the intent of Seller and City that, by the Closing Date, City will have had the opportunity to perform a diligent and thorough inspection and investigation of the Property, either independently or through its Agents. CITY SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS CONVEYING AND CITY IS ACQUIRING SELLER'S INTEREST IN THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS. CITY IS RELYING SOLELY ON ITS INDEPENDENT INVESTIGATION AND, OTHER THAN THE REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT, NOT ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER OR ITS AGENTS AS TO ANY MATTERS CONCERNING THE PROPERTY, THE SUITABILITY FOR CITY'S INTENDED USES OR ANY OF THE PROPERTY CONDITIONS THEREOF. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 8.1 (REPRESENTATIONS AND WARRANTIES OF SELLER), SELLER DOES NOT WARRANT THE LEGAL, PHYSICAL, GEOLOGICAL, ENVIRONMENTAL, ZONING, OR OTHER CONDITIONS OF THE PROPERTY, OR THE SUITABILITY FOR ANY USE, NOR DOES IT ASSUME ANY RESPONSIBILITY FOR THE COMPLIANCE OF THE PROPERTY OR ITS USE WITH ANY APPLICABLE LAWS. IT IS CITY'S SOLE RESPONSIBILITY TO DETERMINE ALL BUILDING, PLANNING, ZONING, AND OTHER REGULATIONS AND APPLICABLE LAWS RELATING TO THE PROPERTY AND THE USES TO WHICH IT MAY BE PUT.

(b) As part of its agreement to accept the Property and in its "as is and with all faults" condition, City as of the Closing Date, on behalf of itself and its successors and assigns, waives any right to recover from Seller, and forever releases and discharges, Seller and its Agents, and their respective heirs, successors, legal representatives and assigns, from any and all Losses, whether direct or indirect, known or unknown, or foreseen or unforeseen, that may arise on account of or in any way be connected with (a) the use of the Property by City and its successors and assigns or (b) the physical, geological, or environmental condition of the Property, including but not limited to the presence of any Hazardous Materials on, in, under or about the Property. "Losses" means any and all claims, demands, losses, liabilities, damages (including foreseeable and unforeseeable consequential damages), liens, obligations, interest, injuries, penalties, fines, lawsuits and other proceedings, judgments, and awards and reasonable costs and expenses of whatever kind or nature, known or unknown, foreseen or unforeseen, or contingent or otherwise, including attorneys' fees and costs. In connection with the foregoing release, City, as of the Closing Date, expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

(c) NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE FOREGOING PROVISIONS OF THIS SECTION 8.3 WILL NOT SERVE TO RELEASE

SELLER OR ITS AGENTS FROM, AND NO RELEASE IN THIS SECTION 8.3 APPLIES TO, AND CITY EXPRESSLY DOES NOT WAIVE ANY LOSSES TO THE EXTENT ARISING FROM (A) ANY INTENTIONAL MISREPRESENTATION, INTENTIONAL OMISSION OR FRAUD ON THE PART OF SELLER OR ITS AGENTS, (B) ANY MATERIAL BREACH OF ANY COVENANT OR REPRESENTATION OR WARRANTY MADE BY SELLER UNDER THIS AGREEMENT, OR (C) ANY CLAIM MADE BY ANY THIRD PARTY AGAINST CITY WITH RESPECT TO THE PROPERTY ARISING DURING SELLER'S OWNERSHIP, EXCEPT AS AND TO THE EXTENT CAUSED BY CITY.

9. RISK OF LOSS; POSSESSION

9.1 Risk of Loss

If any of the Property is damaged or destroyed prior to the Closing Date, or if condemnation proceedings are commenced against any portion of the Property, then the rights and obligations of Seller and City under this Agreement are as follows:

(a) If such damage or destruction is fully covered by Seller's insurance except for the deductible amount of up to Five Thousand Dollars (\$5,000), and the insurer agrees to timely pay for the entire cost of such repair (except the deductible), and the entire cost of the damage or destruction would cost less than Four Million Dollars (\$4,000,000) (the "**Threshold Damage Amount**") to repair or restore, then this Agreement will remain in full force and effect and City shall proceed to acquire the Property upon the terms and conditions set forth in this Agreement. In such event, City will receive a credit against the Purchase Price equal to the deductible amount, and Seller will assign to City at Closing all of Seller's right, title and interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City; provided that if Seller shall have expended any sums before the Closing to repair or restore the Property, the amount expended by Seller shall first be deducted from any credit due City for the deductible under any insurance policy, and if the amount expended by Seller exceeds the total amount of such deductible(s), Seller shall reserve from the assignment of insurance proceeds to City, the amount of such excess.

(b) If such damage or destruction is not fully covered by Seller's insurance, other than the above deductible amount, and would cost less than the Threshold Damage Amount to repair or restore, then the transaction contemplated by this Agreement will be consummated with City receiving a credit against the Purchase Price at the Closing in an amount reasonably determined by Seller and City (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction; provided that if Seller shall have expended any sums before the Closing to repair or restore the Property, the amount expended by Seller shall first be deducted from any credit due City. Notwithstanding the foregoing, Seller shall have no obligation to provide any credit under this Section 9.1(b) in excess of Two Hundred Fifty Thousand Dollars (\$250,000), and if the cost of repairing such damage or destruction that is not covered by Seller's insurance exceeds Two Hundred Fifty Thousand Dollars (\$250,000), then City shall have the right, at its election, to terminate this agreement within thirty (30) days after Seller notifies City of the damage or destruction unless Seller notifies City within twenty (20) days after the occurrence of the damage and destruction that Seller will provide a credit for the full amount of the cost of repairing such damage and destruction to the extent the same is not covered by Seller's insurance.

(c) If the cost of the repairs of damage or destruction would equal or exceed the Threshold Damage Amount, then City will have the right, at its election, to terminate this Agreement in its entirety, or to not terminate this Agreement and purchase the Property. City will have thirty (30) days after Seller notifies City that an event described in this subsection (c) has occurred to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within the thirty (30)-day period will be deemed City's election to terminate this Agreement. If this Agreement is terminated by City's delivery of notice of termination to Seller, then City and Seller will each be released from all obligations under this Agreement, except those expressly stated to survive, the parties will share equally any title fees and escrow cancellation costs. If City elects not to terminate this Agreement, this Agreement will remain in full force and effect, and Seller will notify City of either (i) Seller's intention to repair such damage or destruction, or (ii) Seller's intention to assign insurance proceeds to City. Any repairs elected to be made by Seller under clause (i) of this subsection must be made within one hundred eighty (180) days following such damage or destruction and the Closing will be extended until the repairs are substantially completed. If Seller elects to assign insurance proceeds under clause (ii) of this subsection, City will receive a credit against the Purchase Price equal to the deductible amount, and Seller will assign to City at Closing all of Seller's right, title and interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City; provided that if Seller shall have expended any sums before the Closing to repair or restore the Property, the amount expended by Seller shall first be deducted from any credit due City for the deductible under any insurance policy, and if the amount expended by Seller exceeds the total amount of such deductible(s), Seller shall reserve from the assignment of insurance proceeds to City, the amount of such excess.

(d) If condemnation proceedings are commenced against any of the Property (other than by the City or any division or instrumentality thereof), then, City will have the right, at its election, either to terminate this Agreement in its entirety, or only as to that portion of the Property subject to condemnation proceedings (in which case there will be an equitable adjustment to the Purchase Price), or to not terminate this Agreement and purchase the Property (or the portion not affected by condemnation, as the case may be). City will have thirty (30) days after Seller notifies City of receipt of the condemnation notice to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within such thirty (30)-day period will be deemed City's election to terminate this Agreement in its entirety. If this Agreement is terminated in its entirety or in part pursuant to this Subsection (d) by City's delivery of notice of termination to Seller, then City and Seller will each be released from all obligations hereunder pertaining to that portion of the Property affected by such termination except those expressly stated to survive, the parties will share equally any title fees and escrow cancellation costs. If City elects not to terminate this Agreement, then this Agreement will remain otherwise in full force and effect and City will pay Seller the full purchase price less the amount of any condemnation award previously paid to Seller and Seller will transfer and assign to City at Closing the right to receive any condemnation award not paid as of the Closing Date.

9.2 Insurance

Through the Closing Date, Seller will maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of property insurance in amounts equal to the full replacement value of the Improvements and the Personal Property, insuring against all insurable risks, including, without limitation, fire, vandalism, malicious mischief, lightning, windstorm, water, and other perils customarily covered by casualty insurance and the costs of demolition and debris removal. Seller does not maintain, and shall not be obligated to maintain, earthquake insurance. Seller will furnish City with evidence of such insurance upon request by City.

9.3 Possession

Seller will deliver possession of the Property to City on the Closing Date, vacant, except for the Assumed Contracts and Leases.

10. MAINTENANCE; CONSENT TO NEW CONTRACTS

10.1 Maintenance of the Property by Seller

Between the Effective Date and the Closing, Seller will maintain the Property in good order, condition and repair, reasonable wear and tear and casualty excepted, and will make all repairs, maintenance and replacements of the Improvements and any Personal Property and otherwise operate the Property in the same manner as before the making of this Agreement, as if Seller were retaining the Property, provided that Seller shall have no obligation to make any capital improvements to the Property.

10.2 City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts

Except for leases permitted to be entered into in accordance with Section 5.5 above, after the Effective Date, Seller may not enter into any lease or contract with respect to the Property that will survive the Closing, or any amendment thereof, or waive any rights of Seller under any Assumed Contract, without in each instance obtaining City's prior written consent. City agrees that it will not unreasonably withhold or delay any such consent. Seller will terminate prior to the Closing, at no cost or expense to City, any and all agreements, including any management agreements affecting the Property that are not Assumed Contracts or Leases.

11. GENERAL PROVISIONS

11.1 Notices

Any notice, consent or approval required or permitted to be given under this Agreement must be in writing and will be deemed to have been given upon receipt, as demonstrated by courier confirmation of delivery or US mail return receipt or other verified tracking. Notices will be addressed as follows:

City:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: **1321 Mission Street**
andrico.penick@sfgov.org

with copy to:

Jessie Alfaro-Cassella
Deputy City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Re: **1321 Mission Street**
Email Address: jessie.cassella@sfcityatty.org

Seller:

MISSION SMARTSPACE SENIOR LLC
1321 Mission Street, Suite 101
San Francisco, CA 94103
Attn: Patrick Kennedy and JP Walsh
Email Addresses:
pck@panoramic.com; jp@panoramic.com

With a copy to:

Shartsis Friese LLP
One Maritime Plaza, 18th Floor
San Francisco, CA 94111
Attn: Craig B. Etlin
Email Address: cetlin@sflaw.com

or to such other address as either party may from time to time specify in writing to the other upon five (5) days prior written notice in the manner provided above. For convenience of the parties, copies of notices may also be given by email to the email address listed above, or such other address as may be provided from time to time. However, except for any notices given pursuant to Section 5.5(c), neither party may give official or binding notice by email. Except for any notices given pursuant to Section 5.5(c), the effective time of a notice will not be affected by the receipt, before receipt of the original, of an email copy of the notice. With respect to any notices given pursuant to Section 5.5(c), such notices shall be effective upon transmission by e-mail if transmitted before 5:00 p.m. Pacific Time on a business day (otherwise such notice shall be deemed given the next business day), provided that no error or non-delivery message is received by the sender and provided that a copy is also sent on the same business day by one of the other methods set forth in this Section 11.1 unless the recipient affirmatively replies to such email and acknowledges receipt (*i.e.*, not an automated return receipt), in which case no copy need be sent. Notices may be given on behalf of Seller by its attorneys, Shartsis Friese LLP.

11.2 Brokers and Finders

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the purchase and sale contemplated herein. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, then the party through whom the broker or finder makes his or her claim will be responsible for such commission or fee and will indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section will survive the Closing.

11.3 Successors and Assigns

This Agreement is binding on, and will inure to the benefit of, the parties and their respective successors, heirs, administrators and assigns. City has the right, upon notice to Seller given at least ten (10) days prior to the Closing Date, to assign its right, title and interest in and to this Agreement to a non-profit organization directly affiliated with City's intended use of the Property at any time before the Closing Date.

11.4 Amendments

Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by City and Seller.

11.5 Continuation and Survival of Representations and Warranties

All representations and warranties by the respective parties in this Agreement or made in writing under this Agreement will be deemed to be material, and, together with all conditions, covenants, and indemnities made by the respective parties under this Agreement or made in writing in accordance with this Agreement will survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement, except as otherwise expressly limited by the terms of this Agreement, including but not limited to, Section 8.2 above. All statements contained in the certificate regarding the continued accuracy of Seller's representations and warranties as required by Section 5.2(e) above will constitute representations and warranties hereunder.

11.6 Governing Law

This Agreement is governed by and construed in accordance with the laws of the State of California and the City's Charter and Municipal Code.

11.7 Merger of Prior Agreements

The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) and the Due Diligence Agreement are the final expressions of their agreement with respect to Seller's sale of the Property and City's purchase of the Property and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings, including, without limitation, any letter of intent or term sheet. The parties further intend that this Agreement and the Due Diligence Agreement will constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts or changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

11.8 Parties and Their Agents; Approvals

The term "Seller" as used herein includes the plural as well as the singular. If there is more than one (1) Seller, then the obligations under this Agreement imposed on Seller will be joint and several. As used herein, the term "Agents" when used with respect to either party includes the agents, employees, officers, contractors, and representatives of such party. All approvals, consents, or other determinations permitted or required by City will be made by or through City's Director of Property unless otherwise provided herein, subject to applicable law.

11.9 Interpretation of Agreement

The article, section, and other headings of this Agreement and the table of contents are for convenience of reference only and will not affect the meaning or interpretation of any provision of this Agreement. Whenever the context requires, the use of the singular will be deemed to include the plural and vice versa, and each gender reference will be deemed to include any gender. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has

been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement will be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

11.10 Seller Tax Obligations

Seller acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code (“**Delinquent Payment**”). If, under that authority, any payment City is required to make to Seller under this Agreement is withheld because Seller owes the City a Delinquent Payment, then City will not be in breach or default under this Agreement, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Seller, without interest, late fees, penalties, or other charges, upon Seller coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

11.11 Sunshine Ordinance

Seller understands and agrees that under the City’s Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder public records subject to public disclosure. Seller hereby acknowledges that the City may disclose any records, information and materials submitted to the City in connection with this Agreement.

11.12 Conflicts of Interest

Through its execution of this Agreement, Seller acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller will immediately notify the City.

11.13 Notification of Prohibition on Contributions

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from any department of the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or twelve (12) months after the date the contract is approved. Seller acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Seller further acknowledges that the (i) prohibition on contributions applies to each Seller; each member of Seller's board of directors, and Seller’s chief executive officer, chief financial

officer and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller; and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department with whom Seller is contracting is obligated to submit to the Ethics Commission the parties to the contract and any subcontractor. Additionally, Seller certifies that Seller has informed each of the persons described in the preceding sentence of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

11.14 Non-Liability of City Officials, Employees and Agents

Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee or agent of City will be personally liable to Seller, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Seller, its successors and assigns, or for any obligation of City under this Agreement.

11.15 Intentionally Omitted

11.16 Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

11.17 Effective Date

As used herein, the term “**Effective Date**” means the date on which City, or its nominee, and Seller have executed this Agreement, as authorized by a resolution or ordinance, as applicable, enacted by the City's Board of Supervisors and Mayor approving and authorizing this Agreement and the transaction contemplated hereunder.

11.18 Severability

If any provision of this Agreement or the application thereof to any person, entity or circumstance is determined to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, will not be affected, and each other provision of this Agreement will be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

11.19 Agreement Not to Market

Seller agrees that unless and until this Agreement terminates pursuant to its terms, Seller will not negotiate with any other parties pertaining to the sale of the Property and will not market the Property to third parties.

11.20 Intentionally Omitted.

11.21 Cooperative Drafting.

This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party will be considered the drafter of this Agreement, and no presumption or rule that an ambiguity will be construed against the party drafting the clause will apply to the interpretation or enforcement of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF CITY'S BOARD OF SUPERVISORS WILL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT WILL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY WILL NOT BE DEEMED TO IMPLY THAT SUCH LEGISLATION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

[SIGNATURES ON FOLLOWING PAGES]

The parties have duly executed this Agreement as of the respective dates written below.

SELLER:

MISSION SMARTSPACE SENIOR LLC
a Delaware limited liability company

By: 1321 Mission SmartSpace LLC,
a California limited liability company
its Manager

By: Panoramic Mission LLC,
a California limited liability company,
its Manager

By: Panoramic Interests, LLC,
a California limited liability
company,
its Manager

By: Patrick C. Kennedy
Patrick C. Kennedy, Manager

DocuSigned by:

Patrick Kennedy

Dated: 9/16/2021

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: Andrico Q. Penick
Andrico Q. Penick
Director of Property

DocuSigned by:

Andrico Q. Penick

Dated: 9/20/2021

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: Jessica Alfaro-Cassella
Jessica Alfaro-Cassella
Deputy City Attorney

DocuSigned by:

Jessica Alfaro-Cassella

SCHEDULE 1

SELLER'S ENVIRONMENTAL DISCLOSURE

Phase I Environmental Site Assessment prepared by AEI Consultants dated June 24, 2013

Phase I Environmental Site Assessment prepared by John Carver dated March 30, 2011

Geotechnical Report prepared by Rockridge Geotechnical dated September 1, 2011

Analytical Report (Soils) prepared by TestAmerica dated August 16, 2013

Voluntary Remedial Action Program Soil Sampling Report prepared by ACC Environmental Consultants dated February 13, 2012

SCHEDULE 2**WARRANTIES**

	Description	Warranty End Date	Warranty Grantor/ Manufacturer
1.	Countertops	7/7/2030	Dal-Tile Corporation
2.	Modified Bitumen Sheet Waterproofing	7/7/2025	Siplast
3.	Subgrade Waterproofing	7/7/2025	CETCO
4.	Traffic Coating on Roof	7/7/2025	Siplast
5.	Modified Bitumen Membrane Waterproofing	7/7/2040	Siplast
6.	Graffiti Resistant Coatings	7/7/2025	Dryvit
7.	EIFS	7/7/2025	Dryvit
8.	Weather Barrier	7/7/2025	W.R. Grace & Co.
9.	Joint Sealants	7/7/2025	Dow Corning Corporation
10.	Plaster	7/7/2030	BMI Products
11.	Fiber-Reinforced Cementitious (FRC) Wall	7/7/2025	SwissPearl
12.	Glazing	7/7/2025	Oldcastle Building Envelope
13.	Door Hardware	7/7/2025	Falcon

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the County of San Francisco, State of California, described as follows:

Beginning at a point of intersection of the Southwesterly line of 9th Street with the Southeasterly line of Mission Street, running thence Southwesterly along the Southeasterly line of Mission Street 113 feet 4 inches to the Northeasterly line of Washburn Street; thence at a right angle Southeasterly along the Northeasterly line of Washburn Street 81 feet 3 inches, thence at a right angle Northeasterly 113 feet and 4 inches to the Southeasterly line of 9th Street; and thence at a right angle Northwesterly along the Southwesterly line of 9th Street 81 feet and 3 inches to the Southeasterly line of Mission Street and the point of beginning.

Being a portion of Mission Block No. 3.

Assessors Lot/Block: Lot 043; Block 3509

EXHIBIT B

DESCRIPTION OF ACCEPTED PERSONAL PROPERTY

1. Twin bed + mattress (180)
2. Full bed + mattress (80)
3. Entry bench (110)
4. Table (160)
5. Mesh chair (320)
6. Desk (10)
7. Wall-mounted flatscreen TV (160)
8. Elevator lobby furniture (5 sets)
9. Lobby table (5)
10. Lobby chair (5)
11. Lobby stool (7)
12. Lobby low chair (3)
13. Lobby and reading room dining table (2)
14. Reading room chair (6)
15. Reading room lounge pieces by Norix (4)
16. Heated bench (2)
17. Heated chair (2)
18. Rooftop concrete chair (2)
19. Rooftop wooden bench (1)
20. Rooftop white plastic chair (15)

Note: Quantities indicated in parenthesis

EXHIBIT C

GRANT DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

The undersigned declares this instrument to be
exempt from Recording Fees (CA Govt. Code
§ 27383) and Documentary Transfer Tax (S.F.
Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for
Recorder's use only)

GRANT DEED

(Assessor's Parcel No. _____)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
MISSION SMARTSPACE SENIOR LLC, a Delaware limited liability company, hereby grants
to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property
located in the City and County of San Francisco, State of California, described on the attached
Exhibit A which is made a part hereof (the "**Property**").

TOGETHER WITH any and all rights, privileges and easements incidental or
appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other
hydrocarbon substances on and under the Property, as well as any and all development rights, air
rights, water, water rights, riparian rights and water stock relating to the Property, and any and all
easements, rights-of-way or other appurtenances used in connection with the beneficial use and
enjoyment of the land and all of Grantor's right, title and interest in and to any and all roads and
alleys adjoining or servicing the Property.

THE FOREGOING GRANT is made subject to all matters of record and rights of parties in
possession.

[SIGNATURES ON FOLLOWING PAGE]

Executed as of _____, 20____.

MISSION SMARTSPACE SENIOR LLC
a Delaware limited liability company

By: 1321 Mission SmartSpace LLC,
a California limited liability company
its Manager

By: Panoramic Mission LLC,
a California limited liability company,
its Manager

By: Panoramic Interests, LLC,
a California limited liability company,
its Manager

By: _____
Patrick C. Kennedy, Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property located at _____ conveyed by the foregoing Grant Deed dated _____ to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Board of Supervisors' Resolution No. _____ Series of _____, approved _____, and Resolution No. _____, approved _____, 20____, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____

Andrico Q. Penick
Director of Property

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the County of San Francisco, State of California, described as follows:

Beginning at a point of intersection of the Southwesterly line of 9th Street with the Southeasterly line of Mission Street, running thence Southwesterly along the Southeasterly line of Mission Street 113 feet 4 inches to the Northeasterly line of Washburn Street; thence at a right angle Southeasterly along the Northeasterly line of Washburn Street 81 feet 3 inches, thence at a right angle Northeasterly 113 feet and 4 inches to the Southeasterly line of 9th Street; and thence at a right angle Northwesterly along the Southwesterly line of 9th Street 81 feet and 3 inches to the Southeasterly line of Mission Street and the point of beginning.

Being a portion of Mission Block No. 3.

Assessors Lot/Block: Lot 043; Block 3509

EXHIBIT D
BILL OF SALE

For good and valuable consideration the receipt of which is acknowledged, MISSION SMARTSPACE SENIOR LLC, a Delaware limited liability company (“**Seller**”), does hereby sell, transfer and convey to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**Buyer**”), all personal property owned by Seller and located on or in or used in connection with the Land and Improvements (as such terms are defined in that certain Agreement of Purchase and Sale of Real Estate dated as of _____, 20____, between Seller and Buyer (or Buyer's predecessor in interest) (the “**Purchase Agreement**”), including, without limitation, those items described in the attached Schedule 1 (the “**Personal Property**”).

Seller hereby represents to Buyer that Seller is the lawful owner of the Personal Property, that the Personal Property is free and clear of all encumbrances, and that Seller has good right to sell the Personal Property and will warrant and defend the title thereto unto Buyer, its successors and assigns, against the claims and demands of all persons whomsoever.

The Personal Property is in a used condition, and Seller is neither a manufacturer, nor distributor of, nor dealer nor merchant in, the Personal Property. Seller makes no representations, express or implied, as to the condition or state of repair of the Personal Property, including warranties of fitness or merchantability, it being expressly understood that the Personal Property is being sold to Buyer in its present “AS IS, WHERE IS” condition and with all faults, as provided in the Purchase Agreement.

DATED _____, 20____.

SELLER:

MISSION SMARTSPACE SENIOR LLC
a Delaware limited liability company

By: 1321 Mission SmartSpace LLC,
a California limited liability company
its Manager

By: Panoramic Mission LLC,
a California limited liability company,
its Manager

By: Panoramic Interests, LLC,
a California limited liability company,
its Manager

By: _____
Patrick C. Kennedy, Manager

EXHIBIT E

**ASSIGNMENT OF CONTRACTS,
WARRANTIES AND GUARANTIES,
AND OTHER INTANGIBLE PROPERTY**

THIS ASSIGNMENT is made and entered into as of _____, 20____, by and between MISSION SMARTSPACE SENIOR LLC, a Delaware limited liability company (“**Assignor**”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**Assignee**”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is acknowledged, effective as of the Closing Date (as defined in the Purchase Agreement), Assignor assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under:

- A. the contracts listed in the attached Schedule 1 (the “**Contracts**”)
- B. all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other improvement situated on, or comprising a part of any building or other improvement situated on, any part of that certain real property described in the attached Exhibit A including, without limitation, those warranties and guaranties listed in the attached Schedule 2 (collectively, “**Warranties**”);
- C. any other Intangible Property (as defined in that certain Agreement of Purchase and Sale of Real Estate dated as of _____, 20____, between Assignor and Assignee (or Assignee's predecessor in interest) (the “**Purchase Agreement**”).

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

- 1. Assignor will indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) to the extent arising out of the breach of Assignor's obligations under the Contracts prior to the Closing Date.
- 2. Effective as of the Closing Date, Assignee hereby assumes all of the Assignor's obligations under the Contracts required to be performed on or subsequent to the Closing Date. Assignee will indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) to the extent arising out of the breach of Assignor's obligations under the Contracts on or after the Closing Date.
- 3. This Assignment will be binding on and inure to the benefit of the parties to this Assignment, their heirs, executors, administrators, successors in interest and assigns.
- 4. This Assignment is governed by and construed in accordance with the laws of the State of California and the City's Charter and Municipal Code.

5. This Assignment may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

MISSION SMARTSPACE SENIOR LLC
a Delaware limited liability company

By: 1321 Mission SmartSpace LLC,
a California limited liability company
its Manager

By: Panoramic Mission LLC,
a California limited liability company,
its Manager

By: Panoramic Interests, LLC,
a California limited liability company,
its Manager

By: _____
Patrick C. Kennedy, Manager

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____

Deputy City Attorney

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the County of San Francisco, State of California, described as follows:

Beginning at a point of intersection of the Southwesterly line of 9th Street with the Southeasterly line of Mission Street, running thence Southwesterly along the Southeasterly line of Mission Street 113 feet 4 inches to the Northeasterly line of Washburn Street; thence at a right angle Southeasterly along the Northeasterly line of Washburn Street 81 feet 3 inches, thence at a right angle Northeasterly 113 feet and 4 inches to the Southeasterly line of 9th Street; and thence at a right angle Northwesterly along the Southwesterly line of 9th Street 81 feet and 3 inches to the Southeasterly line of Mission Street and the point of beginning.

Being a portion of Mission Block No. 3.

Assessors Lot/Block: Lot 043; Block 3509

SCHEDULE 1

CONTRACTS

SCHEDULE 2

WARRANTIES

EXHIBIT F

ASSIGNMENT OF LEASES

THIS ASSIGNMENT is made and entered into as of _____, 20____, by and between MISSION SMARTSPACE SENIOR LLC, a Delaware limited liability company (“**Assignor**”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**Assignee**”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Closing Date (as defined in the Agreement for the Purchase and Sale of Real Property between Assignor, as Seller, and Assignee, as City, dated as of _____ (the “**Purchase Agreement**”)), Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under certain leases executed with respect to that certain real property commonly known as 1321 Mission Street, San Francisco, and more fully described in Exhibit A to the Purchase Agreement (the “**Property**”) as more fully described in Schedule 1 attached hereto (collectively, the “**Leases**”). Initially capitalized terms used but not defined in this Assignment have the meanings given to them in the Purchase Agreement.

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor represents and warrants that, as of the date of this Assignment, the attached Schedule 1 includes all of the Leases and occupancy agreements to which Seller is a party affecting any of the Property. As of the date hereof, there are no assignments of or agreements to assign the Leases by Seller to any other party.
2. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) to the extent arising out of the breach of landlord's obligations under the Leases prior to the Closing Date; provided that nothing in this Section 2 shall obligate Assignor to indemnify Assignee with respect to the physical condition of the Property, which Assignee has agreed to accept in its “as-is, where-is” condition as of the Closing Date, or any matter for which Assignee has agreed to release Assignor as set forth in Section 8.3 of the Purchase Agreement.
3. Effective as of the Closing Date, Assignee hereby assumes all of the landlord's obligations under the Leases required to be performed on or subsequent to the Closing Date. Assignee hereby agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) to the extent arising out of the breach of landlord's obligations under the Leases on or after the Closing Date.
4. Any rental and other payments under the Leases will be prorated between the parties as provided in the Purchase Agreement.
5. This Assignment will be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
6. This Assignment is governed by and will be construed in accordance with the laws of the State of California.

7. This Assignment may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

MISSION SMARTSPACE SENIOR LLC
a Delaware limited liability company

By: 1321 Mission SmartSpace LLC,
a California limited liability company
its Manager

By: Panoramic Mission LLC,
a California limited liability company,
its Manager

By: Panoramic Interests, LLC,
a California limited liability company,
its Manager

By: _____
Patrick C. Kennedy, Manager

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
[DEPUTY'S NAME]
Deputy City Attorney

SCHEDULE 1
LEASES

EXHIBIT G

INTENTIONALLY OMITTED.

EXHIBIT H

**CERTIFICATE OF TRANSFEROR
OTHER THAN AN INDIVIDUAL
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by 1321 MISSION SMARTSPACE LLC, a California limited liability company which is the indirect owner of 100% of the membership interests in MISSION SMARTSPACE SENIOR LLC, a Delaware limited liability company, the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. Transferor is not a disregarded entity as defined in Income Tax Regulations §1.1445-2(b)(2)(iii);

3. Transferor's U.S. employer identification number is _____; and

4. Transferor's office address is _____

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

[signature follows]

Dated: _____, 20____.

On behalf of:

1321 MISSION SMARTSPACE LLC,
a California limited liability company

By: Panoramic Mission LLC,
a California limited liability company,
its Manager

By: Panoramic Interests, LLC,
a California limited liability company,
its Manager

By: _____
Patrick C. Kennedy, Manager



General Plan Referral

September 3, 2021

Case No.: 2021-008441GPR-02
Block/Lot No.: 1321 Mission Street, 3509/043
Project Sponsor: City and County of San Francisco
Applicant: Dan Adams, Department of Homelessness and Supportive Housing
Dan.adams@sfgov.org
1650 Mission Street
San Francisco, CA, 94102

Staff Contact: Dylan Hamilton – (628) 652-7478
dylan.hamilton@sfgov.org

Recommended By: 
AnMarie Rodgers, Director of Citywide Policy
For Rich Hillis, Director of Planning

Recommendation: Finding the project, on balance, is **in conformity** with the General Plan

Project Description

The City and County of San Francisco Department of Homelessness and Supportive Housing proposes to purchase the property at 1321 Mission Street. The property includes 160 existing dwelling units. The transaction does not entail any physical changes to the building itself, or adjacent streets and public infrastructure.

A General Plan Referral is generally required for any purchase of real property by the City.

Environmental Review

Real estate transaction only. Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment. The City anticipates that the building would subsequently be occupied as affordable and or supportive housing.

General Plan Compliance and Basis for Recommendation

As described below, the proposed purchase of 1321 Mission Street is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING

POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing.

POLICY 7.5

Encourage the production of affordable housing through process and zoning accommodations, and prioritize affordable housing in the review and approval processes.

OBJECTIVE 6

REDUCE HOMELESSNESS AND THE RISK OF HOMELESSNESS

POLICY 6.1 Prioritize permanent housing and service enriched solutions while pursuing both short- and long-term strategies to eliminate homelessness.

The City anticipates the subsequent use of the building as affordable and or supportive housing. This real estate transaction helps facilitate the production of permanently affordable housing, adding to the City's affordable housing stock.

OBJECTIVE 11

SUPPORT AND RESPECT THE DISTINCT CHARACTER OF SAN FRANCISCO'S NEIGHBORHOODS

POLICY 11.7

Respect San Francisco's historic fabric, by preserving landmark buildings and ensuring consistency with historic districts

The property and building to be purchased by the City of San Francisco will not undergo any alterations as part of the transaction, and its design and character will thus be preserved.

DOWNTOWN AREA PLAN**OBJECTIVE 4****ENHANCE SAN FRANCISCO'S ROLE AS A TOURIST AND VISITOR CENTER****POLICY 4.1**

Guide the construction of new hotels to minimize their adverse impacts on circulation, existing uses, and scale of development

1321 Mission Street is located within the geography of the Downtown Area Plan. The project does not call for any physical changes to the building.

Planning Code Section 101 Findings

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The proposed project will not have an impact on neighborhood serving retail uses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The proposed project will help preserve existing neighborhood character, as the building will not undergo a change of use at this time. The proposed project will strengthen neighborhood character, as the proposed project is a property purchase that does not include any changes to the building itself. The City anticipates that the building will be subsequently occupied by affordable and or supportive housing.

3. That the City's supply of affordable housing be preserved and enhanced;

The Project will not diminish the City's affordable housing supply; on the contrary the anticipated future use will enhance the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed project will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The proposed project does not include any changes to industrial and service space in San Francisco.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

This project does not include any construction, and will not impact emergency preparedness

7. That the landmarks and historic buildings be preserved;

The property will be utilized in its current state; the project does not include any structural or design changes.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed project will not impact the access to sunlight or vistas for the parks and open space.

Recommendation: Finding the project, on balance, is in conformity with the General Plan



TO: Angela Calvillo, Clerk of the Board of Supervisors

**FROM: Dylan Schneider, Manager of Policy and Legislative Affairs,
Department of Homelessness and Supportive Housing**

DATE: January 25, 2022

**SUBJECT: Accept and Expend Resolution for 2021 Project Homekey Award for
1321 Mission Street**

GRANT TITLE: 2021 Project Homekey

Attached please find the original* and 1 copy of each of the following:

- Proposed grant resolution; original* signed by Department, Mayor, Controller
- Grant information form, including disability checklist
- Grant budget
- Grant application
- Letter of Intent or grant award letter from funding agency
- n/a Ethics Form 126 (if applicable)
- Contracts, Leases/Agreements (if applicable) – Purchase Sale Agreement
- Other (Explain):

Special Timeline Requirements:

HSH has requested this item to be heard at the March 2, 2022 Budget and Finance Committee to meet closing timelines on the acquisition of this property.

Departmental representative to receive a copy of the adopted resolution:

Name: Dylan Schneider

Phone: 628.652.7742

Interoffice Mail Address: 440 Turk Street, San Francisco CA. 94102

Certified copy required: Yes

No

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).

