

File No. 251147

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date December 3, 2025

Board of Supervisors Meeting Date _____

Cmte Board

- | | | |
|--|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <ul style="list-style-type: none">• Draft Loan and Grant Agreement• Draft Promissory Note• Draft Declaration of Restrictions• Draft Deed of Trust• Draft Developer Fee Agreement• Draft Purchase Option | | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CAHCD Award Letter 9/19/2025</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CAHCD Homekey+ Amended NOFA 1/31/2025</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CAHLC Recommendation 11/7/2025</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PLN Project Approval Letter 6/11/2025</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>HSH Presentation 12/3/2025</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
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Completed by: Brent Jalipa Date November 20, 2025

Completed by: Brent Jalipa Date _____

1 [Loan and Grant Agreement - 1035Vets LLC - 1035 Van Ness Avenue - 100% Affordable
2 Veterans Permanent Supportive Housing - Not to Exceed \$11,000,000]

3 **Resolution approving and authorizing a Loan and Grant Agreement in an amount not to**
4 **exceed \$11,000,000 consisting of a loan in the amount of \$8,000,000 for a minimum**
5 **term of 55 years and a grant in the amount of \$3,000,000 with 1035Vets LLC for the**
6 **purpose of rehabilitating real property located at 1035 Van Ness Avenue (“1035 Van**
7 **Ness”) into 124 units of permanent supportive housing for veterans exiting**
8 **homelessness under the Homekey+ Program administered by the California**
9 **Department of Housing and Community Development (the “Project”); adopting findings**
10 **that the Project and proposed transactions are consistent with the General Plan, and**
11 **the eight priority policies of Planning Code, Section 101.1; authorizing the Mayor and**
12 **the Director of Mayor’s Office of Housing and Community Development (“MOHCD”) to**
13 **execute the Loan and Grant Agreement, and make certain modifications to such**
14 **agreements, as defined herein, and take certain actions in furtherance of this**
15 **Resolution, as defined herein; and authorizing the Director of MOHCD to enter into any**
16 **additions, amendments, or other modifications to the Loan and Grant Agreement that**
17 **do not materially increase the obligations or liabilities to the City and are necessary to**
18 **effectuate the purposes of this Resolution.**

19
20 WHEREAS, The City, acting through MOHCD, administers a variety of housing
21 programs that provide financing for the development of new affordable housing and the
22 rehabilitation of single- and multi-family housing for low- and moderate-income households
23 and resources for homeowners in San Francisco; and

24 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
25 and operators; administers loan agreements; reviews annual audits and monitoring reports;

1 monitors compliance with affordable housing requirements in accordance with capital funding
2 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

3 WHEREAS, Permanent supportive housing (“PSH”) is the most effective evidence-
4 based solution to ending chronic homelessness and also prevents new incidents of
5 homelessness among highly vulnerable people with long experiences of homelessness; and

6 WHEREAS, Proposition C (2018) Gross Receipts Tax for Homelessness Services
7 (“Prop C”), passed by San Francisco voters in November 2018, created the Homelessness
8 Gross Receipts Tax to fund the Our City, Our Home (“OCOH”) Fund, in order to expand and
9 be complementary to existing funding and strategic efforts to prevent and end homelessness
10 for San Francisco residents; and

11 WHEREAS, By Resolution No. 234-21, adopted by the Board of Supervisors, on
12 May 18, 2021, and approved by the Mayor on May 28, 2021 (“Authorizing Resolution”), the
13 City was authorized to issue its General Obligation Bonds (Health and Recovery, 2020) in one
14 or more series or subseries on a tax-exempt or taxable basis (collectively, the “Bonds”) in the
15 not-to-exceed amount of \$487,500,000; and

16 WHEREAS, The City has previously issued its General Obligation Bonds (Health and
17 Recovery, 2020), Series 2023A in the initial aggregate principal amount of \$28,785,000; and

18 WHEREAS, It is necessary and desirable to deliver an additional issue of the Bonds in
19 one or more subseries on a tax-exempt or taxable basis, in an aggregate principal amount not
20 to exceed \$150,000,000 (collectively, “Series 2025G Bonds”), to finance a portion of the costs
21 of the Project; and

22 WHEREAS, Swords to Plowshares: Veterans Rights Organization, a California
23 nonprofit benefit corporation (“Swords to Plowshares”), has been providing direct services
24 to veterans experiencing homelessness in the Bay Area since 1974; and

1 WHEREAS, Swords to Plowshares formed 1035Vets LLC, a California limited liability
2 company ("1035Vets LLC"), which owns real property located at 1035 Van Ness Avenue,
3 Assessor's Parcel Number Block No. 0714, Lot No. 028, with improvements consisting of a
4 nine-story vacant building (the "Property"); and

5 WHEREAS, 1035Vets LLC intends to rehabilitate the Property to provide a total of
6 124 units of permanent supportive housing for veterans exiting homelessness, along with
7 associated supportive services space and 24-hour front desk service for residents (the
8 "Project"); and

9 WHEREAS, In an award letter dated September 19, 2025, the California Department of
10 Housing and Community Development ("HCD") approved a grant award in the amount of
11 \$39,044,030 under the Homekey+ Program ("Award Letter"), consisting of a \$29,800,000 for
12 acquisition and predevelopment costs, \$3,000,000 for rehabilitation, and \$6,244,030 to
13 support operations of the Project, subject to the terms and conditions established by HCD and
14 the form of HCD-approved STD213, Standard Agreement ("Standard Agreement"); copies of
15 the award letter, project report and HCD Standard Agreement are on file with the Clerk in File
16 No. 251108; and

17 WHEREAS, The Planning Department, by letter dated June 11, 2025, ("Planning
18 Letter") has determined that the rehabilitation of the Property is eligible for ministerial project
19 approval, and is consistent, on balance, with the General Plan, and the eight priority policies
20 of Planning Code, Section 101.1 ("General Plan Findings"), and a copy of which is on file with
21 the Clerk in File No. 251147; and

22 WHEREAS, On November 7, 2025, the Citywide Affordable Housing Loan Committee,
23 consisting of MOHCD, HSH, the Office of Community Investment and Infrastructure, and the
24 Controller's Office of Public Finance recommended to the Mayor that the City provide
25

1 rehabilitation and permanent financing of the Project in an amount not to exceed \$11,000,000;
2 and

3 WHEREAS, The City, through MOHCD, will execute a Loan and Grant Agreement in
4 an amount not to exceed \$11,000,000 ("Loan and Grant Agreement") consisting of a grant in
5 the amount of \$3,000,000 ("Grant") and a loan of up to \$8,000,000 ("Loan"), evidenced by a
6 promissory note, with the following material terms: (i) a minimum term of 55 years to repay the
7 Loan; (ii) Loan will not accrue interest; (iii) annual repayment of the Loan by Borrower through
8 residual receipts, if any, from the Project; (iv) the Project shall be restricted for life of the
9 Project as affordable housing to formerly homeless or low-income veterans households with
10 annual maximum rent and income established by MOHCD, and in accordance with
11 Homekey+ regulations, but no less than 55 years as PSH; (v) the Loan and Grant Agreement
12 shall be secured by a deed of trust recorded against the Borrower's fee interest in the
13 Property; and (vi) repayment of the Grant in the event of any default under the Loan and
14 Grant Agreement; a copy of the substantially final forms of the Loan and Grant Agreement,
15 promissory note, deed of trust, and declaration of restrictions is on file with the Clerk of the
16 Board of Supervisors in File No. 251147, and is incorporated herein by reference; and

17 WHEREAS, As a condition of the Loan and Grant Agreement, the Borrower will enter
18 into a purchase option agreement providing the City with an option and right of first refusal to
19 acquire the Property upon any proposed transfer of the Property and/or other certain events,
20 substantially in the form on file with Clerk of the Board of Supervisors in File No. 251147; now,
21 therefore, be it

22 RESOLVED, That the Board of Supervisors hereby finds that the Project (and
23 associated actions necessary to effectuate the Project) is consistent with the General Plan,
24 and with the eight priority policies of Planning Code, Section 101.1, for the same reasons as
25

1 set forth in the Planning Letter, and hereby incorporates such findings by reference as though
2 fully set forth in this Resolution; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan and
4 Grant Agreement and the transaction contemplated thereby in substantially the form
5 presented to the Board, and authorizes the Mayor and the Director of MOHCD, to execute
6 and deliver the Loan and Grant Agreement and any such other documents that are necessary
7 or advisable to complete the transaction contemplated by the Loan and Grant Agreement and
8 to effectuate the purpose and intent of this Resolution; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
10 MOHCD, in consultation with the City Attorney, to enter into any additions, amendments, or
11 other modifications to the Loan and Grant Agreement, and any other documents or
12 instruments necessary in connection therewith (including, without limitation, a purchase option
13 and any of all of the exhibits and ancillary agreements), that the Director of MOHCD
14 determine are in the best interests of the City, do not materially decrease the benefits to the
15 City with respect to the Property, do not materially increase the obligations or liabilities of the
16 City, and are necessary or advisable to complete the transaction contemplated in the Loan
17 and Agreement, and that effectuate the purpose and intent of this Resolution, such
18 determination to be conclusively evidenced by the execution and delivery by the Director of
19 MOHCD of any such additions, amendments, or other modifications; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
21 delegates to the Director of MOHCD and/or the Director of Property, the authority to
22 undertake any actions necessary to protect the City's financial security in the Property and
23 enforce the affordable housing restrictions, which may include, without limitation, acquisition
24 of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of
25 foreclosure, or exercising the City's rights under the purchase option; and, be it

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

4 FURTHER RESOLVED, That within thirty (30) days of the Loan and Grant Agreement
5 and purchase option being fully executed by all parties, MOHCD shall provide each final
6 agreement to the Clerk of the Board for inclusion into the official file.
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RECOMMENDED:

/s/ _____
Daniel Adams
Director
Mayor's Office of Housing and Community Development

Items 5 & 6 Files 25-1108, 25-1147	Department: Department of Homelessness and Supportive Housing (HSH), Mayor's Office of Housing and Community Development (MOHCD)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • File 25-1108 is a resolution that would authorize the Department of Homelessness and Supportive Housing (HSH) to execute a Standard Agreement with the California Department of Housing and Community Development (HCD) for an amount not to exceed \$39,044,030 for the acquisition, rehabilitation, and support of operating costs for property at 1035 Van Ness Avenue, and authorizing the City to commit up to \$8,000,000 in matching funds. • File 25-1147 is a resolution approving and authorizing a Loan and Grant Agreement in an amount not to exceed \$11,000,000, consisting of a loan in the amount of \$8,000,000 for a minimum term of 55 years and a grant in the amount of \$3,000,000 for the rehabilitation 1035 Van Ness into 124 units of permanent supportive housing for homeless veterans. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2025, the owner of 1035 Van Ness Avenue declared bankruptcy and HSH and the Mayor's Office of Housing and Community Development (MOHCD) selected Swords to Plowshares to purchase the property and develop it into permanent supportive housing for homeless veterans. In May 2025, the Citywide Affordable Housing Loan Committee approved a gap financing commitment for Swords to Plowshares to acquire and develop the property. In September 2025, HCD awarded the City a Homekey+ grant in the amount of \$39,044,030, of which \$32,800,000 is for the acquisition and rehabilitation of the property and \$6,244,030 is an operating subsidy. • After restoring 15 units that had been removed by the previous owner and constructing two accessory dwelling units, the building would consist of 124 units. Units would be restricted to veterans earning below 30 percent of median income. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total development cost is approximately \$334,278 per unit, of which the City subsidy is approximately \$64,516 per unit. According to the 20-year cash flow analysis of the project, the project's revenues are sufficient to cover operating costs and reserves and repay approximately \$8.1 million of the City loan over the first 20 years of operations. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • Unlike many other affordable housing and supportive housing projects to which the City has provided funding, the City will not own the land or structures at 1035 Van Ness. MOHCD and the project sponsor will enter into a purchase option agreement, which provides the City right of first refusal if the property is for sale. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Administrative Code Section 10.170-1 states that accepting federal, state, or third-party grant funds in the amount of \$100,000 or more, including any City matching funds required by the grant, is subject to Board of Supervisors approval.

City Charter Section 9.118(a) states that contracts entered into by a department, board, or commission that (i) have anticipated revenues of \$1 million or more, or (ii) have anticipated revenues of \$1 million or more and require modifications, are subject to Board of Supervisors approval.

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

1035 Van Ness Avenue was developed in 2004 as the San Francisco Care Center, an assisted living facility with 122 units. In January 2025, the building owner declared bankruptcy and liquidated the property, which was purchased by the Housing Accelerator Fund in anticipation of permanent financing from the City. The Department of Homelessness and Supportive Housing (HSH) and Mayor's Office of Housing and Community Development (MOHCD) selected Swords to Plowshares to purchase the property and develop it into permanent supportive housing for homeless veterans.¹ The City decided to use the property for veterans' housing in conjunction with closing of different PSH sites for veterans operated by Swords that has struggled with high vacancies. In April 2025, the seller accepted an offer from the San Francisco Housing Accelerator Fund to purchase the property for \$27,750,000. According to Omar Masry, MOHCD Multi-Family Lending Project Manager, this ownership model was chosen because it was faster than City acquisition and time constraints associated with bankruptcy proceedings.

In May 2025, the Citywide Affordable Housing Loan Committee (Loan Committee) approved a preliminary gap commitment for Swords to Plowshares to acquire and develop the property with two financing options: (1) a combination of \$8,000,000 in City funds combined with a Homekey+ grant from the California Department of Housing and Community Development (HCD), or (2) \$30,000,000 from the City's Preservation and Seismic Safety (PASS) bond program.² In May 2025, the Board of Supervisors approved and authorized HSH to apply for a Homekey+ grant in an amount not to exceed the greater of \$37,500,000 or the maximum award available (File 25-0937). In September 2025, HCD awarded the City a Homekey+ grant in the amount of \$39,044,030, of which \$32,800,000 is for the acquisition and rehabilitation of the property and \$6,244,030 is an

¹ HSH and MOHCD selected Swords to Plowshares under Administrative Code Section 21B, which authorizes HSH to enter into certain contracts for homeless services without competitive bidding.

² Homekey is a state grant program that provides funding for the acquisition and rehabilitation of hotels, motels, apartments, and other properties for use as permanent or interim homeless housing. Homekey+ is modeled on the Homekey program and uses Proposition 1 funding to provide permanent housing for individuals who are homeless or at risk of homelessness with behavioral health needs, including mental health and substance abuse challenges.

operating subsidy. In November 2025, the Loan Committee approved a Loan and Grant Agreement of up to \$11,000,000 for the property.

DETAILS OF PROPOSED LEGISLATION

File 25-1108 is a resolution that would:

1. Authorize HSH to execute a Standard Agreement with HCD and co-applicants Swords to Plowshares and 1035Vets LLC (an affiliate of Swords to Plowshares) for a total award not to exceed \$39,044,030 under the Homekey+ program, including up to \$36,044,030 disbursed to 1035Vets LLC for acquisition of 1035 Van Ness and support of operating costs, and \$3,000,000 disbursed to the City for rehabilitation of the property;
2. Accept and expend up to \$3,000,000 from the City's portion of Homekey+ for the rehabilitation of the property;
3. Approve and authorize the City to commit up to \$8,000,000 in required matching funds for rehabilitation of the property and a minimum of five years of operating subsidy, in addition to committing up to 15 years of operating subsidies through the City's Local Operating Subsidy Program (LOSP) subject to budget appropriations;
4. Authorize the City to assume any joint and several liability for expenditure of the Homekey+ grant under the Standard Agreement;
5. Adopt the Planning Department's findings of consistency with the General Plan and Planning Code; and
6. Authorize HSH to enter into any further immaterial amendments to the Standard Agreement and Homekey+ documents.

File 25-1147 is a resolution that would:

1. Approve a Loan and Grant Agreement in an amount not to exceed \$11,000,000 with 1035Vets LLC for the purpose of rehabilitating the 1035 Van Ness property, consisting of a City loan in the amount of \$8,000,000 for a minimum term of 55 years and a City-administered grant of HCD Capital Funds in the amount of \$3,000,000;
2. Adopt findings that the project and proposed transactions are consistent with the General Plan and Planning Code;
3. Authorize the Mayor and MOHCD Director to execute the Loan and Grant Agreement, make certain modifications, and take certain actions in furtherance of the resolution; and
4. Authorize the MOHCD Director to make further immaterial amendments to the Loan and Grant Agreement.

Building Description and Rehabilitation

1035 Van Ness is a vacant, 9-story assisted living facility consisting of 122 units, 35 parking spaces, ground floor reception and commercial space, and shared outdoor space. The previous owner removed 15 residential units, which subjected the building to code violations from the

Department of Building Inspection (DBI). The purchase price of \$27,750,000 was consistent with an appraisal conducted by Colliers International in April 2025.

An MOHCD loan evaluation to the Loan Committee in May 2025 noted that the building is generally in good condition. The scope of rehabilitation had originally included restoring 15 units that were removed or modified without permits, adding two accessory dwelling units, converting units with half bathrooms into full bathrooms, adding or enlarging in-unit kitchenettes, creating a mail room on the ground floor, converting retail spaces into office spaces, and adding laundry machines on each floor. The estimated cost, including overhead and contingencies, was approximately \$6.5 million. This cost has since increased to approximately \$8.6 million due to refinements and expanding the scope with remodeling the 1st floor mailroom and 5th floor offices, exterior painting, repairing stucco cracks, and replacing failing air conditioning units. If unspent contingency funds are available, they would be used to replace rooftop mechanical equipment, exhaust fans, and air handling equipment.

MOHCD anticipates that construction would begin in January 2026 and would achieve substantial completion by July 2026. Upon completion, up to 108 tenants would be relocated from another PSH site, and HSH would terminate that lease. The remaining units would be leased through HSH's Coordinated Entry system or the U.S. Department of Veterans Affairs (VA). The project budget does not include funding for tenant relocation. Swords to Plowshares will seek VA funding for relocation costs.

Homekey+ Agreement

The proposed Standard Agreement for Homekey+ funds requires that the funding be used for permanent supportive housing or interim housing costs for people at risk of homelessness and with serious mental illness and that rents are no more than 30 percent of HCD median income. The agreement has a 15-year term but requires the proposed revenues to be spent by the City by deadlines that will be confirmed by HCD (anticipated to be February 2027 for capital funds and February 2037 for operating funds) and that the property remain income restricted housing for at least 55 years. The agreement requires the City to provide at least \$8 million in matching funds, which will be met with Proposition C funds.³

Loan and Grant Agreement

Under the proposed Loan and Grant Agreement, the City would provide 1035Vets LLC a loan of \$8,000,000 and grant of \$3,000,000. Key terms of the Loan and Grant Agreement are shown in Exhibit 1 below.

³ Proposition C, passed by San Francisco voters in November 2018, is a gross receipts tax to fund homeless services and housing.

Exhibit 1: Key Terms of Loan and Grant Agreement

Loan	
Loan Amount	\$8,000,000
Loan Term	55 Years
Interest Rate	0%
Repayment	Annual payments, equal to 2/3 of residual receipts
Grant	
Grant Amount	\$3,000,000
Grant Term	55 Years
Repayment	N/A
Units and Affordability	
Units	66 Studio Units and 58 SRO Units
Affordability Level	Units restricted to tenants under 30% of Median Income (May be increased to 50% of Median Income if the operator is unable to find tenants at the lower income level)

Source: Proposed Loan and Grant Agreement, Declaration of Restrictions, Promissory Note

Loan Documents

The proposed resolution also approves the following loan documents:

- The form of the Declaration of Restrictions, which requires the project sponsor to maintain the housing affordability levels defined in the loan agreement for at least 55 years;
- The Secured Promissory Note for the loan;
- The Deed of Trust, which secures the loan and project proceeds in favor of the City; and
- A 99-year Purchase Option Agreement, which allows the City first right of refusal if the property is for sale. The purchase price would be fair market value net of outstanding City loans on the property.

Sponsor Capacity for Project Development

According to a May 2025 memo to the Loan Committee, Swords to Plowshares is currently in the process of managing the acquisition and rehabilitation of 629 Post Street, a \$30 million project of 63 units of permanent and transitional housing for homeless veterans. The property was acquired in 2023 for \$17 million with an MOHCD loan. Construction is anticipated to begin in Summer 2026 and to be completed by September 2027. Swords to Plowshares also operates the Stanford Hotel at 250 Kearny Street. Because of Swords to Plowshares' modest experience in property ownership, MOHCD has recommended that staff take asset management and technical assistance courses from the Corporation for Supportive Housing, a national organization that offers these courses for supportive housing providers.

Performance and Fiscal Monitoring

HSH conducted FY 2023-24 performance monitoring of Swords to Plowshares' programs at the Stanford Hotel and identified 18 findings.⁴ FY 2023-24 monitoring did not include service and outcome objective metrics because of an HSH administrative error with the CARBON reporting system. HSH is planning a site visit in December 2025 to determine if Swords to Plowshares is in conformance with corrective actions. HSH has not completed FY 2024-25 program monitoring, but preliminary data shows that Swords to Plowshares has met all contracted service and outcome objectives.

Staff from the Office of Economic and Workforce Development reviewed Swords to Plowshares' financial documents as part of the FY 2023-24 Citywide Fiscal and Compliance Monitoring Program and identified no findings. Swords to Plowshares met all the requirements to receive a one-year waiver from the program in FY 2024-25.⁵

FISCAL IMPACT

Under the proposed Loan and Grant Agreement, the city would provide 1035Vets LLC a loan of \$8,000,000 and grant of \$3,000,000. The City would also accept a Homekey+ grant from HCD, which would provide up to \$36,044,030 disbursed to 1035Vets LLC for acquisition of 1035 Van Ness from the Housing Accelerator Fund and support of operating costs, and \$3,000,000 disbursed to the City for rehabilitation of the property. The sources and uses of funds for capital expenses are shown in Exhibit 2 below.

Exhibit 2: Sources and Uses of Capital Funds

Sources	Amount
MOHCD Loan	\$8,000,000
Homekey+ Grant	32,800,000
Swords to Plowshares Capital/Fundraising	650,482
Total Sources	\$41,450,482

⁴ The findings were: (1) no evidence of tenant assessment information, (2) no evidence property management tenant correspondences are shared with support services, (3) grantee provided a list of trainings, but it was incomplete, (4) grantee did not provide an overdose prevention policy, (5) grantee did not provide evidence of MOUs, (6) grantee provided incomplete tenant satisfaction surveys, (7) no evidence that program materials are accessible to persons with disabilities, (8) HIPAA privacy rights were not publicly displayed, (9) no evidence of written materials translated in applicable languages, (10) conflicting responses to how service delivery and activities respect the backgrounds and interests of clients served, (11) no evidence of a policy regarding how clients will be outreached to for engagement in services, (12) grantee provided a link to staff job descriptions via email but documents did not open, (13) grantee provided org chart but difficult to comprehend, (14) grantee provided a list of staff training but was missing a training log of staff attendance, (15) grantee did not meet objectives every month for service and outcome objectives for the support services agreement, (16) service and outcome objectives for property management were not set up by HSH in CARBON, (17) grantee stated that they only submit critical incident reports when someone dies, and (18) none of the fire extinguishers were documented as being inspected.

⁵ The requirements for a waiver are: (1) the contractor had no significant findings from the prior year; (2) the contractor had no major areas of concern identified by funding departments; (3) the contractor had at least two years of City funding; (4) the contractor has had an expanded monitoring within the last four years; and (5) the contractor does not receive funding from a source that mandates site visits.

Uses	Amount
Acquisition (Repayment of HAF Loan)	\$27,954,726
Construction Hard Costs (Includes 10% Contingency)	8,550,032
Soft Costs (Includes 6.6% Contingency)	2,891,991
Reserves	1,053,733
Developer Fees	1,000,000
Total Uses	\$41,450,482

Source: Proposed Grant and Loan Agreement

Construction costs include a 10 percent hard cost contingency and 6.6 percent soft cost contingency. Operating reserves total \$1,053,733, which is intended to partially cover four months of operating costs and services. Total costs include \$1,000,000 in developer fees and \$2,891,991 in soft costs.

The Homekey+ loan would also fund \$3,601,742 to replace aging boilers, water heaters, and roofing. This is characterized as an operating expenditure in the first year of operations, rather than as a capital expenditure.

Loan Funding Sources and City Subsidy

The proposed loan is funded by:

- \$5,912,794 from the 2020 Health and Recovery General Obligation Bond proceeds; and
- \$2,087,206 from Proposition C funds.

The City subsidy per unit is \$64,516, which is well below the cost of other projects. The total development cost per unit is \$334,278.

Operating Revenues and Expenditures

According to the 20-year cash flow analysis for the project, the project's revenues are sufficient to cover operating costs, reserves, and debt service (beginning in Year 6 of operations). Project revenues consist of tenant rents, Local Operating Subsidy Program (LOSP) rental assistance (for 58 units), and Veterans Administration Supportive Housing (VASH) vouchers (for 66 units). For the first five years of operations, rental assistance would be paid by the Homekey+ grant rather than LOSP payments. The budget assumes annual vacancy loss of five percent.

Over the initial 20 years, the project would generate positive cash flow of approximately \$12.1 million. Of this amount, approximately \$8.1 million would be used to repay the MOHCD loan and \$4 million would be distributed to Swords to Plowshares. The budget does not include supportive services which would be funded under a separate HSH contract. According to Dylan Schneider, HSH Legislative Affairs Manager, the estimated initial cost to provide support services at 1035 Van Ness is approximately \$422,492, which would be funded by the City's General Fund.

Exceptions from MOHCD Guidelines

- The soft cost contingency of 6.6 percent is below the standard of 10 percent.

- The annual operating expense escalation is not based on historical averages, due to no historical actuals being available for full occupancy. The loan assumes 3.5 percent annual escalation, which is a standard amount.

POLICY CONSIDERATION

Unlike many other affordable housing and permanent supportive housing projects to which the City has provided funding, the City will not own the land or structures at 1035 Van Ness. This model is similar to preservation projects under the Small Sites Program. Approximately \$29.8 million of the Homekey+ grant will be disbursed directly to Swords to Plowshares so they can pay down the Housing Accelerator Fund acquisition loan. The property will then be owned by Swords to Plowshares. As noted above, the loan documents include a purchase option agreement that provides the City first right of refusal if the property is for sale.

RECOMMENDATION

Approve the proposed resolution.

**LOAN AND GRANT AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO 2020 HEALTH AND RECOVERY
GENERAL OBLIGATION (GO) BOND FUNDS, OUR CITY OUR HOME FUNDS,
HOMEKEY+ CAPITAL GRANT)**

By and Between

THE CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, represented by the Mayor,
acting by and through the Mayor's Office of Housing and Community Development,

and

1035VETS LLC,
a California limited liability company,

for

1035 Van Ness Avenue
[\$11,000,000]
[2020 Health and Recovery General Obligation Bond Funds: \$5,912,794]
[Our City Our Home Funds: \$2,087,206]
[Homekey+ Capital Grant: \$3,000,000]

Dated as of [_____, 2025]

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LOAN AND GRANT AGREEMENT

(City and County of San Francisco 2020 Health and Recovery General Obligation Bond, Our City Our Home Funds)

(1035 VAN NESS AVENUE)

THIS LOAN AND GRANT AGREEMENT ("Agreement") is entered into as of [_____, 2025], by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **1035VETS LLC**, a California limited liability company ("Borrower").

RECITALS

A. On November 3, 2020, the voters of the City and County of San Francisco approved Proposition A (Ordinance 116-20), which provided for the issuance of up to \$487.5 million in general obligation bonds to finance the acquisition or improvement of real property, including facilities to house and/or deliver services for persons experiencing mental health challenges, substance use disorder, and/or homelessness; parks, open space, and recreation facilities, including green and climate resilient infrastructure; and streets, curb ramps, street structures and plazas (the "2020 Health & Recovery GO Bond"). To the extent permitted by law, the City intends to reimburse with proceeds of the 2020 Health & Recovery GO Bond amounts disbursed under this Agreement to Borrower for the development and construction of permanent supportive housing. The proceeds of the 2020 Health & Recovery GO Bond provided under this Agreement will be referred to herein as the "2020 Health & Recovery GO Bond Funds."

B. In November 2018, the voters of the City approved Proposition C, which created the Homelessness Gross Receipts Tax Ordinance under Business and Tax Regulations Code Article 28 with all collected monies to be deposited into the Our City, Our Home Fund under Administrative Code Section 10.100-64 ("OCOH Fund"). The City is authorized to use a portion of the OCOH Fund for the construction, acquisition, rehabilitation, lease, preservation, and operation of permanent supportive housing units, which include a rental subsidy and onsite supportive services for formerly homeless adults, families, and youth, or the acquisition, rehabilitation, master lease, and operation of SRO Buildings (as defined in Business & Tax Regulations Code Section 2810(h)(2)), or portions thereof, newly acquired or master leased on or after January 1, 2019. The funds provided from the OCOH Fund under this Agreement shall be referred to herein as the "OCOH Funds." and together with the 2020 Go Bonds, collectively, the "Funds."

C. On [December ____], 2025, through Resolution [____], the San Francisco Board of Supervisors authorized and delegated authority to the Department of Homelessness and Supportive Housing ("HSH") to accept and expend a competitive grant award in the amount of \$[3,000,000] under the California Department of Housing and Community Development's Homekey+ Program ("Homekey+") which provides funding for permanent supportive housing for persons, with priority for veterans, with serious mental illness who are homeless, chronically homeless, or at-risk of chronic homelessness to households earning up to thirty percent (30%) of

the area median income as determined and published by HCD, adjusted for household size. The City is authorized by Resolution [] to provide the Homekey+ Program funds (the "Homekey Funds") to Borrower for the development and rehabilitation of affordable permanent supportive housing. The Homekey funds provided under this Agreement will be referred to herein as the "Homekey Funds," and together with the OCOH Funds and 2020 Health & Recovery Bond Funds, collectively, referred to herein as the "Funds."

D. Under Administrative Code Chapter 21B, HSH and MOHCD selected Swords to Plowshares: Veterans Rights Organization, a California nonprofit public benefit corporation ("STP") to acquire and rehabilitate real property consisting of a vacant assisted living facility located at 1015-1033-1035 Van Ness Avenue, San Francisco, California (the "Site") for the purpose of providing affordable permanent supportive housing for formerly homeless households or households at risk of homeless with priority for veterans. STP formed the Borrower for the purpose of undertaking such permanent supportive housing.

E. Borrower secured a loan from the San Francisco Housing Accelerator Fund in the amount of \$27,500,000 (the "Acquisition Loan") for acquisition of the Site and predevelopment costs related to rehabilitation of the Site. Borrower owns a fee interest in the Site desires to use the Funds to convert the Site into 124 units of affordable permanent supportive housing for formerly homeless households or households at risk of homeless, with priority for veterans, which will include 24 hour front desk service for residents, re-instatement of 15 units subject to prior unauthorized removal, add two new accessory dwelling units, and abatement of all violations by the previous owner under the San Francisco Building Code (the "Project").

F. The City, through HSH, Borrower, and California Housing and Community Development ("HCD") entered into that certain Standard Agreement dated [], 2025], under the Homekey+ Program in the grant amount of Thirty Nine Million Forty Four Thousand Thirty and No/100 Dollars (\$39,044,030.00) of Homekey+ Program funds (the "Standard Agreement"). Under the Standard Agreement, \$[29,800,000.00] will be allocated for repayment of the Acquisition Loan, predevelopment costs, and closing costs, up to \$[6,244,030] will be allocated for operating costs of the Project, and up to \$3,000,000 will be allocated for development and rehabilitation costs of the Project. The City, through MOHCD, will administer the Homekey+ Funds allocated for development and rehabilitation of the Project under this Agreement and the Standard Agreement, and Borrower will comply with terms of the Standard Agreement.

G. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make a loan of 2020 Health & Recovery GO Bond Funds and OCOH Funds to Borrower (the "Loan") in the amount of Eight Million and No/100 Dollars (\$8,000,000.00) ("Loan Amount") and make a grant of Homekey+ Funds (the "Grant") in the amount of [Three Million] and No/100 Dollars (\$[3,000,000.00]) (the "Grant Amount"), for a total Loan and Grant in the amount of [Eleven Million] and No/100 Dollars (\$[11,000,000].00) (the "Funding Amount") under this Agreement to fund certain development and rehabilitation costs related to the Project. The Funding Amount is comprised of a Loan of (i) 2020 Health & Recovery Bond Funds in the amount of Five Million Nine Hundred Twelve Thousand Seven

Hundred Ninety Four and No/100 Dollars (\$5,912,794) and (ii) Our City Our Home (OCOH) in the amount of Two Million Eighty Seven Thousand Two Hundred Six and No/100 Dollars (\$2,087,206); and (iii) a Grant of Homekey+ Funds in the amount of [Three Million] and No/100 Dollars (\$[3,000,000]).

H. On [_____], the City's Board of Supervisors and the Mayor approved this Agreement by Resolution No. [_____] for the purpose of developing and constructing the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

ARTICLE 1 DEFINITIONS.

1.1 **Defined Terms.** As used in this Agreement, the following words and phrases have the following meanings:

"Accounts" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the City in writing. All Accounts will be maintained in accordance with **Section 2.3**.

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

"AHP" means the Affordable Housing Program, which provides funds from a Federal Home Loan Bank.

"AHP Loan Amount" means the loan amount of up to \$1,240,000 from AHP awarded to Borrower for permanent financing of the Project.

"Annual Monitoring Report" has the meaning set forth in **Section 10.3**.

"Annual Operating Budget" means an annual operating budget for the Project attached hereto as **Exhibit B-2**, which may not be adjusted without the City's prior written approval.

"Approved Plans" has the meaning set for in **Section 5.2**.

"Approved Specifications" has the meaning set forth in **Section 5.2**.

"Authorizing Resolutions" means: (a) in the case of a corporation, a certified copy of resolutions adopted by its board of directors; (b) in the case of a partnership (whether general or limited), a certificate signed by all of its general partners; and (c) in the case of a limited liability company, a certified copy of resolutions adopted by its board of directors or members,

satisfactory to the City and evidencing Borrower's authority to execute, deliver and perform the obligations under the City Documents to which Borrower is a party or by which it is bound.

"Borrower" means 1035Vets, LLC, a California limited liability company whose sole member and manager is Swords to Plowshares: Veterans Rights Organization, a California nonprofit public benefit corporation ("Manager"), and its authorized successors and assigns.

"Cash Out Policy" means the MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, And Refinancing Policy dated June 19, 2020, as it may be amended from time to time.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement.

"City" means the City and County of San Francisco, a municipal corporation, represented by the Mayor, acting by and through MOHCD. Whenever this Agreement provides for a submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by MOHCD unless otherwise indicated.

"City Documents" means this Agreement, the Note, the Deed of Trust, the Declaration of Restrictions, and any other documents executed or, delivered in connection with this Agreement.

"City Project" has the meaning set forth in **Exhibit E, Section 13(c)**.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further described under the CNA Policy.

"CNA Policy" means MOHCD's Policy For Capital Needs Assessments dated November 5, 2013, as it may be amended from time to time.

"Completion Date" has the meaning set forth in **Section 5.6**.

"Compliance Term" has the meaning set forth in **Section 3.2**.

"Construction Contract" has the meaning set forth in **Section 5.2**.

"Conversion Date" means the date on which construction financing for the Project is converted into permanent financing, if applicable.

"Declaration of Restrictions" means a recorded declaration of restrictions and affordable housing covenants in form and substance acceptable to the City and HCD that requires Borrower and the Project to comply with (i) the Homekey+ Program requirements under the Standard

Agreement for fifty-five (55) years and (ii) the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, this Agreement terminates or the Deed of Trust is reconveyed.

"Deed of Trust" means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Note, in form and substance acceptable to the City.

"Department of Building Inspection" has the meaning set forth in **Section 5.2**.

"Developer" means Swords to Plowshares: Veterans Rights Organization, a California nonprofit public benefit corporation ("Manager"), and its authorized successors and assigns.

"Developer Fee Policy" means the MOHCD Policy on Development Fees for Tax Credit Projects dated October 16, 2020, as amended from time to time, attached hereto as **Exhibit J**.

"Developer Fees" has the meaning set forth in **Section 15.1**.

"Development Expenses" means all costs incurred by Borrower and approved by the City in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

"Development Proceeds" means the sum of: (a) funds contributed or to be contributed to Borrower by Borrower's limited partner as capital contributions, equity or for any other purpose under Borrower's limited partnership agreement; and (b) the proceeds of all other financing for the Project.

"Disbursement" means the disbursement of all or a portion of the Funding Amount by the City as described in **Article 4**.

"Distributions" has the meaning set forth in **Section 13.1**.

"Early Retention Release Contractors" means contractors who will receive retention payments upon satisfaction of requirements set forth in **Section 4.7** and as shown in **Exhibit M**.

"Environmental Activity" means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

"Environmental Laws" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental

Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the National Environmental Policy Act of 1969 ("NEPA") (24 CFR §§ 92 and 24 CFR §§ 58); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

"Escrow Agent" has the meaning set forth in **Section 4.2**.

"Event of Default" has the meaning set forth in **Section 19.1**.

"Excess Proceeds" means Development Proceeds remaining after payment of Development Expenses. For the purposes of determining Excess Proceeds, no allowed Project Expenses may be included in Development Expenses.

"Expenditure Request" means a written request by Borrower for a Disbursement from the Funding Amount, which will certify that the Project costs covered by the Expenditure Request have been paid or incurred by Borrower.

"Funding Amount" has the meaning set forth in **Recital [G]**.

"Funds" has the meaning set forth in **Recital [B]**.

"GAAP" means generally accepted accounting principles in effect on the date of this Agreement and at the time of any required performance.

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"HAP" has the meaning set forth in **Recital [H]**.

"Hazardous Substance" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them, and petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and

quantity normally used in the rehabilitation, operation or maintenance of developments similar to the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

“HCD” means the California Department of Housing and Community Development.

“HCD Median Income” means the median income for San Francisco County published by HCD on an annual basis, adjusted for household size, under California Health & Safety Code section 50093(c) and the California Code of Regulations, Title 25, Section 6932.

“Hold Harmless Policy” means the Hold Harmless Policy for MOHCD’s Income Limits & Maximum Rents dated May 3, 2019, as amended from time to time, attached hereto as **Exhibit K**.

“Homekey+” means a funding program administered by HCD that includes funding for permanent supportive housing for veterans.

“Homekey+ Program Requirements” means the following, all as amended and in effect from time to time: (1) the Homekey+ Program Notice of Funding Availability; (2) Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code; (3) the application for Homekey+ Funds submitted by the City and Borrower; (4) the Project report prepared by HCD in reliance on the representations and descriptions included in the application for Homekey+ Funds submitted by the City and Borrower; (5) the award letter issued by HCD to the City and Borrower; (6) the Standard Agreement for Homekey+ Funds; and (7) all other applicable laws for the Homekey+ program.

“Homekey+ Target Population” means the following: (1) Veterans, or households with a Veteran, who are experiencing homelessness or who are At Risk of Homelessness as defined under part 578.3 of Title 24 of the Code of Federal Regulations and who have or are suspected of having a Behavioral Health Challenge (as defined under paragraph (vii) of Article VII (Definitions) of HCD’s Homekey+ Program Notice of Funding Availability; (2) these individuals and households must include a person described in Welfare and Institutions Code (WIC) subdivision (c) or (d) of Section 14184.402, or a person with a substance use disorder, as described in WIC Section 5891.5; and (3) enrollment in Medi-Cal or in any other health plan will not be a condition for accessing housing or continuing to be housed.

“Homeless” means an individual or a family who lacks a fixed, regular, and adequate nighttime residence and who has a primary nighttime residence in one or more of the following categories: (a) Anyone staying in a mission or homeless or domestic violence shelter, i.e., a supervised public or private facility that provides temporary living accommodations; (b) Anyone displaced from housing due to a disaster situation; (c) Anyone staying outdoors; for example, street, sidewalk, doorway, park, freeway underpass; (d) Anyone staying in a car, van, bus, truck, RV, or similar vehicle; (e) Anyone staying in an enclosure or structure that is not authorized or fit for human habitation by building or housing codes, including abandoned buildings ("squats") or sub-standard apartments and dwellings; (f) Anyone staying with friends and/or extended family members (excluding parents and children) because they are otherwise unable to obtain

housing; (g) Any family with children staying in a Single Room Occupancy (SRO) hotel room (whether or not they have tenancy rights); (h) Anyone staying in temporary housing for less than 6 months where the accommodations provided to the person are substandard or inadequate (for example, in a garage a very small room, or an overly crowded space); (i) Anyone staying in a Single Room Occupancy (SRO) hotel room without tenancy rights; (j) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who is now incarcerated, hospitalized, or living in a treatment program, half-way house, transitional housing; or (k) Anyone formerly homeless (formerly in one of the above categories (a) through (i)) who has obtained and resided in supportive housing or permanent housing for less than 30 days.

“Homeless Household” means a household that meets HSH’s (or other referring governmental agency’s) definition of Homeless Household for initial occupancy and upon available vacancies thereafter, as per the Local Operating Subsidy contract.

“HSH” means the San Francisco Department of Homelessness and Supportive Housing, or other successor agency.

"HUD" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as set forth in **Exhibit A**.

"Indemnatee" means, individually or collectively, (i) City, including MOHCD and all commissions, departments, agencies and other subdivisions of City; (ii) City's elected officials, directors, officers, employees, agents, successors and assigns; and (iii) all persons or entities acting on behalf of any of the foregoing.

"In Balance" means that the sum of undisbursed Funds and any other sources of funds that Borrower has closed or for which Borrower has firm commitments will be sufficient to complete acquisition/construction/rehabilitation of the Project, as determined by the City in its sole discretion.

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency.

“Life of the Project” means the period of time in which the Project continues to operate as a multi-family apartment project substantially similar to its current condition in terms of square footage and number of units, and in the event the Project is substantially damaged or destroyed by fire, the elements, an act of any public authority or other casualty, and is subsequently replaced by a multi-family residential project substantially similar to its current condition in terms of square footage and number of units, the life of such replacement project will be deemed to be a continuation of the life of the Project.

"Loan" has the meaning set forth in **Recital [G]**.

“Local Operating Subsidy” means an operating subsidy provided by the City to Borrower for the operation of the Project, the amount of which is sufficient to permit Borrower to operate the Project in accordance with the terms of this Agreement with Qualified Tenants at income levels specified by MOHCD in writing which are below those set forth in **Exhibit A**.

"Local Operating Subsidy Program" or “LOSP” means the program administered by MOHCD that regulates the distribution of Local Operating Subsidy.

"Loss" or "Losses" includes any and all loss, liability, damage, obligation, penalty, claim, action, suits, judgment, fee, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in an investigation or a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of the City's rights or in defense of any action in a bankruptcy proceeding.

"Manager" means Swords to Plowshares: Veterans Rights Organization, a California nonprofit public benefit corporation.

“Marketing and Tenant Selection Plan” has the meaning set forth in **Section 6.1**.

"Maturity Date" has the meaning set forth in **Section 3.1**.

"Median Income" means median income as published annually by MOHCD for the City and County of San Francisco, adjusted solely for household size, and derived in part from the income limits and area median income determined by HUD for the San Francisco area, but not adjusted for a high housing cost area (also referred to as unadjusted median income).

"MOHCD" means the Mayor’s Office of Housing and Community Development or its successor.

“MOHCD Monthly Project Update” has the meaning set forth in **Section 10.2**.

"Note" means the promissory note executed by Borrower in favor of the City in the original principal amount of the \$8,000,000 MOHCD Loan portion of the Funding Amount, in form and substance acceptable to the City.

“Official Records” means the official records of San Francisco County.

"Operating Reserve Account" has the meaning set forth in **Section 12.2**.

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing California limited liability company in good standing under the laws of the State of California, has the power and authority to enter into the City Documents and will be bound by their terms when executed and delivered, and that addresses any other matters the City reasonably requests.

"Payment Date" means the first June 30th following the Completion Date and each succeeding June 30th until the Maturity Date.

"Permitted Exceptions" means liens in favor of the City, real property taxes and assessments that are not delinquent, and any other liens and encumbrances the City expressly approves in writing in its escrow instructions.

"Preferences and Lottery Manual" means MOHCD's Marketing, Housing Preferences and Lottery Procedures Manual dated October 19, 2020, as amended from time to time.

"Preferences Ordinance" means Chapter 47 of the San Francisco Administrative Code, as amended from time to time.

"Project" means the development described in **Recital [D]**. If indicated by the context, "Project" means the Site and the improvements developed on the Site.

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (f) the approved annual asset management fees indicated in the Annual Operating Budget and approved by the City; (g) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account); and (i) Supportive Services.

"Project Income" means all income and receipts in any form received by Borrower from the operation of the Project, including, but not limited to, the following: (a) rents, fees, charges, and deposits (other than tenant's refundable security deposits); (b) Section 8 or other rental subsidy payments received for the Project, supportive services funding (if applicable); (c) price index adjustments and any other rental adjustments to leases or rental agreements; (d) proceeds from vending and laundry room machines; (e) the proceeds of business interruption or similar insurance; (f) any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established; (g) reimbursements and other charges paid to Borrower in connection with the Project; and (h) other consideration actually received from the operation of the Project, including non-residential uses of the Site. Project Income does not include interest accruing on any portion of the Funding Amount or tenant's refundable security deposits.

"Project Operating Account" has the meaning set forth in **Section 11.1**.

"Qualified Tenant" means a Tenant household earning no more than the maximum permissible annual income level at initial occupancy allowed under this Agreement as set forth in **Exhibit A**. The term "Qualified Tenant" includes each category of Tenant designated in **Exhibit A**, including, but not limited to a member of the Homekey+ Target Population or eligible under the Homekey+ Program Requirements during the term of the Standard Agreement.

"Rent" means the aggregate annual sum charged to Tenants for rent and utilities in compliance with **Article 7**, with utility charges to Qualified Tenants limited to an allowance determined by the SFHA.

"Replacement Reserve Account" has the meaning set forth in **Section 12.1**.

"Residual Receipts" means Project Income remaining after payment of Project Expenses and Partnership Fees. The amount of Residual Receipts will be based on figures contained in audited financial statements.

"Residual Receipts Policy" means the Mayor's Office of Housing and Community Development Residual Receipts Policy effective May 16, 2025, as amended from time to time, attached hereto as **Exhibit P**.

"Retention" has the meaning set forth in **Section 4.7**.

"Section 8" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f) or any successor or similar rent subsidy programs.

"Senior Lien" has the meaning set forth in **Section 22.1**.

"SFHA" means the San Francisco Housing Authority.

"Site" means the real property described in **Recital [D]** of this Agreement.

"Supportive Services" means intakes and assessments, case management, supportive counselling, individualized services planning, crisis intervention, mediation, housing stabilization and eviction prevention services provided by 3.0 full-time equivalent (FTE) Mental Health Specialists (Case Manager) and 1.0 FTE for a Peer Specialist. VASH-subsidized units are subject to supportive services separately administered by the Veterans Administration and includes 2.0 FTE of Social Workers and 0.5 FTE for a Peer Specialist. See also **Section 3.9**.

"Table" means: (a) the Table of Sources and Uses, (b) the Annual Operating Budget, and (c) the 20-Year Cash Flow Proforma.

"Table of Sources and Uses" means a table of sources and uses of funds attached hereto as **Exhibit B-1**, including a line item budget for the use of the Funding Amount, which table may not be adjusted without the City's prior written approval.

"TCAC" means the California Tax Credit Allocation Committee.

"TCAC Median Income" means the median income for San Francisco County published by TCAC on an annual basis, adjusted for household size.

"Tenant" means any household in the Project, whether or not a Qualified Tenant.

"Title Policy" means an ALTA extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

"20-Year Cash Flow Proforma" means the 20-year cash flow proforma for the Project attached as **Exhibit B-3**.

"Unit" means a residential rental unit within the Project.

"VASH" means the Veterans Affairs Supportive Housing Program.

"Veteran" means a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable and who is experiencing or At Risk of Homelessness as defined in Title 24 CFR Part 578.3.

"Waiting List" has the meaning set forth in **Section 6.5**.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other City Documents.

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months and years mean calendar days, months and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

(b) Headings are for convenience only and do not define or limit any terms. References to a specific City Document or other document or exhibit mean the document, together with all exhibits and schedules, as supplemented, modified, amended or extended from

time to time in accordance with this Agreement. References to Articles, Sections and Exhibits refer to this Agreement unless otherwise stated.

(c) Accounting terms and financial covenants will be determined, and financial information will be prepared, in compliance with GAAP as in effect on the date of performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

(d) The terms and conditions of this Agreement and the other City Documents are the result of arms'-length negotiations between and among sophisticated parties who were represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the City Documents. The language of this Agreement will be construed as a whole according to its fair meaning.

ARTICLE 2 FUNDING.

2.1 Funding Amount. In order to finance the Project, the City agrees to: (a) lend and administer to Borrower a maximum principal amount equal to the Loan Amount; and (b) grant and administer to Borrower a maximum grant of Homekey+ Funds in an amount equal to the Grant Amount. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. Borrower acknowledges that the City's agreement to make the Loan is based in part on Borrower's agreement to use the Funds solely for the purpose set forth in **Section 2.1** and agrees to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses. Notwithstanding anything to the contrary contained herein, City will not approve expenditure of Funds for expenses incurred by Borrower prior to the Agreement Date. Notwithstanding the foregoing, City will not approve any expenditure of Health & Recovery GO Bond Funds for expenses incurred by Borrower earlier than sixty (60) days prior to the City's declaration of its official intent to reimburse such expenses with proceeds of the Health & Recovery GO Bond.

2.3 Accounts; Interest. Each Account to be maintained by Borrower under this Agreement will be held in a bank or savings and loan institution acceptable to the City as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, Borrower will use any interest earned on funds in any Account for the benefit of the Project.

2.4 Records. Borrower will maintain and provide to the City upon request records that accurately and fully show the date, amount, purpose and payee of all expenditures from each Account authorized under this Agreement or by the City in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition, Borrower will provide to the City promptly following Borrower's receipt, complete copies of all

monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

2.5 Conditions to Additional Financing. The City may grant or deny any application by Borrower for additional financing for the Project in its sole discretion.

2.6 Additional Borrower Covenants. As a condition of the Loan, Borrower covenants to perform the following:

[INSERT LOAN COMMITTEE APPROVED CONDITIONS HERE]

ARTICLE 3 TERMS. Borrower's repayment obligations with respect to the Loan Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. Borrower will repay all amounts owing under the City Documents on the date that is the fifty fifth (55th) anniversary of the date the Deed of Trust is recorded in the Official Records (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower will comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the period commencing on the date the Deed of Trust is recorded in the Official Records and continuing for the Life of the Project (the "Compliance Term"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed before the end of the Compliance Term.

3.3 Interest. Except as provided in **Section 3.4**, no interest will be charged on the Loan.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the Loan will bear interest at the default interest rate set forth in the Note, with such default interest rate commencing as of the date an Event of Default occurs and continuing until such Event of Default is fully cured. In addition, the default interest rate will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.5 Repayment of Principal and Interest. The outstanding principal balance of the Loan, together with all accrued and unpaid interest, if any, will be due and payable on the Maturity Date according to the terms set forth in full in the Note. Except as set forth in the Note, no prepayment of the Loan will be permitted without the prior written consent of the City in its sole and absolute discretion.

3.6 Default Requires Repayment of Grant and Payment of Liquidated Damages.

3.6.1 Repayment of Grant. Following the occurrence of an Event of Default under any City Document, the City will have the right to repayment of the Grant Amount in full from Borrower, together with liquidated damages, as provided in **Section 3.6.2** below.

3.6.2 Liquidated Damages.

(a) Upon the occurrence of an Event of Default under any City Document, without waiving any other remedy of the City, interest will be deemed to have accrued on the Grant Amount at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date the Grant Amount is disbursed through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to the City.

(b) Borrower acknowledges and agrees that the default interest that will be paid in the event of an Event of Default under this Section represents a reasonable sum considering all the circumstances existing on the date of this Agreement and represents a fair and reasonable estimate of the costs that will be sustained by the City if Borrower defaults. Borrower further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to the City's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document. In addition, the default interest rate will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.7 Changes in Funding Streams. The City's agreement to make the Loan and Grant on the terms set forth in this Agreement and the Note is based in part on Borrower's projected sources and uses of all funds for the Project, as set forth in the Table of Sources and Uses. Borrower covenants to give written notice to the City within thirty (30) days of any significant changes in budgeted funding or income set forth in documents previously provided to the City. Examples of significant changes include loss or adjustments (other than regular annual adjustments) in funding under Continuum of Care, Section 8 or similar programs.

3.8 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement will be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property will require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed

necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

3.9 Failure to Provide Budgeted Supportive Services. If Borrower fails to provide Supportive Services in the amount shown in the approved 20-Year Cash Flow Proforma, Borrower will provide notice to the City within ten (10) business days of the date the Supportive Services were terminated, which notice will include, at a minimum, a proposed plan to restore the Supportive Services within a reasonable period of time. If at the time such notice is provided, Borrower is unable to propose a feasible plan for restoring the Supportive Service, Borrower will include in the notice a detailed explanation as to the cause of the termination of Supportive Services and the reasons why it would not be feasible to restore the Supportive Services within a reasonable period of time.

ARTICLE 4 CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, the City will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses.

4.2 Closing. Unless otherwise agreed by the City and Borrower in writing, Borrower will establish an escrow account with the title company issuing the Title Policy, or any other escrow agent Borrower chooses, subject to the City's approval (the "Escrow Agent"). The parties will execute and deliver to the Escrow Agent written instructions consistent with the terms of this Agreement. In the event the escrow does not close on or before the expiration date of escrow instructions signed by the City, or any other mutually agreed date, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Closing. The City will authorize the close of the Loan only upon satisfaction of all conditions precedent in this Section as follows:

(a) Borrower will have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in duplicate); (iii) the Deed of Trust; (iv) the Declaration of Restrictions; (v) the Opinion; (vi) the Authorizing Resolutions; (vii) the Developer Fee Agreement; and (viii) any other City Documents reasonably requested by the City.

(b) Borrower will have delivered to the City: (i) Borrower's Charter Documents in their original form and as amended from time to time; (ii) a certificate of good standing for Borrower issued by the California Secretary of State no more than ninety (90) days before the Agreement Date; (iii) documentation of good standing of compliance by Manager with the California Attorney General's Registry of Charities and Fundraisers; (iv) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's

governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection; and (v) a CNA that has been duly approved by Borrower's governing body.

(c) Borrower will have delivered to the City evidence of all insurance policies and endorsements required under **Exhibit L** of this Agreement and, if requested by the City, copies of such policies.

(d) Borrower and HCD will have executed the Standard Agreement.

(e) Homekey+ Funds will have been deposited into escrow in the amount necessary to pay off the Acquisition Loan and provide the City with grant funds for the Project.

(f) Borrower will have delivered to the City a preliminary report on title for the Site dated no earlier than thirty (30) days before the Agreement Date.

(g) Borrower will have delivered to the City a "Phase I" environmental report for the Site, or any other report reasonably requested by the City, prepared by a professional hazardous materials consultant acceptable to the City.

(h) The Escrow Agent will have received and is prepared to record the Declaration of Restrictions and Deed of Trust as valid liens in the Official Records, subject only to the Permitted Exceptions.

(i) The Escrow Agent will have committed to provide to the City the Title Policy in form and substance satisfactory to the City.

4.4 Disbursement of Funds. Following satisfaction of the conditions in **Section 4.3**, the City will authorize the Escrow Agent to disburse Funds, if applicable, as provided in the City's escrow instructions, and after the close of escrow, City will make disbursements of Funds subject to the conditions in **Section 4.5**.

4.5 Disbursements. The City's obligation to approve any expenditure of Funds after Loan and Grant closing is subject to Borrower's satisfaction of the conditions precedent under this Section as follows:

(a) Borrower will have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City. Additionally, Borrower will obtain the City's prior written approval for all requested reallocations of Funds for line items previously approved by the City.

(b) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the date of the Expenditure Request.

(c) With respect to any Expenditure Request that covers rehabilitation or construction costs, Borrower will have certified to the City that the Project complies with the labor standards set forth in **Section 5.1**, if applicable.

(d) With respect to any Expenditure Request that covers travel expenses, Borrower's travel expenses will be reasonable and will comply with the following:

(i) Lodging, meals and incidental expenses will not exceed the then-current per diem rates set forth by the United States General Services Administration for the County of San Francisco found at: <https://www.gsa.gov/portal/category/104711>.

(ii) Air transportation expenses will use fares for coach-class accommodations, provided that purchases for air travel will occur no less than one week before the travel day.

(iii) If ground transportation is required, the City urges the use of public transit or courtesy shuttles if provided by a lodging. If courtesy transportation is not provided by a lodging, ground transportation expenses for travel to or from regional airports will not exceed Fifty Dollars (\$50.00) each way. Other ground transportation expenses will not exceed then-current San Francisco taxi rates found at: <https://www.sfmta.com/getting-around/taxi/taxi-rates>. Ground transportation will not include any expenses for luxury transportation services, such as a limousine, or any expenses related to travel to or from Project site meetings by Borrower's employees.

(iv) Miscellaneous travel expenses will not exceed Fifty Dollars (\$50.00) without prior written approval of the City.

(v) Any Expenditure Request for travel expenses will include supporting documentation, including, without limitation, original itemized receipts showing rates and cost, air travel itinerary, proof of payment, and any written justification requested by the City.

For the purpose of this Section, the terms "lodging," "meals" and "incidental expenses" will have the same meanings defined in 41 CFR Part 300-3; the term "coach-class" will have the same meaning defined in 41 CFR Part 301-10.121(a); and the term "miscellaneous" means copying services, printing services, communication services, or other services reasonably related to travel for the Project and approved by the City.

(e) The Loan will be In Balance.

4.6 Loan In Balance. The City may require Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines that the Loan is Out of Balance. When the City is satisfied that the Loan is again In Balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

4.7 Retention. In addition to the other conditions to Disbursements, Borrower acknowledges that the amount of hard costs or tenant improvements costs included in any Expenditure Request associated with rehabilitation or construction, when added to previously approved costs, may not exceed ninety percent (90%) of the approved budgeted costs on a line item basis. The remaining ten percent (10%) of approved budgeted hard costs or tenant improvement costs associated with rehabilitation or construction will be held by the City and/or other Project lenders (the “**Retention**”) and may be released only upon satisfaction of all requirements listed in the Construction Manager’s Checklist for Release of Retention as follows:

(a) Early Retention Release. After fifty percent (50%) of the rehabilitation or construction of the Project is complete as determined by the City, Borrower may submit a written request to the City to release up to fifty percent (50%) of the Retention, provided that the following prerequisites have been met: (i) all work required to be performed by all parties for whom the City agrees to release the Retention (the “**Early Retention Release Contractors**”) has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City and all applicable Laws; (ii) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (iii) no liens or stop notices have been filed against the Project and no claims are pending; (iv) the City determines that the contingency is in balance and adequate to complete the Project; (v) the Project is on schedule, and (vi) Expenditure Requests will not exceed 95% of the approved budgeted costs on a line item basis. A list of Early Release Retention Contractors is set forth in **Exhibit M**.

(b) Retention Release After Project Completion. Borrower may request disbursement of the remaining percentage amount of the Retention only upon the satisfaction of each of the following conditions, unless otherwise approved in writing by the City: (i) completion of rehabilitation or construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion; (ii) timely recordation of a notice of completion; and (iii) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors and suppliers who provided labor or materials for the Project.

4.8 Limitations on Approved Expenditures. The City may refuse to approve any expenditure: (a) during any period in which an event that, with notice or the passage of time or both, would constitute an Event of Default remains uncured, or during the pendency of an uncured Event of Default; or (b) for disapproved, unauthorized or improperly documented expenses. The City is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no

event may the aggregate amount of all Funds disbursed to Borrower under this Agreement exceed the Funding Amount.

ARTICLE 5 DEMOLITION, REHABILITATION OR CONSTRUCTION.

5.1 Labor Requirements. Borrower's procurement procedures, contracts, and subcontracts will comply, and where applicable, require its contractors and subcontractors to comply, with the applicable labor requirements under **Exhibit E** of this Agreement, including, but not limited to, the selection of all contractors and professional consultants for the Project and payment of prevailing wage.

5.2 Plans and Specifications. Before starting any demolition, rehabilitation or construction on the Site, Borrower will deliver to the City, and the City will have reviewed and approved, plans and specifications and the construction contract for the Project entered into between Borrower and Borrower's general contractor and approved by the City (the "**Construction Contract**"). The plans approved by the City will also be approved by the City and County of San Francisco's Department of Building Inspection (the "**Department of Building Inspection**") (collectively, the "Approved Plans") prior to the start of any demolition, rehabilitation or construction on the Site. The Approved Plans will be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") will also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. After completion of the Project, Borrower will retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications and the Construction Contract, all of which Borrower will make available to the City upon request.

5.3 Change Orders. Borrower will not approve or permit any change orders to the plans and specifications approved by the City without the City's prior written consent. For purposes of this Agreement, Borrower will provide adequate and complete supporting documentation for analysis of the appropriateness of the change order request to MOHCD. Borrower's supporting documentation for the change order request will include confirmation that the requested change order has been reviewed, vetted/negotiated, and accepted by (with modifications where appropriate) the Borrower and architect/engineer prior to submission to MOHCD. MOHCD will provide any questions, comments, or requests for additional information and/or supporting documentation to Borrower within five (5) business days of receipt of a change order request. In the event MOHCD requests additional information and/or supporting documentation, the review period will be extended by five (5) business days from MOHCD's receipt of such information and/or supporting documentation. MOHCD will promptly review and approve or disapprove of a change order request within the later of: (a) ten (10) business days of a complete submission by Borrower, including supporting documentation, or (b) five (5) business days of receipt of requested additional information and/or supporting documentation. In the event MOHCD fails to approve or disapprove the change order request within the foregoing review period, the change order will be deemed approved. If MOHCD denies a change order request, MOHCD will specify the reasons for the denial in writing. Borrower will submit on a monthly basis, or as requested by MOHCD, a contingency balance report (in excel format or

equivalent) which documents all change orders as approved, pending, or under review. Borrower acknowledges that MOHCD's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless MOHCD agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose. Borrower will have the sole responsibility to obtain any other applicable approvals of change orders by other City departments or lenders.

5.4 Insurance, Bonds and Security. Before starting any demolition, rehabilitation or construction on the Site, Borrower will deliver to the City insurance endorsements and bonds as described in **Exhibit L**. At all times, Borrower will take prudent measures to ensure the security of the Site.

5.5 Notice to Proceed. No demolition, rehabilitation or construction may commence until Borrower has issued a written notice to proceed with the City's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing by the City, Borrower will: (a) commence demolition, rehabilitation or construction by a date no later than [January 5, 2026]; (b) complete demolition, rehabilitation or construction by a date no later than [July 31, 2026], in accordance with the plans and specifications approved by the City, as evidenced by a certificate of occupancy or equivalent certification provided by the City's Department of Building Inspection, and an architect's or engineer's certificate of completion (the "Completion Date"); and (c) achieve occupancy of ninety-five percent (95%) of the Units by a date no later than [March 31, 2027].

5.7 Rehabilitation/Construction Standards. All rehabilitation or construction will be performed in a first class manner, substantially in accordance with final plans and specifications approved by the City and in accordance with all applicable codes.

ARTICLE 6 MARKETING.

Borrower will accept referrals from HSH's Coordinated Entry System (or ONE System) for no less than five (5) years from the Completion Date and during the term of the LOSP grant agreement, SFHA, and/or other government agency providing operating subsidies for formerly Homeless Households, including, but not limited to Homekey+ Target Population targeting requirements. All referral protocols for Units will be developed in collaboration with the local Continuum of Care and implemented consistent with the Homekey+ Program Requirements. This Article 6 will not apply to Units leased from such referrals and during the term of such obligations.

6.1 Marketing and Tenant Selection Plan. In the event any Unit will not be leased through a referral from HSH or SFHA, Borrower will deliver to the City for the City's review and approval an affirmative plan for ongoing marketing of the Units and a written Tenant selection procedure for ongoing renting of the Units based on MOHCD's then-current form (the "Marketing and Tenant Selection Plan") all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City. Borrower will obtain the City's

approval of reasonable alterations to the Marketing and Tenant Selection Plan. Borrower will market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City.

6.2 Affirmative Marketing and Tenant Selection Plan Requirements. Borrower's Marketing and Tenant Selection Plan will address how Borrower intends to market vacant Units and any opportunity for placement on the Waiting List, as defined in 6.5. The Marketing and Tenant Selection Plan will include as many of the following elements as are appropriate to the Project, as determined by the City:

(a) A reasonable accommodations policy that indicates how Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible Units.

(b) A plan that satisfies the requirement to give preference in occupying units in accordance with the Preferences and Lottery Manual and the Preferences Ordinance.

(c) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising will display the Equal Housing Opportunity logo.

(d) Notices to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(e) Notices to SFHA.

(f) Notices to MOHCD

(g) To the extent practicable, without holding Units off the market, the community outreach efforts listed above will take place before advertising vacant Units or open spots on the Waiting List to the general public.

(h) An acknowledgement that, with respect to vacant Units, the marketing elements listed above will only be implemented if there are no qualified applicants interested or available from the Waiting List.

(i) Borrower will use access points and accept referrals from HSH or its successor agencies.

(j) Homekey+ Target Population requirements for all Units.

6.3 Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements:

(a) Borrower's Marketing and Tenant Selection Plan will comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Exhibit H. The Marketing and Tenant Selection Plan will be kept on file at the Project at all times.

(b) Borrower's tenant screening criteria will comply with the Tenant Screening Criteria Policy set forth in the attached Exhibit I.

6.4 Marketing Records. Borrower will keep records of: (a) activities implementing the Marketing and Tenant Selection Plan; (b) advertisements; and (c) other community outreach efforts.

6.5 Waiting List. Borrower's Marketing and Tenant Selection Plan will contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list that complies with the Marketing and Tenant Selection Plan (the "Waiting List"). The Marketing and Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but will limit the number of refusals without cause as approved by the City. Borrower will at all times maintain the Waiting List. Upon the vacancy of any Unit, Borrower will first attempt to select the new Tenant for such Unit from the Waiting List and will only market the Unit to the general public after determining that no applicants from the Waiting List qualify for such Unit. The Waiting List will be kept on file at the Project at all times.

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article 7 will remain in full force and effect: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the Deed of Trust; and (b) following the expiration of the Compliance Term with respect to any Unit then occupied by a Qualified Tenant, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause.

7.2 Borrower's Covenant.

(a) Borrower covenants to make available and lease all Units at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A**. In addition, (1) all Units will be leased to Homeless Households or those at-risk of homelessness referred from HSH during the period in which the City provides the Local Operating Subsidy to the Project; (2) all Units will be targeted to Tenants who qualify under the Homekey+ Target Population during the term of the Standard Agreement, and (3) sixty six (66) Units will be leased to Qualified Tenants who are also eligible under the HAP.

(b) A Tenant who is a Qualified Tenant at initial occupancy will not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Section 7.3**. After the over-income Tenant vacates the Unit, the vacant Unit will be rented only to Qualified Tenants as provided in this **Article 7**.

7.3 Rent Restrictions.

(a) Rent charged to each Qualified Tenant may not exceed the amounts set forth in **Exhibit A**, *provided that* Rents may be adjusted annually, subject to the limitations below.

(b) Subject to the Hold Harmless Policy, rents for all Units may be increased once annually up to the maximum monthly rent by unit type as published by MOHCD.

(c) With the City's prior written approval, Rent increases for Units exceeding the amounts permitted under **Section 7.3(b)** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) in no event may single or aggregate increases exceed ten percent (10%) per year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the maximum Rent permitted under **Section 7.3(a)**. City approval for such Rent increases that are necessary to meet all approved Project Expenses will not be unreasonably withheld.

(d) For any Qualified Tenant participating in a Rent or operating subsidy program where the Rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program. There is no limit on the increase/decrease in Rent charged under this provision, as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**. There is no limit on the number of Rent adjustments that can be made in a year under this provision.

(e) For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, there is no limit on the increase in Rent charged as long as it does not exceed the maximum Rent permitted under **Section 7.3(a)**.

(f) Unless prohibited under any applicable Laws, including without limitation Section 42 of the Internal Revenue Code of 1986, as amended, if the household income of a Qualified Tenant exceeds the maximum permissible income during occupancy of a Unit, then, upon no less than thirty (30) days' prior written notice to the Tenant or as otherwise required under the Tenant's lease or occupancy agreement, Borrower may adjust the charges for Rent for the previously Qualified Tenant to be equal to thirty percent (30%) of the Tenant's adjusted household income. Rents charged under this provision may exceed the Maximum Rent permitted under **Section 7.3(a)**.

7.4 Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project will be required to sign and deliver to Borrower a certification in the form shown in **Exhibit C** in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant. In addition, each person will be required to provide any other information, documents or certifications deemed necessary by the City to substantiate the prospective Tenant's income. Certifications provided to and accepted by the SFHA will satisfy this requirement.

(b) Borrower will require each Qualified Tenant in the Project to recertify to Borrower on an annual basis the Qualified Tenant's household income.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year will be maintained on file at Borrower's principal office, and Borrower will file or cause to be filed copies thereof with the City promptly upon request by the City.

7.5 Form of Lease. The form of lease for Tenants will provide for termination of the lease and consent to immediate eviction for failure to: (i) qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification, or (ii) submit to Borrower an annual recertification of income. The initial term of the lease will be for a period of not less than one (1) year. Borrower will not terminate the tenancy or refuse to renew any lease of a Unit except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Laws or other good cause. Any termination or refusal to renew the lease for a Unit will be preceded by not less than thirty (30) days' written notice to the Tenant specifying the grounds for the action.

7.6 Nondiscrimination. Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. Borrower agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.7 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable state law and this Agreement. Borrower will segregate any security deposits collected from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account will at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities. Subject to the rights set forth in **Section 8.2**, Borrower will be specifically and solely responsible for causing all maintenance, repair and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs and replacement of capital items. Borrower will maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building and housing codes, California Health and Safety Code 17920.10 and the applicable provisions of 24 CFR Part 35.

8.2 Contracting With Management Agent.

(a) Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in **Section 8.1**, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between Borrower and the management agent, *provided, however*, that the arrangement will not relieve Borrower of responsibility for performance of those duties. Any management contract will contain a provision allowing Borrower to terminate the contract without penalty upon no more than thirty (30) days' notice. As of the Agreement Date, the City has approved Swords to Plowshares: Veterans Rights Organization as Borrower's management agent, subject to approval of the management contract.

(b) The City will provide written notice to Borrower of any determination that the contractor performing the functions required in **Section 8.1(a)** has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period, as determined by the City, Borrower will exercise its right of termination immediately and make immediate arrangements for continuous and continuing performance of the functions required in **Section 8.1(a)**, subject to the City's approval.

8.3 Borrower Management. Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to Borrower of any determination that Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, the City may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in **Section 8.1(a)**.

ARTICLE 9 GOVERNMENTAL APPROVALS AND REQUIREMENTS.

9.1 Approvals. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

9.2 Borrower Compliance; Homekey+ Program Requirements. Borrower will comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E** and **Exhibit L**. In addition, Borrower will comply, and where applicable, require its contractors to comply, with the Homekey+ Program Requirements during the term of the Standard Agreement. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 17.2**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

(a) Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. Borrower acknowledges that the City may also conduct periodic on-site inspections of the Project. Borrower will cooperate with the monitoring by the City and ensure full access to the Project and all information related to the Project as reasonably required by the City.

(b) Borrower will keep and maintain books, records and other documents relating to the receipt and use of all Funds, including all documents evidencing any Project Income and Project Expenses. Borrower will maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility and condition of the Project. All financial reports will be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) Borrower will provide written notice of the replacement of its executive director, director of housing development, director of property management and/or any equivalent position within thirty (30) days after the effective date of such replacement.

10.2 Monthly Reporting. Borrower will submit monthly reports (the “MOHCD Monthly Project Update”) describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments, procuring architects, consultants and contractors, changes in scope, cost or schedule and significant milestones achieved in the past month and expected to be achieved in the coming month, progress on completing post-closing loan conditions set forth in Section 2.6, and monthly logs on change orders and allowances under the construction contracts. Every three (3) months, Borrower’s monthly logs will include the general contractor contingency and Borrower’s contingency. The MOHCD Monthly Project Update will be submitted by email in substantially the form requested by MOHCD until such time as the Project Completion Report is submitted to the City pursuant to **Section 10.5** below.

10.3 Annual Reporting. From and after the Completion Date, Borrower will file with the City annual report forms (the "Annual Monitoring Report") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Partnership Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, a description of marketing activities and a rent roll, no later than one hundred fifty (150) days after the end of Borrower's fiscal year. The Annual Monitoring Report will be in substantially the form attached as **Exhibit G** or as later modified during the Compliance Term.

10.4 Capital Needs Assessment. In accordance with the CNA Policy, Borrower will deliver to MOHCD an updated CNA every five (5) years after the Completion Date for approval.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of rehabilitation or construction, the lease-up and/or permanent financing of the Project, as applicable, Borrower will provide to the City the reports listed below certified by Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, Borrower will provide to the City information or documents reasonably requested by the City to assist in the City's review and analysis of the submitted reports:

(a) within ninety (90) days after the Completion Date, a draft cost certification (or other similar project audit performed by an independent certified public accountant) identifying the sources and uses of all Project funds including the Funds;

(b) within one hundred-eighty (180) days after the Completion Date, a report on compliance with the applicable requirements under **Section 5.1** of this Agreement, including the type of work and the dollar value of such work; and

(c) within ninety (90) days after the Completion Date, a report demonstrating compliance with all requirements regarding relocation, including the names of all individuals or businesses occupying the Site on the date of the submission of the application for Funds, those moving in after that date, and those occupying the Site upon completion of the Project.

10.6 Response to Inquiries. At the request of the City, its agents, employees or attorneys, Borrower will respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Project, the status of any mortgage encumbering the Project and any other requested information with respect to Borrower or the Project.

10.7 Delivery of Records. At the request of the City, made through its agents, employees, officers or attorneys, Borrower will provide the City with copies of each of the following documents, certified in writing by Borrower to be complete and accurate:

(a) all tax returns filed with the United States Internal Revenue Service, the California Franchise Tax Board and/or the California State Board of Equalization on behalf of Borrower and any general partner or manager of Borrower;

(b) all certified financial statements of Borrower and, if applicable, its general partner or manager, the accuracy of which will be certified by an auditor satisfactory to the City; and

(c) any other records related to Borrower's ownership structure and the use and occupancy of the Site.

10.8 Access to the Project and Other Project Books and Records. In addition to Borrower's obligations under **Sections 2.4, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7** and any other obligations to provide reports or maintain records in any City Document, Borrower agrees that duly authorized representatives of the City will have: (a) access to the Project throughout the Compliance Term to monitor the progress of work on the Project and compliance by Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit and examine all books, records and other documents Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Section 10.9**.

10.9 Records Retention. Borrower will retain all records required for the periods required under applicable Laws.

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

(a) Borrower will deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Partnership Fees. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

(b) Borrower will keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. Borrower will provide copies of the records to the City upon request.

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each month following establishment of the Replacement Reserve Account, Borrower will make monthly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Borrower will make an initial deposit into the Replacement Reserve Account in an amount equal to \$20,000. Thereafter, monthly deposits will equal the higher of (i) the amount needed under Borrower's approved CNA, or (ii) 1/12th of the following amount: \$744,000.

Borrower may request adjustments every five (5) years based on its most recently approved CNA. If the Project is unable to make a required replacement reserve deposit due to unavailable cash flow, Borrower will submit a plan for review and approval to MOHCD that addresses the cash flow shortfall.

(c) Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment of the Project that are reasonably required to preserve the Project. Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

12.2 Operating Reserve Account.

(a) Commencing no later than sixty (60) days after the Completion Date, or any other date the City designates in writing, Borrower will establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to twenty-five percent (25%) of the approved budget for Project Expenses for the first full year of operation of the Project. The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

(b) No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, Borrower will make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to twenty-five percent (25%) of the prior year's actual Project Expenses.

(c) Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

ARTICLE 13 DISTRIBUTIONS.

13.1 Definition. "Distributions" refers to cash or other benefits received as Project Income from the operation of the Project and available to be distributed to Borrower or any party having a beneficial interest in the Project, but does not include reasonable payments for property management, asset management or other services performed in connection with the Project.

13.2 Conditions to Distributions. The 20-Year Cash Flow Proforma attached hereto as Exhibit B-2 includes projections of annual Distributions. Exhibit B-2 is not intended to impose limits on the amounts to be annually distributed. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that Borrower is not in default under this Agreement or any other agreement entered into with the City and County of San Francisco or the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to Borrower within thirty (30) business days after the City's receipt of the request for approval.

13.3 Prohibited Distributions. No Distribution may be made in the following circumstances:

(a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or

(b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or

(c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

(d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded under this Agreement; or

(e) if the Loan is to be repaid from Residual Receipts, Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or

(f) during the pendency of an uncured Event of Default (including Borrower's failure to provide its own funds at any time the City determines the Loan is out of balance) under any City Document.

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as **Exhibit P**. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

ARTICLE 14 SYNDICATION PROCEEDS.

14.1 Distribution and Use. If Borrower is a limited partnership or limited liability company, and unless otherwise approved by the City in writing, Borrower will allocate, distribute and pay or cause to be allocated, distributed and paid all net syndication proceeds and all loan and grant funds as specified in the Table. Borrower will notify the City of the receipt and disposition of any net syndication proceeds received by Borrower during the term of this Agreement.

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. The City has approved the payment of development fees from the Loan to the Developer in an amount not to exceed One Million and No/100 Dollars (\$1,00,000.00) for developing the Project ("Developer Fees"), subject to the Developer Fee Policy and the terms and conditions set forth in full in the Developer Fee Agreement between the City and Developer.

15.2 Fee Payment Schedule. Developer will receive payment of the Developer Fees pursuant to Section 2(b) of the Developer Fee Agreement.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower will not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS; INDEMNITY.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower will procure and keep in effect, and cause its contractors and subcontractors to obtain and maintain at all times during any work or construction activities on the Property, the insurance and bonds as set forth in **Exhibit L** from the date the Deed of Trust is recorded in the Recorder's Office of San Francisco County until the expiration of the Compliance Term at no expense to the City.

17.2 Borrower's Indemnity Obligations. Borrower will indemnify, protect, defend and hold harmless each of the Indemnitees from and against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 18** below); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, until the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the expiration of the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 9.2 and 18.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct.

17.3 Duty to Defend. Borrower acknowledges and agrees that its obligation to defend the Indemnitees under **Section 17.2**: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of **Section 17.2**, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Borrower by the Indemnitee and continues at all times thereafter. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower will answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion,

but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnatee in connection with the matters covered by this Agreement. The Indemnatee will give Borrower prompt notice of any Loss and Borrower has the right to defend, settle and compromise any such Loss; provided, however, that the Indemnatee has the right to retain its own counsel at the expense of Borrower if representation of such Indemnatee by the counsel retained by Borrower would be inappropriate due to conflicts of interest between such Indemnatee and Borrower. An Indemnatee's failure to notify Borrower promptly of any Loss does not relieve Borrower of any liability to such Indemnity under **Section 17.2**, unless such failure materially impairs Borrower's ability to defend such Loss. Borrower will seek the Indemnified Party's prior written consent to settle or compromise any Loss if Borrower contends that such Indemnatee shares in liability with respect thereto.

17.4 No Limitation. Borrower's obligations under **Section 17.2** are not limited by the insurance requirements under this Agreement.

17.5 Survival. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

ARTICLE 18 HAZARDOUS SUBSTANCES.

18.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the Essel Environmental & Emergency Response Phase 1 Environmental Site Assessment, dated May 3, 2025, or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property. [

18.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, Borrower will: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Section will prevent Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws;

and (b) deliver to the City notice of the discovery by Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following Borrower's discovery.

18.3 Survival . Borrower and City agree that this Article 18 is intended as City's written request for information (and Borrower's response) concerning the environmental condition of the Site as security as required by California Code of Civil Procedure § 726.5; and each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the Site as security is intended by City and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure § 736, and as such it is expressly understood that Borrower's duty to indemnify City hereunder will survive: (a) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof, (b) the release and reconveyance or cancellation of the Deed of Trust; and (c) the satisfaction of all of Borrower's obligation under the City Documents.

ARTICLE 19 DEFAULT.

19.1 Event of Default. Any material breach by Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the City Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any City Document will constitute an "Event of Default," including the following:

(a) Borrower fails to make any payment required under this Agreement within ten (10) days after the date when due; or

(b) Any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust or Declaration of Restrictions, and the lien is not removed from title or otherwise remedied to the City's satisfaction within thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(c) Borrower fails to perform or observe any other term, covenant or agreement contained in any City Document, and the failure continues for thirty (30) days after Borrower's receipt of written notice from the City to cure the default, or, if the default cannot be cured within a 30-day period, Borrower will have sixty (60) days to cure the default, or any longer period of time deemed necessary by the City, *provided that* Borrower commences to cure the default within the 30-day period and diligently pursues the cure to completion; or

(d) Any representation or warranty made by Borrower in any City Document proves to have been incorrect in any material respect when made; or

(e) All or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or

repair that the security of the Deed of Trust has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of the Deed of Trust is not economically practicable or is not completed within two (2) years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

(f) Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower is a corporation, partnership, limited liability company or trust, Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days; or, if Borrower is an individual, Borrower dies or becomes incapacitated; or all or substantially all of the assets of Borrower are sold or otherwise transferred except as permitted under **Section 16.1**; or

(g) Without the City's prior written consent, Borrower assigns or attempts to assign any rights or interest under any City Document, whether voluntarily or involuntarily, except as permitted under **Section 16.1**; or

(h) Without the City's prior written consent (or HCD's prior written consent, if applicable), Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Borrower or of its right, title or interest in the Project or the Site except as permitted under **Article 16**; or

(i) Without the City's prior written consent, Borrower transfers, or authorizes the transfer of, funds in any Account required or authorized under this Agreement; or

(j) Either the Deed of Trust or the Declaration of Restrictions ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, subject only to Permitted Exceptions; or

(k) Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(l) Any material adverse change occurs in the financial condition or operations of Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project, provided that, if the Borrower provides an alternative funding source to cover a loss of funding or rental subsidy that is reasonably satisfactory to the City, a material adverse impact will not be deemed to have occurred; or

(m) Borrower fails to make any payments or disbursements required to bring the Loan in balance after the City determines that the Loan is out of balance; or

(n) Before a certificate of occupancy or equivalent certification is issued for the Project, Borrower ceases rehabilitation or construction of the Project for a period of twenty five (25) consecutive calendar days, and the cessation is not excused under **Section 19.3**; or

(o) Borrower is in default of its obligations with respect to the Standard Agreement, the Homekey+ Program Requirements, the HAP, or any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(p) Borrower is in default of its obligations under any other agreement entered into with the City and County of San Francisco, and the default remains uncured following the expiration of any applicable cure periods.

19.2 Remedies. During the pendency of an uncured Event of Default, the City may exercise any right or remedy available under this Agreement or any other City Document or at law or in equity. All of the City's rights and remedies following an Event of Default are cumulative, including:

(a) The City at its option may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which Borrower expressly waives.

(b) The City at its option may terminate all commitments to make Disbursements or to release the Site from the Deed of Trust or Declaration of Restrictions, or, without waiving the Event of Default, the City may determine to make further Disbursements or to release all or any part of the Site from the Deed of Trust or Declaration of Restrictions upon terms and conditions satisfactory to the City in its sole discretion.

(c) The City may perform any of Borrower's obligations in any manner, in the City's reasonable discretion.

(d) The City, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action the City deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project the City deems appropriate.

(e) The City may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct Borrower's noncompliance with this Agreement.

(f) Upon the occurrence of an Event of Default described in **Section 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, will become due and payable automatically.

(g) All costs, expenses, charges and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless Borrower reimburses the City within ten (10) days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls, including, but not limited to, government health orders related to a pandemic or epidemic; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse Borrower's performance only in the event that Borrower has provided notice to the City within thirty (30) days after the occurrence or commencement of the event or events, and Borrower's performance will be excused for a period ending thirty (30) days after the termination of the event giving rise to the delay.

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

20.1 Borrower Representations and Warranties. As a further inducement for the City to enter into this Agreement, Borrower represents and warrants as follows:

(a) The execution, delivery and performance of the City Documents will not contravene or constitute a default under or result in a lien upon assets of Borrower under any applicable Law, any Charter Document of Borrower or any instrument binding upon or affecting Borrower, or any contract, agreement, judgment, order, decree or other instrument binding upon or affecting Borrower.

(b) When duly executed, the City Documents will constitute the legal, valid and binding obligations of Borrower. Borrower hereby waives any defense to the enforcement of the City Documents related to alleged invalidity of the City Documents.

(c) No action, suit or proceeding is pending or threatened that might affect Borrower or the Project adversely in any material respect.

(d) Borrower is not in default under any agreement to which it is a party, including any lease of real property.

(e) None of Borrower, Borrower's principals or Borrower's general contractor has been suspended or debarred by the City, the Department of Industrial Relations, or any Governmental Agency, nor has Borrower, any of its principals or its general contractor, if applicable, been suspended, disciplined or prohibited from contracting with the City or any Governmental Agency. Further, Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

(f) The Loan is in balance, and the Funding Amount, together with all other committed sources of financing for the Project, are sufficient to complete the Project in accordance with this Agreement.

(g) All statements and representations made by Borrower in connection with the Loan remain true and correct as of the date of this Agreement.

(h) The Borrower is duly organized and in good standing under applicable laws of the State of California and is qualified to do business in the City and County of San Francisco.

ARTICLE 21 NOTICES.

21.1 Written Notice. All notices required by this Agreement will be made in writing and may be communicated by personal delivery, by a nationally recognized courier that obtains receipts, facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five (5) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices will be addressed as follows:

To the City:	City and County of San Francisco Mayor's Office of Housing and Community Development 1 South Van Ness Avenue, 5 th Floor San Francisco, CA 94103 Attn: Director
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To Borrower: 1035Vets, LLC
c/o Swords to Plowshares: Veterans Rights Organization
401 Van Ness Avenue, Suite 313
San Francisco, CA 94102
Attn: Executive Director

With Copy to: California Department of Housing & Community Development
651 Bannan Street, Southwest Tower
Sacramento, CA 95811
Attn: Homekey+ Program Design and Implementation

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

21.2 Required Notices. Borrower agrees to provide notice to the City in accordance with **Section 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be Out of Balance; or (c) will have a material adverse effect on Borrower's operation of the Property or ability to repay the Loan.

ARTICLE 22 GENERAL PROVISIONS.

22.1 Subordination. The Deed of Trust may be subordinated to other financing secured by and used for development of the Project (in each case, a "**Senior Lien**"), but only if MOHCD determines in its sole discretion that subordination is necessary to secure adequate acquisition, construction, rehabilitation and/or permanent financing to ensure the viability of the Project. Following review and approval by MOHCD and approval as to form by the City Attorney's Office, the Director of MOHCD or his/her successor or designee will be authorized to execute any approved subordination agreement without the necessity of any further action or approval. The Declaration of Restrictions will be in first lien position and will not be subordinated to any financing secured by and used for the Project, except with the prior written consent of HCD and as permitted under San Francisco Administrative Code Chapter 120.

22.2 No Third Party Beneficiaries. Nothing contained in this Agreement, nor any act of the City, may be interpreted or construed as creating the relationship of third party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between the City and Borrower or Borrower's agents, employees or contractors.

22.3 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against the City by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Project. Borrower will include this requirement as a provision in any contracts for the development of the Project.

22.4 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or Borrower.

22.5 City Obligations. The City's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will the City be liable to Borrower for any special or consequential damages arising out of actions or failure to act by the City in connection with any of the City Documents.

22.6 Borrower Solely Responsible. Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance contemplated under this Agreement. Borrower is solely responsible for: (a) its own acts and those of its agents, employees and contractors and all matters relating to their performance, including compliance with Social Security, withholding and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by Borrower, any of its contractors or subcontractors and the City and its officers, representatives, agents and employees on account of any act, error or omission of Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing and/or recording of any City Document or document required under any City Document.

22.7 No Inconsistent Agreements. Borrower warrants that it has not executed and will not execute any other agreement(s) with provisions materially contradictory or in opposition to the provisions of this Agreement.

22.8 Inconsistencies in City Documents. In the event of any conflict between the terms of this Agreement and any other City Document, the terms of this Agreement control unless otherwise stated; *provided, however*, that any provision in this Agreement in conflict with any Law will be interpreted subject to that Law.

22.9 Governing Law; Venue. This Agreement is governed by California law and the City's Charter and Municipal Code without regard to its choice of law rules. Any legal suit, action, or proceeding arising out of or relating to this Agreement shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this

Agreement has been brought in an inconvenient forum. The Parties also unconditionally and irrevocably waive any right to remove any such suit, action, or proceeding to Federal Court.

22.10 Joint and Several Liability. If Borrower consists of more than one person or entity, each is jointly and severally liable to the City for the faithful performance of this Agreement.

22.11 Successors. Except as otherwise limited herein, the provisions of this Agreement bind and inure to the benefit of the undersigned parties and their heirs, executors, administrators, legal representatives, successors and assigns. This provision does not relieve Borrower of its obligation under the City Documents to obtain the City's prior written consent to any assignment or other transfer of Borrower's interests in the Loan, the Site or the ownership interests in Borrower.

22.12 Reserved.

22.13 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

22.14 Time. Time is of the essence in this Agreement. Whenever the date on which an action will be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

22.15 Further Assurances. Borrower agrees to: (a) pursue in an effective and continuous manner; (b) use best efforts to achieve; and (c) take all actions reasonably required by the City from time to time to confirm or otherwise carry out the purpose of this Agreement.

22.16 Binding Covenants. The provisions of the City Documents constitute covenants running with the land and will be binding upon Borrower and Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants and approved commercial tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the Compliance Term of this Agreement. Any attempt to transfer any right, title or interest in the Property in violation of these covenants will be void.

22.17 Consent. Except as expressly provided otherwise, whenever consent or approval of a party is required in any City Document, that party agrees not to withhold or delay its consent or approval unreasonably.

22.18 Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute but one agreement.

22.19 Borrower's Personnel. The Project will be implemented only by competent personnel under the direction and supervision of Borrower.

22.20 Borrower's Board of Directors. Borrower, or Borrower's manager or general partner, as applicable, will at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors will meet regularly and maintain appropriate membership, as established in the bylaws and other governing documents of Borrower, Borrower's manager or Borrower's general partner, as applicable, and will adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Such board of directors will exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

22.23 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

EXHIBITS

- A Schedule of Income and Rent Restrictions
- B-1 Table of Sources and Uses of Funds
- B-2 Annual Operating Budget
- B-3 20-Year Cash Flow Proforma
- C Form of Tenant Income Certification
- D First Source Hiring Requirements and Numerical Goals
- E Governmental Requirements
- F Lobbying/Debarment Certification Form
- G Form of Annual Monitoring Report
- H Tenant Selection Plan Policy
- I MOHCD Tenant Screening Criteria Policy
- J Developer Fee Policy
- K Hold Harmless Policy
- L Insurance Requirements
- M Early Retention Release Contractors
- N Intentionally Omitted
- O Intentionally Omitted
- P MOHCD Residual Receipts Policy

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Francisco, California as of the date first written above.

THE CITY:

CITY AND COUNTY OF SAN
FRANCISCO, a municipal corporation

By: _____
Daniel Lurie
Mayor

By: _____
Daniel Adams
Director, Mayor's Office of Housing
and Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

BORROWER:

1035Vets, LLC,
A California limited liability company

By: Swords to Plowshares: Veterans Rights
Organization,
a California nonprofit public benefit
corporation
Its: Sole Member and Manager

By: _____
Name: [Tramecia Garner]
Title: Executive Director

EXHIBIT A
Schedules of Income and Rent Restrictions

1. **Income and Rent Restrictions.** Maximum rent is 30% of maximum income level. As used in this Agreement, the term "Qualified Tenant" includes each category of Tenant included below:

Unit Size	No. of Units	Maximum HCD Income Level	Maximum MOHCD Income Level	Designation
Studio	66	30% of HCD Median Income	50% of Median Income	VASH
SRO	58	30% of HCD Median Income	50% of Median Income	LOSP
Total Units	124			

(a) **LOSP.** The Project will be operated as Permanent Supportive Housing. 58 LOSP-Subsidized units will be made available and leased to chronically Homeless Households or those at risk of homelessness during the period in which the City's LOSP is in operation and the City provides such subsidy to the Project under the LOSP Agreement, or the Project receives any operating subsidy for permanent supportive housing. 66 VASH units will be made available to chronically homeless veterans or those veterans at risk of homelessness, during the period in which the HAP is made available by SFHA.

(b) **Homekey+ Program.**

(i) In addition, all Units will be concurrently Homekey+ units and targeted to Tenants who meet the Homekey+ Target Population for a period of fifty-five (55) years. Homekey+ units are restricted to 30% of HCD Median Income as determined by Homekey+ Program Requirements, however such income limit for the Homekey+ units may be increased to a maximum of 50% of HCD Median Income subject to the Homekey+ Program Requirements and demonstrated good faith efforts by Borrower to lease Homekey+ units to the Homekey+ Target Population. On an annual basis, Borrower will convert to the HCD Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation.

(ii) Homekey+ units will be operated under the Homekey+ Program Requirements, as set forth in the Standard Agreement. In addition, Borrower will 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. If there is any conflict between the Homekey+ Program Requirements and this Agreement, the Homekey+ Program Requirements will control.

(c) Loss of Operating Subsidy. Under the Standard Agreement with HCD for Homekey+ Funds, the City is required to provide an operating subsidy for the first five (5) years of the Project. If after 5 years, the LOSP subsidy is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City's reasonable discretion; provided that one hundred percent (100%) of the Units formerly under the LOSP must at all times be occupied by Qualified Tenants whose gross income does not exceed fifty percent (50%) of MOHCD Median Income or 30% of HCD Median Income, whichever is lower, and the monthly rent paid by the Qualified Tenants may not exceed (a) the lesser of thirty percent (30%) of fifty percent (50%) of MOHCD Median Income or thirty percent (30%) of HCD Median Income (b) less utility allowance. In such event, the City will use good faith efforts to meet with Borrower within fifteen (15) days after Borrower's request to meet. To the extent financially feasible, as mutually determined by the parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. The requirements of Article 6 of the Loan Agreement will apply to any units under this Section 1(c). The relief provided by the paragraph will not be construed as authorizing Borrower to exceed any income or rent restriction imposed on the Project by any other agreement, including, but not limited to, the Standard Agreement. Borrower covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

2. Rent and Utilities. The total amount for rent and utilities (with the maximum allowance for utilities determined by the San Francisco Housing Authority) charged to a Qualified Tenant may not exceed the greater of:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

Rents may be increased as permitted pursuant to Section 7.3 of the Agreement.

EXHIBIT B-1
Table of Sources and Uses of Funds

EXHIBIT B-2
Annual Operating Budget

EXHIBIT B-3
20-Year Cash Flow Proforma

EXHIBIT C
Tenant Income Certification Form

EXHIBIT D
First Source Hiring Requirements and Numerical Goals

Borrower's use of Funds triggers the following hiring requirements imposed by the City's First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83).

Borrower will, or will require its general contractor to, separately execute a First Source Hiring Agreement with the City as set forth below, although the lack of such a separate execution will not affect the requirements of Chapter 83 as incorporated herein.

A. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor will comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement have the meanings assigned to such terms in Chapter 83.

B. First Source Hiring Agreement. On or before the effective date of the Ground Lease, Borrower will, or will require its general contractor to, enter into a first source hiring agreement ("FSH Agreement") with the City, that will include the terms as set forth in Section 83.9(b). Borrower also enter into an FSH Agreement with the City for any other work that it performs in the City.

C. Hiring Decisions. Borrower or its general contractor will make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

D. Exceptions. Upon application by Contractor, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

E. Liquidated Damages. Borrower agrees:

1. To be liable to the City for liquidated damages as provided in this Section;
2. To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this Section;
3. That the Borrower's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but

impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to \$5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

4. That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to \$10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;

5. That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this Section is based on the following data:

a. The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of \$348 per month, totaling approximately \$14,379; and

b. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to a contractor and who is hired in an entry level position is at least one year; therefore, liquidated damages that total \$5,000 for first violations and \$10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

6. That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

7. That in the event the City is the prevailing party in a civil action to recover liquidated damages for breach of a contract provision required by this Chapter, the contractor will be liable for the City's costs and reasonable attorney's fees.

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors will be made by the FSHA.

F. Subcontracts. Any subcontract entered into by Borrower or its general contractor will require the subcontractor to comply with the requirements of Chapter 83 and will contain contractual obligations substantially the same as those set forth in this Section.

EXHIBIT E
Governmental Requirements

1. Prevailing Wages and Working Conditions. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.1. Every contract for the rehabilitation or construction of housing assisted with Funds must comply with Chapter I (commencing with Section 1720) of Part 7 of the California Labor Code (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) and contain a provision requiring: (1) the payment of not less than the Prevailing Rate of Wage to all laborers and mechanics employed in the development of any part of the housing, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with state law and San Francisco Administrative Code Section 6.22(n), (collectively, "Prevailing Wage Requirements"). The Prevailing Wage Requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units. Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements. If applicable, Borrower must include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Chapter 6.

2. Environmental Review. The Project will meet the requirements of the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of Borrower or the City who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, Borrower will incorporate, or cause to be incorporated, in all contracts, subcontracts and agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. Borrower will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Borrower will take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Borrower represents that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Sections 1090 through 1097 and 87100 *et seq.* of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify the City immediately if Borrower at any time obtains knowledge of facts constituting a violation.

(c) In the event of any violation of the conflict of interest prohibitions, Borrower agrees that the City may refuse to consider any future application for funding from Borrower or any entity related to Borrower until the violation has been corrected to the City's satisfaction, in the City's sole discretion.

4. Disability Access. Borrower will comply with all applicable disability access Laws, including the Americans With Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794) and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, Borrower will provide to the City a written reasonable accommodations policy that indicates how Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. Borrower will satisfy the requirements of Chapter 36 of the San Francisco Building Code ("Work Practices for Exterior Lead-Based Paint") and the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. Borrower will also comply with the provisions contained in 17 CCR 350000 *et seq.*, and 8 CCR 1532.1 and all other applicable Laws governing lead-based hazards.

6. Relocation. Borrower will comply with any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq.*) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws.

7. Low-Income Hiring Requirements. The use of Funds triggers compliance with certain hiring requirements imposed by the City's First Source Hiring Ordinance (S.F. Admin. Code Chapter 83). To ensure compliance with those requirements, Borrower must include the provisions attached as **Exhibit D** in its contract with the general contractor for the Project. Borrower will be responsible to the City for ensuring compliance with the requirements listed on **Exhibit D**.

8. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) Borrower Will Not Discriminate. In the performance of this Agreement, Borrower agrees not to discriminate against any employee, City and County employee working with Borrower or any subcontractor, applicant for employment with Borrower or any subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by Borrower on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. Borrower will incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code. Borrower's failure to comply with the obligations in this subsection will constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Borrower does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) Condition to Contract. As a condition to this Agreement, Borrower will execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the executed form by the San Francisco Contract Monitoring Division.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B ("Nondiscrimination in Contracts") and 12C ("Nondiscrimination in Property Contracts") of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Borrower will comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including the remedies provided in such Chapters. Without limiting the foregoing, Borrower understands that pursuant to Sections 12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this

Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

9. MacBride Principles. Pursuant to San Francisco Administrative Code Section 12F.5, City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Borrower acknowledges and agrees that he or she has read and understood this Section.

10. Tropical Hardwood & Virgin Redwood Ban. Pursuant to § 804(b) of the San Francisco Environment Code, City urges all grantees and borrowers not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

11. Preservative-Treated Wood Containing Arsenic. Borrower may not purchase preservative-treated wood products containing arsenic until the Deed of Trust has been fully reconveyed unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" will mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Borrower may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Borrower from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

12. Submitting False Claims; Monetary Penalties. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim will be liable to the City for the statutory penalties set forth in that section. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

- (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval;
- (b) knowingly makes, uses or causes to be made or used a false record or statement to get a false claim paid or approved by the City;
- (c) conspires to defraud the City by getting a false claim allowed or paid by the City;

(d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or

(e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. Sunshine Ordinance.

(a) Borrower acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, will be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Borrower that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made available to the public upon request. Further, Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to Borrower's performance under this Agreement will be conducted as a passive meeting.

(b) By executing this Agreement, Borrower agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code to the extent applicable.

(c) In accordance with the Citizen's Right to Know Act of 1998 (S. F. Admin. Code Chapter 79), no officer, department, board or commission of the City may approve a City Project, as defined in Chapter 79, unless a sign has been posted on the applicable property at least fifteen (15) days before approval. A City Project is a project that involves new construction, a change in use or a significant expansion of an existing use where the City funding for the project is \$50,000 or more. If the Loan will be used for a City Project, this Agreement will not become effective until fifteen (15) days following the posting of the requisite sign, or, in the alternative, thirty (30) days following the delivery of written notices to residents and owners within 300 feet of the Site, and the City will have the right to nullify or revoke this Agreement without cost or liability of any sort whatsoever at any time before that date. If Borrower believes that this Agreement relates to a City Project and that the requisite sign has not been posted, Borrower will notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

14. Prohibition on Use of Public Funds for Political Activities. Borrower will comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Borrower is subject to the enforcement and penalty provisions in Chapter 12G.

15. Nondisclosure of Private Information. Borrower has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information", and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Borrower agrees that any failure of Borrower to comply with the requirements of Section 12M.2 of this Chapter will be a material breach of the Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement, bring a false claim action against Borrower pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar Borrower.

16. Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti will be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

(a) Borrower will remove all graffiti from any real property owned or leased by Borrower in the City and County of San Francisco within forty eight (48) hours of the earlier of Borrower's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Borrower to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" will not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

(b) Any failure of Borrower to comply with this section of this Agreement will constitute an Event of Default of this Agreement.

17. Resource-Efficient Building Ordinance. Borrower acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Chapter 7 relating to resource-efficient City buildings and resource-efficient pilot projects. Borrower hereby agrees it will comply with the applicable provisions of such code sections as such sections may apply to the Property.

18. Consideration of Criminal History in Hiring and Employment Decisions.

(a) Borrower agrees to comply fully with and be bound by all of the provisions of Chapter 12T “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at www.sfgov.org/olse/fco. A partial listing of some of Borrower’s obligations under Chapter 12T is set forth in this Section. Borrower is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement will have the meanings assigned to such terms in Chapter 12T.

(b) The requirements of Chapter 12T will only apply to a Borrower’s or Subcontractor’s operations to the extent those operations are in furtherance of the performance of this Agreement, will apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, will apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and will not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(c) Borrower will incorporate by reference in all subcontracts the provisions of Chapter 12T, and will require all subcontractors to comply with such provisions. Borrower’s failure to comply with the obligations in this subsection will constitute a material breach of this Agreement.

(d) Borrower or Subcontractor will not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant’s or potential applicant for employment, or employee’s: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the

date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(e) Borrower or Subcontractor will not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection 16.16(d), above. Borrower or Subcontractor will not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(f) Borrower or Subcontractor will state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement, that the Borrower or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(g) Borrower and Subcontractors will post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Borrower or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice will be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

(h) Borrower understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City will have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Agreement.

19. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount will not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision.

20. Bottled Drinking Water. Unless exempt, Borrower agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Agreement as though fully set forth.

21. Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Borrower will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code Chapter 14B (“LBE Ordinance”) and will incorporate such requirements in contracts with any Contractors and Subcontractors.

EXHIBIT F
Lobbying/Debarment Certification Form

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned will complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

This lobbying certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed under Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification will be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for such failure.

3. Neither the undersigned nor its principals are listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. The undersigned will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of \$100,000 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities and will obtain the certification of each contractor or subcontractor whose bid is accepted that such contractor or subcontractor is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities.

BY: 1035Vets, LLC

NAME: [Tramecia Garner]

TITLE: Executive Director

DATE: []

EXHIBIT G
Form of Annual Monitoring Report

[To be attached]

EXHIBIT H
Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),¹ **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

Application Process

- **Application Materials.** MOHCD will provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants will be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information will be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider will immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.
- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the

¹See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2; Unruh Civil Rights Act, Civil Code § 51; California Disabled Persons Act, Civil Code § 51.4; Dymally-Alatorre Bilingual Services Act, Gov't Code §7290-7299.8; San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

housing provider will immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.

- **Limited English Proficiency Policy.** Throughout the application process, the housing provider will comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

Reasonable Accommodation: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider's rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider will respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider will grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection will explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

- The housing provider will:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which will be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision will be sent (electronically or otherwise) to the referring agency and the funding agency.
- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers will not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers will not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers will consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which will be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

EXHIBIT J

Developer Fee Policy

EXHIBIT K

Hold Harmless Policy

EXHIBIT L
Insurance Requirements

Subject to approval by the City's Risk Manager of the insurers and policy forms Borrower will obtain and maintain, or caused to be maintained, the insurance and bonds as set forth below from the date of this Agreement or other applicable date set forth below throughout the Compliance Term at no expense to the City:

1. Liability Insurance. Borrower will obtain and maintain, or cause its contractors, subcontractors, property managers and/or agents, as appropriate for each, to obtain and maintain, insurance and bonds as follows:

(a) to the extent Borrower or its contractors and subcontractors have "employees" as defined in the California Labor Code, workers' compensation insurance with employer's liability limits not less than One Million Dollars (\$1,000,000) each accident, injury or illness;

(b) commercial general liability insurance, with limits no less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and Four Million Dollars (\$4,000,000) annual aggregate limit for bodily injury and property damage, including coverage for contractual liability; personal injury; fire damage legal liability; advertisers' liability; owners' and contractors' protective liability; products and completed operations; broad form property damage; and explosion, collapse and underground (XCU) coverage during any period in which Borrower is conducting any activity on, alteration or improvement to the Site with risk of explosions, collapse, or underground hazards;

(c) business automobile liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, combined single limit for bodily injury and property damage, including owned, hired and non-owned auto coverage, as applicable;

(d) professional liability insurance of no less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) annual aggregate limit covering all negligent acts, errors and omissions of Borrower's architects, engineers and surveyors. If the professional liability insurance provided by the architects, engineers, or surveyors is "Claims made" coverage, Borrower will assure that these minimum limits are maintained for no less than three (3) years beyond completion of the constructions or remodeling. Any deductible over Fifty Thousand Dollars (\$50,000) each claim will be reviewed by Risk Management; and

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars (\$75,000) each loss, with any deductible not to exceed Five Thousand Dollars (\$5,000) each loss, including the City as additional obligee or loss payee;

(f) as applicable, pollution liability and/or asbestos pollution liability covering the work being performed with a limit no less than Two Million Dollars (\$2,000,000) per claim or occurrence and Two Million Dollars (\$2,000,000) annual aggregate per policy. This

coverage will be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy will be "claims made" coverage and Borrower will require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance. Borrower will maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City and all subcontractors as loss payees.

(ii) Performance and payment bonds of contractors, each in the amount of One Hundred Percent (100%) of contract amounts, naming the City and Borrower as dual obligees or other completion security approved by the City in its sole discretion.

(c) Upon completion of construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor. For rehabilitation/construction projects that are unoccupied by residential or commercial tenants, Tenant will obtain Property Insurance by the date that the project receives a Certificate of Substantial Completion.

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such

machinery and equipment with a deductible not to exceed Ten Thousand Dollars (\$10,000) each loss, including the City as loss payee.

The following notice is provided in accordance with the provisions of California Civil Code Section 2955.5: Under California law, no lender will require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

3. General Requirements.

(a) Required Endorsements. Borrower's insurance policies will include the following endorsements:

(i) Commercial General Liability and Commercial Automobile Liability Insurance policies will be endorsed to name as "Additional Insured" the City and County of San Francisco, its officers, agents, and employees.

(ii) The Workers' Compensation policy(ies) will be endorsed with a waiver of subrogation in favor of the City for all work performed by the Borrower, its employees, agents, contractor(s), and subcontractors.

(iii) Commercial General Liability and Commercial Automobile Liability Insurance policies will provide that such policies are primary insurance to any other insurance available to the "Additional Insureds," with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(iv) All policies will be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices will be sent to the City address set forth in **Section 21.1** of the Agreement.

Borrower will provide the City with copies of endorsements for each required insurance policy and make each policy available for inspection and copying promptly upon request.

(b) Certificates of Insurance. By no later than Loan closing and annually thereafter, Borrower will furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Borrower's liability under this Agreement.

(c) Waiver of Subrogation – Property Insurance. With respect to any property insurance, Borrower hereby waives all rights of subrogation against the City to the extent of any

loss covered by Borrower's insurance, except to the extent subrogation would affect the scope or validity of insurance.

(d) Claims Based Policies. All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made form, Borrower will maintain coverage as follows:

(i) for builder's risk, continuously for a period ending no less than three (3) years after recordation of a notice of completion without lapse, to the effect that, if any occurrences give rise to claims made after completion of the Project, then those claims will be covered by the claims-made policies; or

(ii) for all other insurance under this Exhibit L, continuously through the Compliance Term and, without lapse, for a period of no less than three (3) years beyond the expiration of the Compliance Term, to the effect that, if any occurrences during the Compliance Term give rise to claims made after expiration of the Agreement, then those claims will be covered by the claims-made policies.

(e) Additional Requirements.

(i) If any of the required insurance is provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit will be double the occurrence or claims limits specified above.

(ii) Any and all insurance policies required under this Exhibit L will contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(iii) On City's request, Borrower and City will periodically review the limits and types of insurance carried under this Exhibit L. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Borrower for risks comparable to those associated with the Permit Area, then City in its sole discretion may require Permittee to increase the amounts or coverage carried by Borrower to conform to the general commercial practice, unless Borrower demonstrates to the City's satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(iv) Borrower's compliance with the insurance requirements under this Exhibit L will in no way relieve or decrease Borrower's indemnification obligations under this Agreement or any of Borrower's other obligations under this Agreement.

Exhibit M
Deed of Trust

EXHIBIT N
Declaration of Restrictions

EXHIBIT O
Commercial Underwriting Guidelines

Omitted

EXHIBIT P
Residual Receipts Policy

SECURED PROMISSORY NOTE

(2020 Health and Recovery General Obligation (GO) Bond funds, Our City Our Home Funds)

Principal Amount: \$ [8,000,000]

San Francisco, CA

Date: _____, 2025

FOR VALUE RECEIVED, the undersigned, **1035VETS, LLC**, a California limited liability company ("Maker"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "Holder"), the principal sum of [Eight Million] and No/100 Dollars (\$[8,000,000].00) (the "Funding Amount"), or so much of the Funding Amount as may be disbursed from time to time pursuant to the Agreement described in **Section 1** below, as provided in this Note.

1. Agreement. This Secured Promissory Note ("Note") is given under the terms of a Loan and Grant Agreement by and between Maker and Holder (the "Agreement") dated as of the date set forth above, which Agreement is incorporated herein by reference. Maker's obligations under this Note and the Agreement are secured by that certain Deed Of Trust, Assignment Of Rents, Security Agreement And Fixture Filing dated as of the date of this Note, made by Maker for the benefit of Holder. Definitions and rules of interpretation set forth in the Agreement apply to this Note. In the event of any inconsistency between the Agreement and this Note, this Note will control.

2. Interest. Except as provided in **Section 3**, no interest will accrue on the Funding Amount.

3. Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, interest will be deemed to have accrued on the outstanding principal balance of the Loan at a compounded annual rate equal to the lesser of: (a) ten percent (10%); or (b) the maximum lawful rate of interest, commencing on the date of the Event of Default through the earlier of: (x) the date on which the Event of Default is cured; or (y) the date on which all amounts due under the City Documents are paid to Holder. Maker acknowledges and agrees that the default interest that must be paid in the event of an Event of Default pursuant to this Section represents a reasonable sum considering all the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder if Maker defaults. Maker further agrees that proof of actual damages would be costly and inconvenient and that default interest will be paid without prejudice to Holder's right to collect any other amounts to be paid or to exercise any of its other rights or remedies under any City Document.

4. Repayment of Funding Amount. Subject to Section 13.4 of the Agreement, Maker will make annual payments of principal and interest (each, a "Payment") in an amount equal to the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first June 30th after the end of the calendar year of the Completion Date, and continuing each June 30th thereafter up to and including the Maturity Date, as defined below (each, a "Payment Date"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan. The unpaid principal balance of the Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the fifty-fifth (55th) anniversary of the date the Deed of Trust is recorded in the Official Records (the "Maturity Date"). Any Payment Date, including the Maturity Date, that falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

5. Security. Maker's obligations under this Note are secured by the Deed of Trust.

6. Terms of Payment.

6.1 All Payments must be made in currency of the United States of America then lawful for payment of public and private debts.

6.2 All Payments must be made payable to Holder and mailed or delivered in person to Holder's office at One South Van Ness Avenue, 5th Floor, San Francisco, CA 94103, or to any other place Holder from time to time designates.

6.3 In no event will Maker be obligated under the terms of this Note to pay interest exceeding the lawful rate. Accordingly, if the payment of any sum by Maker pursuant to the terms of this Note would result in the payment of interest exceeding the amount that Holder may charge legally under applicable state and/or federal law, the amount by which the payment exceeds the amount payable at the lawful interest rate will be deducted automatically from the principal balance owing under this Note.

6.4 Maker waives the right to designate how Payments will be applied pursuant to California Civil Code Sections 1479 and 2822. Holder will have the right in its sole discretion to determine the order and method of application of Payments to obligations under this Note.

6.5 Except as otherwise set forth herein or in the Agreement, no prepayment of this Note will be permitted without Holder's prior written consent.

7. Default.

7.1 Any of the following will constitute an Event of Default under this Note:

(a) Maker fails to make any Payment required under this Note within ten (10) days of the date it is due; or

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project.

7.2 Upon the occurrence of any Event of Default, without notice to or demand upon Maker, which are expressly waived by Maker (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Maker and any notices or demands specified in the City Documents), Holder may exercise all rights and remedies available under this Note, the Agreement or otherwise available to Holder at law or in equity. Maker acknowledges and agrees that Holder's remedies include the right to accelerate the Maturity Date by declaring the outstanding principal balance of the Loan, together with all accrued and unpaid interest and unpaid fees and costs incurred, due and payable immediately, in which case, the Maturity Date will be superseded and replaced by the date established by Holder.

7.3 Subject to this Section, Holder will not seek or obtain judgment against Maker for the payment of any amounts due under this Note following a judicial or nonjudicial foreclosure of the Deed of Trust, and Holder's sole recourse against Maker for any default under this Note will be limited to the collateral for the Loan, *provided, however*, that this Section will be deemed void and of no effect if Maker challenges Holder's right to foreclose following an Event of Default in any legal proceeding on the grounds that the City Documents are not valid and enforceable under California law. This provision does not limit in any way Holder's right to recover sums arising under any obligation of Maker to indemnify Holder of sums incurred by Holder as a result of Maker's fraud, willful misrepresentation, misapplication of funds (including Loan Funds and Rents (as defined in the Deed of Trust)), waste or negligent or intentional damage to the collateral for the Loan.

8. Waivers.

8.1 Maker expressly agrees that the term of this Note or the date of any payment due hereunder may be extended from time to time with Holder's consent, and that Holder may accept further security or release any security for this Note, all without in any way affecting the liability of Maker.

8.2 No extension of time for any Payment made by agreement by Holder with any person now or hereafter liable for the payment of this Note will operate to release, discharge, modify, change or affect the original liability of Maker under this Note, either in whole or in part.

8.3 The obligations of Maker under this Note are absolute, and Maker waives any and all rights to offset, deduct or withhold any Payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

9.1 All notices to Holder or Maker must be given in the manner and at the addresses set forth in the Agreement, or to the addresses Holder and/or Maker hereafter designate in accordance with the Agreement.

9.2 In the event of any legal proceedings arising from the enforcement of or a default under this Note or in any bankruptcy proceeding of Maker, the non-prevailing party promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the proceeding, as provided in the Agreement.

9.3 This Note may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9.4 This Note is governed by and must be construed in accordance with the laws of the State of California, without regard to the choice of law rules of the State.

9.5 Time is of the essence in the performance of any obligations hereunder.

"MAKER"

1035Vets LLC,
a California limited liability company

By: Swords to Plowshares: Veterans Rights Organization,
a California nonprofit public benefit corporation
Its: Sole Member and Manager

By: _____
Name: [Tramecia Garner]
Title: Executive Director

No recording fee pursuant to
Government Code Section 27383

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City and County of San Francisco
Mayor's Office of Housing
and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Loan Administrator

APN#: Block 0741, Lot 028
Address: 1035 Van Ness Avenue,
San Francisco, CA 94109

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING COVENANTS

THIS DECLARATION OF RESTRICTIONS AND AFFORDABLE HOUSING COVENANTS (this “**Declaration**”) is dated as of [_____, 2025], by **1035Vets, LLC**, a California limited liability company (“**DECLARANT**”), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development (the “**City**”) and the California Department of Housing and Community Development (the “**Department**” or “**HCD**”).

RECITALS

A. Unless otherwise defined herein, capitalized terms used herein are defined in Article 1 of this Declaration.

B. The Homekey+ Program is intended to sustain and rapidly expand the inventory of permanent supportive housing for Veterans, young people, and other individuals and their households who are at-risk of or experiencing homelessness as defined under part 578.3 of Title 24 of the Code of Federal Regulations, and have a “Behavioral Health Challenge” as defined by California Welfare and Institutions Code Section 5965.02 to include but not be limited to a serious mental illness, as described in subdivision (c) or (d) of Section 14184.402, or a substance use disorder, as described in Section 5891.5 (“**Homekey+ Program**”).

C. The Department issued a Notice of Funding Availability for the Homekey+ Program dated November 26, 2024, as amended on January 31, 2025, and August 7, 2025, and as may be amended from time to time (“**NOFA**”), for Homekey+ Program grant funds pursuant to Health and Safety Code Section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.), Health and Safety Code Section 50675.1.5 (Assem. Bill No. 531 (2023-2024 Reg. Sess.), Section 14184.402 of

the Welfare and Institutions Code; Section 5891.5 of the Welfare and Institutions Code; and Round 5 and 6 of the Homeless Housing, Assistance and Prevention (HHAP) grant program. (Assem. Bill No. 129 (Chapter 40, Statutes 2023) and Assem. Bill No. 166 (Chapter 48, Statutes 2024). The NOFA incorporates by reference the Multifamily Housing Program under Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the California Health & Safety Code (“MHP”), as well as the MHP Final Guidelines dated May 18, 2023 (“MHP Guidelines”), both as amended and in effect from time to time.

D. The City and County of San Francisco and Swords to Plowshares: Veterans Rights Organization (“**Swords to Plowshares**”) received a Homekey+ Program grant in the amount of \$39,044,030.00 (the “**Homekey+ Grant**”). The City and Swords to Plowshares intend to use the Homekey+ Grant to provide Permanent Supportive Housing for the Homekey+ Target Population, and Swords to Plowshares formed DECLARANT, of which Swords to Plowshares is the sole manager and member, to perform such obligations. HCD, the City, DECLARANT, and Swords to Plowshares entered into Standard Agreement No. [] dated as of (the “**Standard Agreement**”), which sets out the obligations of the City, Swords to Plowshares, and Declarant in the use of the Homekey+ Grant. The Standard Agreement is incorporated herein by reference as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Standard Agreement apply to this Declaration.

E. DECLARANT owns that certain real property located at 1035 Van Ness Avenue, San Francisco, California, as more particularly described in Exhibit A (the “Property”), consisting of an approved 124-unit multifamily residential building for permanent supportive housing of the Homekey+ Target Population with 24 hour front desk service for residents.

F. The City has made a loan in the amount of \$8,000,000 (the “**Loan**”) and a grant of \$[3,000,000] of Homekey+ Funds (the “**City Grant**”) to DECLARANT to rehabilitate the Property. The Loan and City Grant are evidenced by, among other documents, a Loan and Grant Agreement between the City and DECLARANT dated as of [, 2025], as it may be amended from time to time (the “**MOHCD Agreement**”). The MOHCD Agreement is incorporated herein by reference as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the MOHCD Agreement apply to this Declaration.

G. Pursuant to the Standard Agreement and the MOHCD Agreement, DECLARANT has agreed to comply with certain affordability covenants and other use and occupancy restrictions set forth in the Standard Agreement and the MOHCD Agreement. The Parties intend that the Department and the City are intended beneficiaries of this Declaration.

NOW, THEREFORE, in consideration of the foregoing recitals, incorporated herein by this reference, and in consideration of the City providing the Loan and City Grant in accordance with the City Documents and of HCD providing the Homekey+ Grant in accordance with the Standard Agreement, DECLARANT hereby agrees as follows:

Article I. DEFINITIONS

Section 1.01 Definitions. When used in this Declaration, the following terms have the following meanings:

(a) "Assisted Units" shall mean the 124 units of permanent supportive housing made available to the Homekey+ Target Population.

(b) "DECLARANT" means 1035Vets, LLC, a California limited liability company, whose sole member and manager is Swords to Plowshares.

(c) "Effective Date" means the date that this Declaration is recorded in the Official Records of the City and County of San Francisco.

(d) "HCD" or "Department" means the State of California Department of Housing and Community Development.

(e) "HCD Median Income" means the median income for San Francisco County published by HCD on an annual basis, adjusted for household size, under California Health & Safety Code section 50093(c) and the California Code of Regulations, Title 25, Section 6932.

(f) "Homekey+ Program Requirements" means the following, all as amended and in effect from time to time: (1) the Homekey+ Program Notice of Funding Availability (the "NOFA"); (2) Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code; (3) the application for Homekey+ Funds submitted by the City and Borrower; (4) the Project report prepared by HCD in reliance on the representations and descriptions included in the application for Homekey+ Funds submitted by the City and Borrower; (5) the award letter issued by HCD to the City and Borrower; (6) the Standard Agreement for Homekey+ Funds; and (7) all other applicable laws for the Homekey+ program. In the event of a conflict between the sources of Homekey+ Program Requirements and this Declaration, the terms and provisions of this Declaration shall be governed first by the applicable statutes; then by the NOFA; then by the Standard Agreement for Homekey+ Funds; then by the Project Report; then by the Award Letter; and then by the Application.

(g) "Homekey+ Target Population" means the following: (1) Veterans, or households with a Veteran, who are experiencing homelessness or who are At Risk of Homelessness as defined under part 578.3 of Title 24 of the Code of Federal Regulations and who have or are suspected of having a Behavioral Health Challenge (as defined under paragraph (vii) of Article VII (Definitions) of HCD's Homekey+ Program Notice of Funding Availability; (2) these individuals and households must include a person described in Welfare and Institutions Code (WIC) subdivision (c) or (d) of Section 14184.402, or a person with a substance use disorder, as described in WIC Section 5891.5; and (3) enrollment in Medi-Cal or in any other health plan will not be a condition for accessing housing or continuing to be housed.

(h) "Project" means the Property and the 124 Assisted Units, and attendant site improvements thereon.

(i) "Qualified Tenant" means a household who is a member of the Target Population earning no more than the maximum permissible annual income level specified in Section 2.07 of this Declaration.

(j) "Swords to Plowshares" means Swords to Plowshares: Veterans Rights Organization, a California nonprofit public benefit corporation.

(k) "Term" means the term of this Declaration which shall commence on the Effective Date and shall continue for the Life of the Project, but no less than fifty-five (55) years from the Effective Date.

(l) "VASH" means Veterans Affairs Supportive Housing program administered by the United States Department of Veterans Affairs.

(m) "Veteran Tenant" a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable and who is experiencing or At Risk of Homelessness as defined in Title 24 CFR Part 578.3.

Article II. OPERATION OF THE PROJECT

Section 2.01 Residential Use. During the Term of this Declaration, the 124 Assisted Units shall be used as permanent supportive housing available for occupancy to the Homekey+ Target Population, and such units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, DECLARANT 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.

Section 2.02 Covenants to Run with the Land. The provisions of this Declaration shall run with the land and shall bind all successors in title to the Project and bind successors and assigns of DECLARANT and any non-borrower owner of the Property to provide the 124 Assisted Units for Permanent Supportive Housing; provided, however, that on the expiration of the Term, said covenants and restrictions shall expire.

Section 2.03 Term. The term of this Declaration shall commence on the Effective Date and shall continue for Life of the Project, but no less than fifty-five (55) years from the Effective Date for any obligation related to the Assisted Units under the Standard Agreement and the Homekey+ Program Requirements.

Section 2.04 Accessibility. The Project will be operated at all times in compliance with all applicable federal, state, and local disabled persons accessibility requirements including, but not limited to the applicable provisions of the Standard Agreement.

Section 2.05 Tenant Selection. Referrals to units shall be made through the local Coordinated Entry System ("CES"), in conjunction with the Housing Authority of the City and County of San Francisco ("SFHA") for Assisted Units subsidized by project based vouchers under the VASH program, 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 Homekey+ Program Requirements.

Section 2.06 Compliance with State and Federal Laws, Rules, Guidelines, and Regulation. DECLARANT agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

Section 2.07 Affordability of the Project. DECLARANT agrees as follows, subject to

additional terms as set forth in the MOHCD Agreement:

(a) The 124 Assisted Units in the Project will at all times be leased only to tenants who qualify as Qualified Tenants, specifically:

Unit Size	No. of Units	Maximum HCD Income Level	Maximum MOHCD Income Level	Designation
Studio	66	30% of HCD Median Income	50% of Median Income	VASH
SRO	58	30% of HCD Median Income	50% of Median Income	LOSP
Total Units	124			

All of the Assisted Units will be made available to chronically homeless or those at risk of homelessness during the period in which the City's LOSP program is in operation, and the City provides such subsidy to the Project, as prioritized through the City's Coordinated Entry System.

In addition, all Assisted Units will be concurrently Homekey+ units and targeted to Tenants who meet the Homekey+ Target Population for a period of fifty-five (55) years. Homekey+ units are restricted to 30% of HCD Median Income as determined by Homekey+ Program Requirements, however such income limit for the Homekey+ units may be increased to a maximum of 50% of HCD Median Income subject to the Homekey+ Program Requirements and demonstrated good faith efforts by Borrower to lease Homekey+ units to the Homekey+ Target Population. On an annual basis, Borrower will convert to the HCD Median Income and maximum rent to the corresponding published MOHCD maximum income level and maximum rent level, respectively, and provide MOHCD with supporting documentation.

Homekey+ units will be operated under the Homekey+ Program Requirements, as set forth in the Standard Agreement. In addition, Borrower will 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. If there is any conflict between the Homekey+ Program Requirements and this Declaration, the Homekey+ Program Requirements will control.

(b) The total amount for rent and utilities (with the maximum allowance for utilities determined by SFHA) charged to a Qualified Tenant may not exceed:

(i) thirty percent (30%) of the applicable maximum income level, adjusted for household size; or

(ii) the tenant paid portion of the contract rent as determined by the San Francisco Housing Authority for Qualified Tenants holding Section 8 vouchers or certificates.

(c) Under the Standard Agreement with HCD for Homekey+ funds, the City is required to provide an operating subsidy for the first five (5) years of the Project. If after 5 years, the LOSP subsidy is terminated, discontinued or reduced at no fault of DECLARANT with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project

to remain financially feasible, as determined in City's reasonable discretion; provided that one hundred percent (100%) of the Units formerly under the LOSP must at all times be occupied by Qualified Tenants whose gross income does not exceed the lesser of fifty percent (50%) of MOHCD Median Income or 30% of HCD median income and the monthly rent paid by the Qualified Tenants may not exceed (a) the lesser of thirty percent (30%) of fifty percent (50%) of MOHCD Median Income or thirty percent (30%) of HCD Median Income (b) less utility allowance. In such event, the City will use good faith efforts to meet with DECLARANT within fifteen (15) days after DECLARANT's request to meet. To the extent financially feasible, as mutually determined by the parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. Notwithstanding Section 2.05, the requirements of Article 6 of the MOHCD Agreement shall apply to any units under this Section 2.07(c). The relief provided by the paragraph will not be construed as authorizing DECLARANT to exceed any income or rent restriction imposed on the Project by any other agreement. DECLARANT covenants and warrants that it will obtain all necessary approvals or relief from any other applicable income or rent limitations before implementing the relief provided in this paragraph.

Section 2.08. Incorporation of Loan Agreement. For the avoidance of any doubt, notwithstanding any repayment of the Loan or otherwise satisfied or if the Deed of Trust is reconveyed, Borrower will comply with the applicable terms of the MOHCD Agreement as if fully set forth herein, including, without limitation, Article 6 (Marketing), Article 7 (Affordability and Other Leasing Restrictions), Article 8 (Maintenance and Management of the Project), Article 9 (Governmental Approvals and Requirements), Article 10 (Project Monitoring, Reports, Books and Records), Article 11 (Use of Income From Operations), Article 12 (Required Reserves), Article 16 (Transfers), Article 17 (Insurance and Bonds; Indemnity), Article 18 (Hazardous Substances), and Article 19 (Default).

Section 2.09 Enforcement.

(a) If DECLARANT fails to (i) comply with this Declaration to the City's satisfaction, in its sole discretion, and (ii) cure such default as set forth in Section 19.1(c) of the MOHCD Agreement, the City will have the right to pursue any available remedy at equity or in law, including as set forth in Section 19.2 of the MOHCD Agreement, to enforce this Declaration. During the Compliance Term, the City may rely on the Deed of Trust and/or this Declaration, in the City's discretion, to enforce any of the City's rights under the City Documents. DECLARANT will pay the City's reasonable costs in connection with the City's enforcement of the terms of this Declaration, including, without limitation, the City's attorneys' fees and costs.

(b) The parties acknowledge and agree that the Department is an express beneficiary of this Declaration, that the Department has made the Homekey+ Grant in reliance on this Declaration, and that the Department has a direct and independent right of enforcement against the DECLARANT (and Swords to Plowshares: Veterans Rights Organization, if applicable) in the event of the DECLARANT's breach, default, or other non-compliance under this Declaration, which right is exercisable in the Department's sole and absolute discretion.

Article III. MISCELLANEOUS

Section 3.01 Governing Law. This Declaration is governed by the laws of the State of California.

Section 3.02 Waiver of Requirements. Any of the requirements of this Declaration may be expressly waived by the City in writing, but no waiver by the City of any requirement of this Declaration shall, or shall be deemed to, extend to or affect any other provision of this Declaration.

Section 3.03 Recording and Filing. The City shall cause this Declaration, and all amendments and supplements to it, to be recorded against the Property in the Official Records of the City and County of San Francisco.

Section 3.04 Amendments. This Declaration may be amended only by a written instrument executed by DECLARANT and the City with the prior written consent of HCD and duly recorded in the Official Records of the City and County of San Francisco.

Section 3.05 Subordination. This Declaration shall be recorded in first lien position. This Declaration may only be subordinated with the approval of HCD and in compliance with San Francisco Administrative Code Chapter 120.

[SIGNATURES ON FOLLOWING PAGE]

DECLARANT

1035Vets, LLC,
a California limited liability company

By: Swords to Plowshares: Veterans Rights Organization,
a California nonprofit public benefit corporation
Its Sole Member/Manager

By: _____

[Tramecia Garner]
Its Executive Director

[SIGNATURES TO BE NOTARIZED]

EXHIBIT A

(Legal Description of the Property)

PROPERTY SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Beginning at a point on the Westerly line of Van Ness Avenue, distant thereon 30.00 feet Southerly from the Southerly line of Geary Street; running thence Southerly along the said Westerly line of Van Ness Avenue 90.00 feet to the point of intersection of the Westerly line of Van Ness Avenue with the Northerly line of Myrtle Street; thence at a right angle Westerly along said line of Myrtle Street 137.25 feet; thence at a right angle Northerly 90.00 feet; thence at a right angle Easterly 137.25 feet to the Point of Beginning.

BEING a portion of Western Addition Block No. 82

Assessor's Lot 028; Block 0714

Street Address:

1035 Van Ness Avenue, San Francisco, CA 94109

Free Recording Requested Pursuant to
Government Code Section 27383 and 27388.1

When recorded, mail to:
Mayor's Office of Housing and Community Development
of the City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Loan Administrator
Block/Lot: 0741/028

-----Space Above This Line for Recorder's Use-----

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**
(Property Address: 1035 Van Ness Avenue)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of [_____, 2025], by **1035VETS, LLC**, a California limited liability company ("Trustor"), whose address is 401 Van Ness Avenue, Suite 313, San Francisco, California 94102, to **[OLD REPUBLIC TITLE COMPANY]**, ("Trustee"), whose address is 275 Battery Street, Suite 750, San Francisco, CA 94111, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("Beneficiary"). This Deed of Trust is executed pursuant to a Loan and Grant Agreement by and between Trustor and Beneficiary dated as of the date of this Deed of Trust, as it may be amended from time to time (the "Agreement"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "Property"):

(a) that real property situated in the City and County of San Francisco, State of California, described in **Exhibit A** attached hereto and incorporated herein by reference (the "Land"), on which Trustor intends convert the Site into 124 units of affordable permanent supportive housing for formerly homeless households or households at risk of homeless, with priority for veterans, which will include 24 hour front desk service for residents, re-instatement of 15 units subject to prior unauthorized removal, add two new accessory dwelling units, and abatement of all violations by the previous owner under the San Francisco Building Code (the "Project");and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(e) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(f) all Loan and Grant funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(g) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(h) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(i) all rents, revenues, issues, royalties, proceeds, profits, income, reimbursements, royalties, receipts and similar items, including prepaid rent and security

deposits, in whatever form (including, but not limited to, cash, checks, money orders, credit card receipts or other instruments for the payment of money) paid or payable in connection with the Property ("Rents"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under **Section 3 below**; and

(j) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(k) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "Secured Obligations"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions and Affordable Housing Covenants executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated the date of this Deed of Trust, made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "Note") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the Note in the original principal amount of [Eight Million] and No/100 Dollars (\$[8,000,000].00), according to the terms of the Agreement and the Note;

(c) repayment of the Homekey+ Grant Amount, in the amount of Three Million and No/100 Dollars (\$3,000,000), together with liquidated damages, following an Event of Default under the Agreement; and

(d) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note or by any other instrument reciting that payment is secured by this Deed of Trust.

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as

additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under

this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the

Land and Improvements for any purpose set forth in this Subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "Debtor"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "Secured Party"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "Collateral" means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and

place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is [94-2260626]. Secured Party's name and mailing address are set above.

6. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

7. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(e) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers, and duties of

Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(f) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(g) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

8. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("Event of Default"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("Notice of Default"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("Notice of Sale") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time

and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

9. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

Remainder of Page Intentionally Left Blank; Signatures Appear On Following Page

"TRUSTOR:"

1035 Vets, LLC,
a California limited liability company

By: Swords to Plowshares: Veterans Rights Organization,
a California nonprofit public benefit corporation
Its: Sole Member and Manager

By: _____

Name: [Tramecia Garner]

Title: Executive Director

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A
Legal Description of the Land

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Beginning at a point on the Westerly line of Van Ness Avenue, distant thereon 30.00 feet Southerly from the Southerly line of Geary Street; running thence Southerly along the said Westerly line of Van Ness Avenue 90.00 feet to the point of intersection of the Westerly line of Van Ness Avenue with the Northerly line of Myrtle Street; thence at a right angle Westerly along said line of Myrtle Street 137.25 feet; thence at a right angle Northerly 90.00 feet; thence at a right angle Easterly 137.25 feet to the Point of Beginning.

BEING a portion of Western Addition Block No. 82

Assessor's Lot 028; Block 0714

Street Address:
1035 Van Ness Avenue, San Francisco, CA 94109

EXHIBIT A

DEVELOPER FEE AGREEMENT
(1035 Van Ness Avenue)

THIS DEVELOPER FEE AGREEMENT ("Agreement") is dated for reference purposes only as of [, 2025], by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development (the "City"), and **1035VETS, LLC**, a California limited liability company (the "Developer").

RECITALS

A. 1035Vets LLC, a California limited liability company ("Borrower"), has acquired or is about to acquire a leasehold interest in real property located at 1035 Van Ness Avenue, San - Francisco (the "Land"), on which Borrower intends to rehabilitate the existing improvements for 124 units of low-income housing for veterans (the "Project").

B. The City is providing financing for a portion of the rehabilitation costs of the Project, including financing to cover construction cost overruns and related soft costs (the "Loan"). The City's financing is or will be evidenced by, among other documents, a Loan Agreement dated as of the date of this Agreement (the "Loan Agreement"). Definitions and rules of interpretation set forth in the Loan Agreement apply to this Agreement.

C. Under an agreement with Borrower, Developer will perform services for the development of the Project, for which Developer will receive developer fees for the Project in the allowed amounts set forth in MOHCD's Developer Fee Policy dated October 16, 2020, as it may be amended from time to time and incorporated herein by this reference ("Developer Fee Policy").

D. As a condition to the City's financing for the Project, Developer has agreed with the City to restrict the use of developer fees in accordance with this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the City's agreement to provide financing for the Project, the parties agree as follows:

1. Definitions. Capitalized terms not defined in this Agreement will have the same meanings as set forth in the Loan Agreement.

2. Amount and Payment Schedule.

(a) Developer will be entitled to receive a maximum of One Million and no/100 Dollars (\$1,000,000) (the "Developer Fees") for the services it shall render for the

development and completion of the Project, subject to the terms and conditions of this Agreement and the Developer Fee Policy.

(b) Developer will receive payment of the Developer Fee as specified below:

Total Developer Fee:	\$1,000,000
Project Management Fee Paid to Date:	\$0
Amount of Remaining Project Management Fee:	\$500,000
Amount of Fee at Risk (the "At Risk Fee"):	\$500,000
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	N/A (no commercial space)
Amount of Fee Deferred (the "Deferred Fee"):	\$0
Amount of General Partner Equity Contribution (the "GP Equity"):	\$0
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone
Upon City loan closing	\$200,000
During Construction, distributed as % of completion (50% and 100% of completion)	\$200,000
Project Close-out	\$100,000
Milestones for Disbursement of that portion of Developer Fee defined as "At Risk Fee"	Amount Paid at Milestone
95% Leased	\$250,000
Cessation of operations at 250 Kearny (property vacant of residents)	\$250,000

(c) Five Hundred Thousand and no/100 dollars (\$500,000) of the Developer Fee (the "At-Risk Fee") will be available to cover any development costs that exceed the Project's budget ("Cost Overruns"), including any contingency, that have been approved by the City. Developer will receive the amount of the At-Risk Fee that remains after payment of such Cost Overruns.

2. Eligible Uses of Developer Fee. Developer agrees to limit the use of Developer Fee to pay only for activities related to affordable housing as follows:

(a) Developer's organizational capacity building and maintenance programs; working capital; housing development production and related programs; physical improvements to existing housing owned or sponsored by Developer; increasing housing operations and asset management activities; improving tenant improvements or commercial space in existing housing owned or sponsored by Developer; funding community facilities associated with existing housing owned or sponsored by Developer providing supplemental tenant rental assistance for

existing housing owned or sponsored by Developer; or programs supporting the welfare of residents residing in existing housing owned or sponsored by Developer; and

(b) predevelopment, preconstruction and construction costs, including reasonable administrative expenses, of future affordable housing development sponsored by Developer in San Francisco.

3. Disallowed Developer Fees. Developer will pay to the City or, with the City's prior written consent, use for the Project the amount equal to the portion of the Developer Fee, if any, used in violation of this Agreement within three (3) years of the date of final disbursement.

4. Reporting Requirement. Upon written request from the City, Developer will provide the City with an annual report no later than 120 days after the end of Developer's fiscal year providing specific detail as to the use of any portion of the Developer Fees that was paid during the reporting period.

5. Term. This Agreement will terminate after the City has approved Developer's accounting of its use of Developer Fees.

6. Public Disclosure.

(a) Developer understands and agrees that under the City's Sunshine Ordinance (S.F. Admin. Code, Chapter 67) and the State Public Records Law (Cal. Gov. Code §§ 6250 *et seq.*), this Agreement and any and all records, information and materials submitted to the City hereunder are public records subject to public disclosure. Developer hereby authorizes the City to disclose any records, information and materials submitted to the City in connection with this Agreement. Further, Developer specifically agrees to conduct any meeting of its governing board that addresses any matter relating to the Project or to Developer's performance under this Agreement as a passive meeting.

(b) By executing this Agreement, Developer agrees to comply with the provisions of Chapter 12L of the San Francisco Administrative Code. Developer agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the San Francisco Administrative Code. Developer further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. Developer acknowledges that its failure to comply with any of the provisions of this Section will constitute an event of default under this Agreement.

7. Amendment. This Agreement may not be amended except by an instrument in writing signed by the parties.

8. Controlling Document. In the event of any inconsistency between this Agreement and the terms of any financing from the City with respect to the Project, this Agreement will control.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

"DEVELOPER"

1035Vets LLC,
a California limited liability company

By: Swords to Plowshares: Veterans
Rights Organization,
a California nonprofit public benefit
corporation

Its: Sole Member and Manager

By: _____
Name: [Tramecia Garner]
Title: Executive Director

"CITY"

CITY AND COUNTY OF SAN
FRANCISCO, a municipal corporation,
represented by the Mayor, acting by and
through the Mayor's Office of Housing and
Community Development

By: _____
Daniel Adams, Director
Mayor's Office of Housing and
Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
[Keith Nagayama]
Deputy City Attorney

Free Recording Requested Pursuant to
Government Code Section 27383

When recorded, mail to:
Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Loan Administrator

-----Space Above This Line for Recorder's Use-----

1035 Van Ness Avenue
San Francisco, CA 94109
Assessor's Lot 028, Block 0714

PURCHASE OPTION AGREEMENT

THIS PURCHASE OPTION AGREEMENT (the "Agreement") is made and entered into as of [_____, 2025] (the "Effective Date"), by and among 1035Vets LLC, a California limited liability company ("Owner") and the City and County of San Francisco, a municipal corporation ("City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), with reference to the following recitals of fact:

R E C I T A L S:

A. Owner owns that certain real property located in the City and County of San Francisco, State of California, and more particularly described on the attached **Exhibit A**, incorporated herein by this reference, and certain improvements thereon (the "Property"), commonly known as 1035 Van Ness Avenue ("Site"), which is will be used to convert the Site into 124 units of affordable permanent supportive housing for formerly homeless households or households at risk of homeless, with priority for veterans, which will include 24 hour front desk service for residents, re-instatement of 15 units subject to prior unauthorized removal, add two new accessory dwelling units, and abatement of all violations by the previous owner under the San Francisco Building Code (the "Project").

B. Owner purchased the Property on July 9, 2025, and will rehabilitate the Property with financing provided by the following: (1) a loan and grants from MOHCD for rehabilitation costs and operating subsidies, and (3) a grant of funds from the California Department of Housing and Community Development ("HCD") under the Homekey+ Program for acquisition costs and operating subsidies. In connection with the MOHCD and HCD financing, Owner concurrently recorded a Declaration of Restrictions and Affordability Housing Covenants in favor of MOHCD and HCD of even date herewith (the "Declaration").

C. The City regulates the affordability of the Project through the Declaration, and compliance with and the continued enforceability of the Declaration is of paramount importance for the City as the regulator of the City's affordable housing programs, funder of City funds, and as co-applicant for the Homekey+ Program grant. This Agreement is entered into between Owner and the City as a means of ensuring the affordability of the Project in the event that the Declaration no longer governs the Property or that Owner is in default of the regulatory obligations specified in the Declaration.

D. The term of the Declaration (the "Compliance Term") is as long as the Project or any modification of the Project remains in existence, but in any event no less than fifty-five (55) years. Although the City is lending funds to Owner for the Project, the regulatory program under the Declaration survives the expiration or repayment of the City's loan to Owner. The purchase option granted by Owner in this Agreement is granted in recognition of the City's interest in ensuring that the regulatory program pursuant to the Declaration remains in full force and effect. Owner acknowledges and agrees that (i) the City's interest in this Agreement is as a regulator, as a means of ensuring the continued enforceability of the Declaration, and not in its proprietary capacity, (ii) exercise of the Option is contingent upon the termination, unenforceability, or failure to comply with the Declaration, (iii) Owner intends to provide permanent affordability to very-low income households residing at the Project; (iv) the regulatory obligations under the Declarations are separate from the City's loan and survive the City's loan to Owner, (v) exercise of the Option is not dependent upon a monetary default of the City's loan, and (vi) the Option is not a security instrument intended to circumvent California foreclosure law.

E. In connection with the Project, and in consideration of the foregoing, Owner desires to grant to the City an option to purchase the Project in certain limited circumstances.

F. Owner and City desire to set forth the terms of the option from Owner to the City.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties to this Agreement agree as follows:

A G R E E M E N T:

1. Recitals. The foregoing recitals are true and correct and are incorporated herein.

2. Grant of Option. Owner grants to the City an option (the "Option") to purchase the Project on the terms and conditions set forth in this Agreement. Owner acknowledges that the grant of the Option is supported by valuable consideration received by Owner, including the Loan.

(a) Exercise Period. The period during which the City will have the right to exercise the Option will commence on the Effective Date and expire on the later of ninety-nine (99) years after the recording date of the Declaration of Restrictions (the "Option Term"). On request by the City, Owner will provide (and the City and/or its designee may conduct) any physical and documentary due diligence of the Project as the City may determine is necessary (provided, however, any destructive testing of the Project will require the prior consent of Owner

in its reasonable discretion). Owner will cooperate with the City in such due diligence. At any time, City may deliver a written notice to Owner of City's selected appraiser under Section 2(d) below (the "Appraisal Notice"). Upon receipt of the Appraisal Notice, Owner will have thirty (30) days to provide the list of selected appraisers to City.

(b) Exercise Notice. As a condition precedent to City's Option rights, City may only exercise the Option if, during the Option Term, (i) the Declaration is terminated or is unenforceable for any reason, (ii) in City's reasonable judgment the Declaration will be terminated or be rendered unenforceable, or (iii) Owner fails to comply with the affordability restrictions set forth in the Declaration, or (iv) if, after the City's loan for the Project is repaid, Owner receives any offer to purchase the Project or any interest therein, or intends to transfer the Project or any interest therein, then Owner must provide City an Offer Notice (defined below). In the event Owner fails to comply with the affordability restrictions in the Declaration during the Option Term, City shall provide written notice to Owner of such failure, and Owner shall have sixty (60) days to cure the failure, or, if such failure cannot be cured within such sixty (60) day period, such longer period as is reasonably necessary to cure such default, provided that such cure has been commenced within such sixty (60) day period and is being prosecuted diligently to completion. For avoidance of doubt, Owner has the right, but not the obligation, to cure any such default, and if Owner cures such default within the cure period, City will accept such action as curing the respective default. City may exercise the Option by delivering to Owner written notice of the exercise (the "Exercise Notice"). The date of delivery of the Exercise Notice will be the first day of the escrow period set forth in Section 4 below. "Offer Notice" means a written notice from Owner to the City containing all material terms of the offer to purchase or proposed transfer of the Project. Owner will not accept any offer or transfer the Project or any interest therein for a least one hundred twenty (120) days after delivering the Offer Notice to the City, to allow the City to determine if it will exercise its Option.

(c) Option Purchase Price. If City purchases the Project pursuant to the Option, then the purchase price for the Project will be the fair market value of the Project for purposes of this subsection, determined as follows: The fair market value of the Project will be determined by an appraisal that: (i) takes into account the net balances of all of the applicable Project cash accounts; (ii) disregards the determination of the amount of indebtedness and taxes; (iii) values the Project as restricted to maximum incomes and rents provided in the Declaration; (iv) takes into account any loan agreements or regulatory agreements pertaining to the Project; and (v) takes into account the terms of any assumable financing. The appraiser performing the initial appraisal under this Agreement will be selected by the City and must be a member of the Appraisal Institute with not less than five (5) years of experience valuing projects like the Project in the geographic area where the Project is located. Within thirty (30) days after Owner receives an Appraisal Notice or Exercise Notice, City will notify Owner of City's determination of the fair market value for the Project in consideration of all of the assumptions and other criteria set forth in this subsection above. If Owner disputes City's determination of the fair market value, Owner will notify City within fourteen (14) days after City's notice to Owner of the fair market value and the dispute will be resolved as follows:

(i) If Owner disputes the fair value market, within thirty (30) days after City's notice to Owner of the fair market value, Owner and City will attempt in good faith to meet

no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve the disagreement.

(ii) If within that thirty (30)-day period Owner and City cannot agree on the fair market value, then each will select a separate appraiser to determine the fair market value within thirty (30) days after the expiration of the consultation period. Each party will cause its appraiser to prepare and complete an appraisal report determining the fair market value and submit the report to Owner and City within sixty (60) days following the appointment of the appraisal.

(iii) If only one appraisal report is submitted within that 60-day period, then the fair market value determined in that appraisal report will be used to establish the Purchase Price for the Project. If both appraisal reports are submitted within the 60-day period, and if the fair market values determined in the two appraisal reports differ by less than ten percent (10%) of the higher of the two, then the average of the two will be the fair market value. If the fair market value in the two appraisal reports differ by more than ten percent (10%), then the two appraisers will immediately select a third appraiser. Within thirty (30) days after the third appraiser is selected, the third appraiser will prepare an appraisal report determining the fair market value and submit the report to Owner and City. The fair market value determined in the third appraisal report will then be averaged with the closer of the fair market values from the two previous appraisals and the result will be the fair market value. Owner and City will pay the cost of the appraiser it selects and one-half of the cost of the third appraiser.

(iv) If City's Director of Property does not approve the fair market value as determined by the appraisal procedure specified above, the Director of Property may revoke City's exercise of the Extension Option.

3. Completion of Sale.

(a) Permitted Encumbrances. Within ten (10) business days after Owner receives an Exercise Notice, Owner will deliver to the City a current preliminary title report issued by a title company reasonably acceptable to the City showing such encumbrances and exceptions to title insurance coverage. Owner will convey fee simple title to the real property in the Project by grant deed subject only to all encumbrances, easements, covenants, conditions, restrictions, and other matters of record as of the Effective Date (excluding however, and free and clear of, the lien of any contractor, supplier materials provider, or the lien of any deeds of trust or other encumbrances securing any indebtedness of Owner), and any Permitted Future Encumbrances (as defined below), any off record matters ascertainable by an inspection or survey of the Project, interests of parties in possession, zoning and other laws applicable to the Project, and the lien not yet delinquent for taxes for real property, and any non-delinquent general or special assessments against the real property (collectively, "Approved Title Exceptions"). Owner will cause a title company to issue, upon close of escrow, an ALTA or CLTA (as the City elects) owner's policy of title insurance dated as of the close of escrow, in an amount equal to the purchase price, showing title to the real property in the Project vested in the City and subject only to Approved Title Exceptions. The fee for the title policy will be paid by the City. "Permitted Future Encumbrances" means, to the extent reasonably necessary for the operations of the Project as conducted or contemplated to be conducted as of the Effective Date, any third-party easement for utility, data, telecommunications, or ingress and egress; and any reciprocal easement agreement or covenants,

conditions, and restrictions, granted and/or entered into by Owner. Owner will convey unencumbered title to the other property in the Project (including personal property, intangible property, accounts, plans, warranties, records, etc.) by bill of sale, assignment, or other document of conveyance acceptable to the City.

(b) Closing Requirements. The closing of the sale of the Project will be through an escrow opened with a title company reasonably acceptable to the City. Escrow for the sale of the Project will close no later than three hundred sixty-five (365) days after Owner's receipt of the Exercise Notice, unless otherwise agreed upon by Owner and the City. The costs of the sale will be apportioned between Owner and the City according to the custom then in effect in San Francisco County, California. The following will apply to the sale of the Project: (i) the acquisition of the Project by the City is subject to the approval by resolution of the City's Board of Supervisors and Mayor; (ii) the sale of the Project will be on an as-is, where-is basis, with customary representations and warranties, including those implied in a California grant deed; and (iii) rents, insurance, taxes, operating expenses, and debt service then due and payable will be apportioned as of the day the grant deed is actually recorded in the official records of San Francisco County, California. Notwithstanding anything to the contrary contained in this Agreement, if City fails to purchase the Project for any reason after delivery of an Exercise Notice, then the City's liability under this Agreement will be limited solely to the termination of the Option and any other of the City's rights under this Agreement, and Owner will have no right or cause to seek any damages against the City for failure to purchase the Project.

4. No Subordination. The City's Option may not be subordinated to any first tier lien of any deeds of trust or other encumbrances against the Project securing any indebtedness of Owner after the Effective Date without the City's prior written consent, which may be given or withheld in the City's sole discretion.

5. Quitclaim Deed and Termination of Option. Upon termination of the Option, the City agrees, upon Owner's request, to (i) execute and deliver to Owner a quitclaim deed, releasing all of the City's rights, title, and interest in and to the Project, and (ii) execute, acknowledge, and deliver such other documents as may be reasonably required by Owner's title company to remove the cloud of the Option from title to the Project.

6. Notices. Notices, demands, and communications between the parties must be in writing and will be served personally or by United States mail, sent certified, return receipt requested, post prepaid, and,

if intended for Owner, addressed to:

1035Vets LLC
c/o Swords to Plowshares: Veterans Rights Organization
1060 Howard Street
San Francisco, CA 94103
Attn: Executive Director
Email: tramecia.garner@stp-sf.org
Phone: (415) 252-4787 ext. 351

if intended for the City, addressed to:

Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Re: 1035 Van Ness Avenue Option to Purchase
Attn: Director of Asset Management

with copies of all notices to be sent to:

Department of Homelessness & Supportive Housing
440 Turk Street
San Francisco CA 94102
Attn: Director

or to such address as a party may have furnished to the other in writing as a place for the service or notice. Any notice delivered personally or so mailed will be deemed to have been received on the delivery date, or the date that delivery is refused by the addressee, as shown in the records of the deliverer or on the return receipt, as applicable.

7. Miscellaneous.

(a) Each party to this Agreement represents and warrants that it has not had or will have any dealings with any person, firm, broker, or finder in connection with the negotiation of this Agreement and/or the consummation of the transaction contemplated under this Agreement. Each party to this Agreement will indemnify and hold harmless the other parties from and against costs, expenses, and liabilities for compensation, commissions, or charges that may be claimed by any broker, finder, or similar party because of any actions of the indemnifying party.

(b) The rights and obligations of the parties under this Agreement will inure to the benefit of, and will bind their respective successors and assigns, including any successor to the interest of Owner in and to the Project. Upon any transfer or conveyance of the Project or any interest therein where the prior consent of the City is required by the terms of any agreement to which Owner is a party, in addition to such conditions as the City may be entitled to impose under the other agreements, the transferee will execute any documentation reasonably required by the City to acknowledge and affirm the City's option under this Agreement. The Option is assignable by City on prior written notice to, but otherwise without the consent of, the Owner. Notwithstanding anything to the contrary contained in this Agreement, the City's obligation to purchase the Project after exercise of the Option will be conditioned on the approval and authorization of such transaction by the City's Board of Supervisors and Mayor, each in their sole and absolute discretion. This condition will not be required if the City assigns its rights under this Agreement to a third party.

(c) The captions used in this Agreement are for convenience of reference only and are not part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

(d) Time is of the essence of each and every agreement, covenant, and condition of this Agreement.

(e) This Agreement will be interpreted in accordance with, and governed by, the laws of the State of California.

(f) This Agreement constitutes the entire agreement by and among the parties with respect to the grant of the City of an option to purchase the Project unrelated to the right of City as a lender under any loan made by the City to Owner, and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by the parties; provided, however, no amendment or modification will be effective unless consented to in writing by the parties.

(g) The parties will record a Memorandum of Purchase Option Agreement in the Official Records of the City and County of San Francisco, California evidencing the rights of the City under this Agreement, in form and substance reasonably acceptable to the City.

8. Assignment of Option. In the event that City exercises its rights to the Option pursuant to this Agreement, City may assign this Agreement and all of City's rights hereunder to a corporation that is tax-exempt under Section 501(c)(3) of the U.S. Internal Revenue Code and that is qualified to own and operate housing developments for very-low income persons; provided, however, that any such assignment shall be subject to all of the terms of this Agreement. City's right to assign pursuant to the preceding sentence shall only be permitted after City elects to exercise its rights to the Option, pursuant to this Agreement. City shall give prior written notice of any permitted assignment to the parties hereto and any such assignee shall enter into a written agreement accepting the assignment and assuming all of City's obligations under this Agreement. Except as specifically permitted herein, the City's rights hereunder shall not be assignable.

IN WITNESS WHEREOF, Owner and City have executed this Agreement as of the date first above written.

OWNER:

1035 VAN NESS

1035Vets LLC,
a California limited liability company

By: SWORDS TO PLOWSHARES: VETERANS RIGHTS ORGANIZATION,
a California nonprofit public benefit corporation

Its Sole Member/Manager

By: _____

[Tramecia Garner]

Its Executive Director

[Signatures Continue on Following Page]

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

Daniel Adams
Director, Mayor's Office of Housing
and Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____

Keith Nagayama
Deputy City Attorney

[Signatures Continue on Following Page]

MANAGER

By: _____
Name: Tramecia Garner
Title: Executive Director

EXHIBIT A

Legal Description of the Property

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

Beginning at a point on the Westerly line of Van Ness Avenue, distant thereon 30.00 feet Southerly from the Southerly line of Geary Street; running thence Southerly along the said Westerly line of Van Ness Avenue 90.00 feet to the point of intersection of the Westerly line of Van Ness Avenue with the Northerly line of Myrtle Street; thence at a right angle Westerly along said line of Myrtle Street 137.25 feet; thence at a right angle Northerly 90.00 feet; thence at a right angle Easterly 137.25 feet to the Point of Beginning.

BEING a portion of Western Addition Block No. 82

Assessor's Lot 028; Block 0714

Street Address:

1035 Van Ness Avenue
San Francisco, CA 94109



City and County
of San Francisco

Homekey+ Projects: 835 Turk Street and 1035 Van Ness Avenue

Budget and Finance Committee | December 3, 2025



Leveraging State Homekey Grant Funds

Homekey Program

~\$235 million
awarded to San
Francisco

~897 new units of
PSH for adults,
families and young
adults across 8 sites

Homekey+ Program

\$56.3 million
awarded to
projects in San
Francisco

~230 units of PSH
for veterans and
adults across 2 sites

- **Homekey+** is the permanent housing component of the Behavioral Health Bond under Proposition 1 and is administered by HCD.
- Focuses on **quick delivery of permanent affordable housing**, generally within 12 months of award.



City and County
of San Francisco

835 Turk Street

- Homekey+ Accept and Expend
- Ground Lease and Loan & Grant Agreement



835 Turk Street

- **Acquired by the City** in 2022, has been operated as permanent supportive housing (PSH) for adults exiting homelessness since 2023.
- Operated by **Five Keys Schools and Programs** (Sponsor) acting through its affiliate 835 Turk LLC (Borrower)
- Homekey+ grant funds will support **capital** and **operations**.
- Rehabilitation:
 - **106 units**, including **6 ADA units**
 - Critical structural improvements, including Seismic retrofit
 - Ground floor remodeling
 - Window replacement



835 Turk: Accept and Expend Resolution

Resolution authorizes HSH to:

- **Execute a Standard Agreement** for a total amount not to exceed **\$17,291,506** with co-applicants 835 Turk LLC and Five Keys with the State of California's Department of Housing and Community Development (HCD).
- **Retroactively accept and expend \$13,729,907** in Homekey+ grant funds.
 - The remaining funds will be disbursed from HCD directly to 835 Turk LLC to support initial operating costs for the 53 Homekey+ units.
- Approves the City to commit **\$16,270,093** in capital and **5 years** of operating subsidies for **required matching funds**.
 - Additionally, the City has committed to 15 years of operating subsidies through the LOSP program.

835 Turk: Funding Overview

Homekey+ City Portion

- \$12.7 million for Capital (Rehabilitation)
- \$1 million for Capital (Relocation)

Homekey+ 835 Turk LLC

- \$3.6 million for Operating

Required Match: Capital (\$16.2 million)

- \$6.6 million Our City, Our Home (Prop C)
- \$9.6 million 2020 Health & Recovery GO Bond Funds

Required Match: Operations

- \$16.3 million OCOH
- \$29.4 million LOSP (Additional Commitment)

835 Turk Homekey+ Grant - \$17.3 million

Capital Award: \$13.7 million

Operating Award: \$3.6 million

835 Turk: Ground Lease and Loan & Grant Agreement

Ground Lease

- **Leasee:** 835 Turk LLC
- **Term:** 55-years
- **Cost:** \$1 total rent
- **Scope:** Responsible for ongoing management, maintenance, rehabilitation and operation of the Project as PSH.

Loan & Grant Agreement

- **Loan:** \$12,922,000 to 835 Turk LLC
- **Grant:** \$13,729,907 in Homekey+ funds from HCD
- **Term:** 55 years
- **Interest Rate:** 0%
- **Recommended** by the Citywide Affordable Housing Loan Committee on November 7, 2025.



City and County
of San Francisco

1035 Van Ness Avenue

- Homekey+ Accept and Expend
- Loan & Grant Agreement



1035 Van Ness Avenue (1035 VN)

- Former assisted living facility, 9-story building with 107 private baths and small kitchenettes.
- **Swords to Plowshares** (1035Vets LLC) acquired the property in June 2025, and in partnership with MOHCD and HSH will operate the site as permanent supportive housing (PSH) for veterans.
- **124 units of PSH** following rehab, with 58 units supported by Local Operating Subsidy Program (LOSP) and 66 units supported by Veterans Affairs Supportive Housing (**VASH**) vouchers.
- **Homekey+ grant** will support **rehabilitation** and **operations**.



1035 Van Ness: Accept and Expend Resolution

Resolution authorizes HSH to:

- **Execute a Standard Agreement** for a total amount not to exceed **\$39,044,030** with co-applicant 1035Vets LLC, with the State of California's Department of Housing and Community Development.
- **Accept and expend \$3,000,000** in Homekey+ grant funds for rehabilitation.
 - Additional funds will be disbursed from HCD to pay \$29.8M in acquisition financing and remaining \$6.2M will be disbursed to 1035Vets LLC, to support initial operating costs.
- Approves the City to commit **\$8,000,000** in capital and **5 years** of operating subsidies for **required matching funds**.
 - Additionally, the City has committed to 15 years of operating subsidies through the LOSP program.

1035 VN: Funding Overview

Homekey+ City Portion

- \$3 million for Capital (Rehabilitation)

Homekey+ 1035Vets LLC

- \$29.8 million for Capital (Acquisition)
- \$6.2 million for Operating

Required Match: Capital (\$8 million)

- \$2.1 million Our City, Our Home (Prop C)
- \$5.9 million 2020 Health & Recovery GO Bond Funds

Required Match: Operations

- \$2.9 million General Fund
- \$8.7 million LOSP (Additional Commitment)

1035 Van Ness Homekey+ Grant - \$39 million

Capital Award: \$32.8 million

Operating Award: \$2.5 million

Veteran Units Additional
Operating Award: \$3.7 million

1035 Van Ness: Loan and Grant Agreement

Loan & Grant Agreement

- **Loan:** \$8,000,000 City loan to 1035Vets LLC
- **Grant:** \$3,000,000 in Homekey+ funds from HCD, managed by MOHCD
- **Loan Term:** 55 years
- **Loan Interest Rate:** 0%
- **Recommended** by the Citywide Affordable Housing Loan Committee on November 7, 2025.



City and County
of San Francisco

Thank you.

Department of
Homelessness and
Supportive Housing

Mayor's Office of Housing
and Community
Development

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

GAVIN NEWSOM, Governor

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

651 BANNON STREET, SUITE 400, SACRAMENTO, CA 95811

P. O. BOX 952054, SACRAMENTO, CA 94252-2054

(916) 263-2771

www.hcd.ca.gov

September 19, 2025

Shireen McSpadden, Executive Director,
Department of Homelessness and Supportive Housing
City and County of San Francisco
440 Turk Street
San Francisco, CA 94102

Tramecia Garner, Executive Director
Swords to Plowshares
401 Van Ness, Suite 313
San Francisco, CA 94102

Dear Shireen McSpadden and Tramecia Garner:

**RE: Conditional Award Commitment and Acceptance of Terms and Conditions
Homekey+ Program, Notice of Funding Availability (NOFA), Fiscal Year 2024/2025
City and County of San Francisco and Swords to Plowshares – 1035 Van Ness
Contract No. 25-HK+-18685**

The California Department of Housing and Community Development (“**Department**” or “**HCD**”) issued a Homekey+ Program, Notice of Funding Availability (“**NOFA**”) on November 26, 2024, and subsequently amended it on January 31, 2025, and August 7, 2025. The Department is now pleased to inform you of this conditional award to City and County of San Francisco and Swords to Plowshares (“**Awardees**”). This conditional award is a grant in the amount of \$39,044,030 (the “**Conditional Award**”) for the above-referenced project (the “**Project**”) and includes the following:

Program	Award Amount	Contract Number
Capital Award	\$32,800,000	25-HK+-18685
Relocation Award	\$0	25-HK+-18685
Operating Award	\$2,524,030	25-HK+-18685
Veteran Units Additional Operating Award	\$3,720,000	25-HK+-18685
Homekey+ Award Total	\$39,044,030	

This Homekey+ Program NOFA award is under a media and public announcement embargo until released by the Office of the Governor or otherwise notified by HCD staff. HCD will provide updates on the timing of the public award announcement and provide a social media toolkit and a quote from the HCD Director for use in local media releases.

Homekey+ Program, NOFA, Conditional Award Commitment
City and County of San Francisco and Swords to Plowshares – 1035 Van Ness
Contract No. 25-HK+-18685
September 19, 2025
Page 2

The Conditional Award is based on and subject to the Applicant Representations and the Terms and Conditions of Conditional Award, both as further specified and described in this notice of the Conditional Award (the “**Conditional Award Commitment**”). This Conditional Award may only be accepted by timely delivery of a fully executed Acceptance of Terms and Conditions of Conditional Award form to the Department (an executed copy of this form is enclosed herein).

I. Applicant Representations – Basis of Conditional Award

In response to the above-mentioned NOFA, the Awardee(s) submitted an application for grant funding of the Project (that application, and all communications and documentation submitted to the Department in support thereof, the “**Application**”).

The Department is making this Conditional Award to the Awardee(s) on the basis of, and in reliance upon, the representations, warranties, projections, and descriptions that the Awardee(s) submitted as part of the Application (the “**Applicant Representations**”).

The Department may rescind this Conditional Award if the Department discovers, at any time prior to disbursement of the Conditional Award, that the Applicant Representations included material misrepresentations or omissions, regardless of whether or not such misrepresentations or omissions were innocent, unintentional, and/or based upon belief.

II. Terms and Conditions of Conditional Award

TIME IS OF THE ESSENCE IN THE SATISFACTION OF THESE TERMS AND CONDITIONS OF CONDITIONAL AWARD.

The Department may rescind this Conditional Award if any of the terms and conditions enumerated in this Section II (the “**Terms and Conditions of Conditional Award**”) are not timely satisfied. The Terms and Conditions of this Conditional Award and their corresponding timelines are described below.

If the Terms and Conditions of this Conditional Award are timely satisfied, the Department will (i) promptly provide a written notification to the Awardee(s) via electronic mail; and (ii) circulate an executed copy of an STD 213, Standard Agreement, for all appropriate signatures and approvals in accordance with the timeline specified in Section III of this Conditional Award Commitment.

All timelines shall be calculated in calendar days. Any deadline falling on a weekend or State of California holiday shall be extended to the next business day.

Homekey+ Program, NOFA, Conditional Award Commitment
City and County of San Francisco and Swords to Plowshares – 1035 Van Ness
Contract No. 25-HK+-18685
September 19, 2025
Page 3

A. Timely Execution of Acceptance of Terms and Conditions of Conditional Award Form

The Awardee(s) shall execute and deliver a copy of the enclosed Acceptance of Terms and Conditions of Conditional Award to the Department within ten (10) calendar days of the date of this Conditional Award Commitment. The Department will deem this condition to be unsatisfied if it receives an executed Acceptance of Terms and Conditions of Conditional Award that has been substantively modified, altered, or amended in any way. The signed Acceptance of Terms and Conditions of Conditional Award form must be submitted to Homekey@hcd.ca.gov.

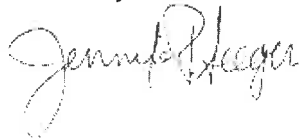
III. Delivery of Standard Agreement

In an effort to be responsive to each Awardee's closing needs and to ensure timely commitment of funds, the Department commits to delivering an executed copy of the Standard Agreement relative to this Conditional Award after receiving all required documents, including all legally sufficient Authorization and Organizational Documents, in connection with this Project and as applicable.

Your contract is assigned to a Single Point of Contact (SPOC), Noah Lane, HCD Representative II, Homekey Branch, at (916) 776-7731 or Noah.Lane@hcd.ca.gov, which will serve as your contact for any and all inquiries related to the development and execution of the Standard Agreement. If this project has previously received funding from HCD, this new award will be referred to the same contact as your previous award to minimize the points of contact from within HCD. You will receive an email from your SPOC upon receipt of your signed Acceptance of Terms and Conditions of Conditional Award. In the meantime, should you have any changes to the status or make up of your project we ask that you communicate these changes as soon as possible to your assigned SPOC.

Congratulations on your successful application. For further information, please contact your SPOC as outlined in Section III above.

Sincerely,



Jennifer Seeger
Deputy Director
Division of State Financial Assistance

Enclosure: Acceptance of Terms and Conditions of Conditional Award form

California Department of Housing and Community Development

**Homekey+ Program
Notice of Funding Availability**

Acceptance of Terms and Conditions of Conditional Award

City and County of San Francisco and Swords to Plowshares ("**Awardees**")
1035 Van Ness ("**Project**")

Homekey+ Program NOFA award totaling \$39,044,030 ("**Conditional Award**"), as detailed below:

Program	Award Amount	Contract Number
Capital Award	\$32,800,000	25-HK+-18685
Relocation Award	\$0	25-HK+-18685
Operating Award	\$2,524,030	25-HK+-18685
Veteran Units Additional Operating Award	\$3,720,000	25-HK+-18685
Homekey+ Award Total	\$39,044,030	

By signing this Acceptance of Terms and Conditions of Conditional Award, the Awardee acknowledges having read and fully understood the terms and conditions of the Conditional Award Commitment, dated September 19, 2025, in connection with the Project.

This Homekey+ Program NOFA award is under a media and public announcement embargo until released by the Office of the Governor or otherwise notified by HCD staff. HCD will provide updates on the timing of the public award announcement and provide a social media toolkit and a quote from the HCD Director for use in local media releases.

In addition, the Awardee(s) must acknowledge that it has reviewed and verified the accuracy of the project report prepared by the Department no later than ten (10) calendar days of the date of this Conditional Award Commitment.

DocuSigned by:
Shireen McSpadden
Shireen McSpadden, Executive Director,
Department of Homelessness and Supportive Housing
City and County of San Francisco

9/25/2025

Date

Tramecia Garner
Tramecia Garner, Executive Director
Swords to Plowshares

9/25/25

Date

**** For HCD Use Only ****

- ☐ Authorized Representatives Verified
☐ All Parties Signed
Date Received: _____

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


651 Bannon St, Suite 400
Sacramento, CA 95811
www.hcd.ca.gov



November 26, 2024

Amended January 31, 2025

MEMORANDUM FOR: Potential Applicants

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

SUBJECT: **Homekey+ Program
2024 Notice of Funding Availability**

The California Department of Housing and Community Development (HCD or Department), in collaboration with the California Department of Veterans Affairs (CalVet), is pleased to announce the **availability of approximately \$2.145 billion of Homekey+ grant funding** through this Notice of Funding Availability (NOFA).

Proposition 1, passed by California voters in March 2024, is a critical step in advancing the state's goals to reduce homelessness and protect our most vulnerable populations through important changes to the Mental Health Services Act (MHSA). Proposition 1 includes the Behavioral Health Services Act (BHSA) and the Behavioral Health Infrastructure Bond Act (BHIBA). Homekey+ is the Permanent Supportive Housing component of the BHIBA.

Homekey+ will support the development of Permanent Supportive Housing for Veterans and individuals with mental health or substance use disorder challenges who are at-risk of or experiencing homelessness. Building on the success of both [Roomkey](#) and approximately \$3.572 billion awarded over three rounds of [Homekey](#), Homekey+ continues a statewide effort to sustain and rapidly expand Permanent Supportive Housing for persons experiencing homelessness.

Like other programs administered by the State of California that serve people experiencing homelessness, Homekey+ requires the use of Housing First, which is an evidenced-based model that quickly and successfully connects individuals and families experiencing homelessness to permanent housing without preconditions and barriers to entry or continued tenancy, such as sobriety, treatment or service participation requirements. With safe, affordable housing, and supportive services to address Behavioral Health Challenges, California's most vulnerable residents will have the foundation they need to thrive.

The Homekey+ funding available in this NOFA is **to provide Permanent Supportive Housing for individuals or households with an individual who is Homeless, Chronically Homeless, or At Risk of Homeless, and who are also living with a Behavioral Health Challenge**. Homekey+ also establishes allocations for Veterans

Homekey+ Notice of Funding Availability

November 26, 2024

Page 2

and for Youth relative to that Target Population. Homekey+ is largely derived from Proposition 1 bond funds established by the BHIBA (AB 531, Chapter 789, Statutes of 2023).

For this NOFA, as detailed in the table below, an estimated \$1.033 billion in Proposition 1 bond funds is available for Veteran-serving Projects. Additionally, an estimated \$1.11 billion is available for Projects serving the Target Populations, of which \$805 million is derived from Proposition 1 and approximately \$307 million is available from the Homeless Housing, Assistance, and Prevention (HHAP) Homekey+ Supplemental funding, made available in the 2023-24 and 2024-25 state budgets.

Description of Project Type	Funds Available
Veteran-serving projects	\$1.033 billion
All other Target Population Projects	\$1.11 billion

Tribal Applicants: Please note that a separate Tribal Homekey+ NOFA of approximately \$121 million for tribal applicants is available on the Department's [Tribal Homekey+ Program website](#).

Homekey+ provides housing to persons with Behavioral Health Challenges. Although Homekey+ largely remains similar to prior Homekey rounds, there are important differences to note. Homekey+ will only fund Permanent Supportive Housing; Interim Housing is no longer an eligible use. Homekey+ Projects are supported by laws that allow for a streamlined, ministerial approval process, provided certain conditions are met. However, it is important to note that these conditions have changed significantly from prior rounds of Homekey, as described in Appendix C. In addition to Appendix C, there are a variety of other development streamlining paths in state law that Applicants may wish to consider, which will be available on the Homekey+ website at the time of application release.

A hallmark of prior rounds of Homekey has been producing housing quickly and cost-effectively, mostly through adaptive reuse. HCD will continue to retain and build upon these principles and will offer funding for Permanent Supportive Housing Projects that incorporate cost-containment strategies in new construction Projects. As with the rest of the Homekey+ NOFA, this new construction cost containment pilot will fund Permanent Supportive Housing only. Homekey+ also introduces new flexibility to fund shovel-ready Projects with prior HCD or other awards in need of gap financing to commence construction. Please see Sections 501 and 502 for the new construction and gap financing requirements.

Homekey+ Projects receiving an Award must complete construction within 12 months, starting 60 days from the date of the Award letter, with the exception of new construction and gap financing Projects, which must complete construction within 24 months, starting 60 days from the date of the Award letter (see NOFA Section 204 for more details on all program deadlines).

Appropriate services, as specified in Section 302 “Supportive Services Requirements”, are critical to serving eligible populations in this NOFA. All applicants will need to demonstrate coordination or efforts to coordinate with the county behavioral health department in their community. In addition, Veteran-serving Projects will need to have cultural competency and experience serving Veterans or commit to completing a certification training to gain these competencies.

Lastly, this NOFA prioritizes Projects that commit to sustainable operations. Applicants are encouraged to discuss operating match capacity and local services partnerships during the required pre-application consultation. The NOFA affords HCD the right to prioritize funding for applications that are complete and commit to greater amounts of operational match, regardless of the order of applications received, as outlined in Sections 400-403.

To receive information on the upcoming Homekey+ NOFA webinar and other updates, please [click here](#) subscribe to HCD’s Homelessness Prevention Programs listserv.

If you want to learn more, Please visit HCD’s Homekey+ website at [Homekey+ | California Department of Housing and Community Development](#) Resources such as guidance and templates mentioned within this NOFA will be published to the website with the release of the Homekey+ Application.

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

Homekey+

2024 Notice of Funding Availability **(AMENDED)**



**Gavin Newsom, Governor
State of California**

**Tomiquia Moss, Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
California Department of Housing and Community Development
651 Bannan St, Suite 400 Sacramento, CA 95811**

Website: [Homekey+ | California Department of Housing and Community Development](https://www.cdhs.ca.gov/Homekey+)
Homekey+ Program Email: Homekey@hcd.ca.gov

November 26, 2024
Amended January 31 2025

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Homekey + Notice of Funding Availability (AMENDED)

Article I. Program Overview

Section 100. Notice of Funding Availability (NOFA)

The California Department of Housing and Community Development (HCD), in collaboration with the California Department of Veterans Affairs (CalVet), is pleased to announce the availability of approximately \$2.145 billion in Homekey+ funding. Homekey+ aims to sustain and rapidly expand the inventory of Permanent Supportive Housing (PSH) for Veterans, young people, and other individuals and their households, with mental health and/or substance use disorder challenges who are at-risk of or experiencing homelessness. All units must be reserved for individuals (and their households, if applicable) with a Behavioral Health Challenge regardless of whether they are serving Veterans, Homeless Youth, or other eligible populations under Title 24 CFR 578.3. Behavioral Health Challenge is defined in the California Welfare and Institutions Code Section 5965.02 to include but not be limited to a serious mental illness, as described in subdivision (c) or (d) of Section 14184.402, or a substance use disorder, as described in Section 5891.5. Enrollment in Medi-Cal or in any other health plan shall not be a condition for accessing housing or continuing to be housed. Please see Article VII of this NOFA under the Behavioral Health Challenge definition for the specific statutory language.

Recent estimates using Point-in-Time Count data from the Turner Center for Housing Innovation show that Black people in California experienced the highest rate of homelessness, about 205 people per 10,000—almost five times higher than the state’s overall homelessness rate of 44 per 10,000. Native Hawaiian and Pacific Islander, Native American and Indigenous, and multiracial people also experienced disparate homelessness rates compared to the state’s overall population. The pandemic made racial disparities even more apparent. California’s homeless population is also aging rapidly, with adults 50+ the fastest growing age group. However, California’s sustained investment in Veterans housing has resulted in significant reductions in the number of Veterans experiencing homelessness. In fact, California had the largest decrease in the country between 2010 and 2022. Homekey+, as with prior Homekey rounds, recognizes these trends and impacts and encourages Applicants to examine disproportionate impacts in their own communities and to develop strategies to address them, particularly for populations experiencing a Behavioral Health Challenge. Pursuant to Welfare and Institutions Code 8255, Homekey+ Projects are required to follow Housing First, which is an evidence-based model that connects homeless persons to permanent housing without preconditions or barriers to entry and continued tenancy, as outlined in Section 504 of this NOFA.

Homekey+ is an opportunity for Local Public Entities, including state and regional entities, to newly construct PSH, or acquire and convert to PSH a broad range of building types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, and manufactured housing.

There is approximately \$2.145 billion in Homekey+ funding that is derived from Proposition 1 bond funds established by the Behavioral Health Infrastructure Bond Act (BHIBA) (AB. 531, Chapter 789, Statutes of 2023), and the Homeless Housing Assistance and Prevention (HHAP) program Homekey Supplemental funding, made available in the 2023-24 and 2024-25 state budgets. For this NOFA, an estimated \$1.033 billion in Proposition 1 bond funds are available for Projects for Veterans with a Behavioral Health Challenge. Additionally, an estimated \$1.11 billion is available for Projects serving all eligible populations, of which, \$805 million is derived from Proposition 1 and approximately \$307 million is available from the HHAP Homekey+ Supplemental funding.

Section 101. Authorizing Legislation and Applicable Law

AB 140 (2021-2022 Reg. Sess.) and AB 531 (2023-2024 Reg. Sess.) provide the statutory basis for the Homekey+ Program. AB 140 added Section 50675.1.3 to the Health and Safety Code (HSC). AB 531 added Section 50675.1.5 to the HSC, and it added Chapter 4 (commencing with Section 5965) to Part 7 of Division 5 of the Welfare and Institutions Code.

AB 531 provides for the funding of Permanent Supportive Housing for individuals or households with an individual who is Homeless, Chronically Homeless, or At Risk of Homeless, and who are also living with a Behavioral Health Challenge. AB 531 also establishes allocations for Veterans and for Youth relative to that Target Population. AB 531 provides that such Homekey+ funds shall be disbursed in accordance with Section 50675.1.3 of the HSC, among other laws. AB 531 further provides an exemption pathway for Homekey+ Projects from the California Environmental Quality Act (CEQA). Please see Section 510 and Appendix C for details on this pathway.

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 HCD, and for the administration of this 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.”

Assembly Bill 129 (Chapter 40, Statutes 2023) and Assembly Bill 166 (Chapter 48, Statutes 2024) established Round 5 and 6, respectively, of the Homeless Housing Assistance Prevention (HHAP). In accordance with HSC Section 50232, subdivision (h), the administration of HHAP 5 funds is not subject to the rulemaking provisions of the Administrative Procedure Act (APA) ((Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code)). In accordance with HSC Section 50239, subdivision (h), the administration of HHAP 6 funds is not subject to the rulemaking provisions of the APA. HCD is utilizing money from HHAP 5 and HHAP 6 to supplement this NOFA. This funding will be awarded to eligible cities, counties, and Tribal Entities pursuing the eligible uses of Homekey+ and meeting the HHAP eligible applicant requirements detailed in Section 200.

This NOFA serves as HCD’s guidelines for the expenditure of Homekey+ funds and the administration of the Homekey+ Program. Under this NOFA, references to “Homekey+” means both the guidelines for Homekey+ funded by Proposition 1 and for HHAP. As such, this NOFA establishes the terms, conditions, forms, procedures, and other mechanisms that HCD 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 May 18, 2023, 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.

California Code of Regulations (CCR) Title 25, Section 42 requires an onsite manager, maintenance, or other responsible person for rental housing of 16 or more units, as specified in Section 302 Supportive Services requirements, of this NOFA.

The following administrative notices, policies, and guidance are hereby incorporated herein by reference and shall be deemed to have the same force and effect as if set forth in full herein:

- HCD's "[Disencumbrance Policy](#)" (Administrative Notice No. 2022-02), dated March 30, 2022, as amended on December 19, 2022, and as may be subsequently amended;
- HCD's "[Negative Points Policy](#)" (Administrative Notice No. 2022-01), dated March 31, 2022, as amended on November 9, 2022 and April 3, 2023, and as may be subsequently amended;
- HCD's "[Repeal of Stacking Prohibition of Multiple Department Funding Sources](#)" (Administrative Notice No. 21-06), dated August 20, 2021, and as may be subsequently amended, with the exception noted in Section 207 Funding Limits; and
- The Program's "Homekey Appraisal Guidelines" and as may be subsequently amended.

The [Uniform Multifamily Regulations](#) (UMRs) (Cal. Code Regs., tit. 25, § 8300 et seq.), effective November 15, 2017, and as subsequently amended, are hereby incorporated by reference, except to the extent that any UMR provision would be inconsistent with the provisions of this NOFA.

All other criteria and matters set forth within the NOFA shall also govern Tribal Entity applications submitted under this NOFA, 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 (Chapter 660, Statutes 2019), which is set forth in HSC §50406, subdivision (p).

Section 102. Program Timeline

Homekey+ funds will generally be available to Eligible Applicants on a continuous, Over the Counter basis, with exceptions noted in Section 400. The following table summarizes the anticipated Homekey+ program timeline. HCD reserves the right to modify the projected timeline at any time.

Table 1: Anticipated Timeline for Homekey+ Applications

NOFA release	November 26, 2024
Stakeholder Webinar	January 2025
Application release	Late January 2025
Final application due date	For gap financing Projects: March 14 <u>April 3</u> , 2025. For all others, May 30, 2025, or until funds are exhausted, whichever occurs first.
Award announcements	Continuous, expected to begin June 2025
Standard Agreements	All required documentation is due no later than 45 days from a Conditional Award letter, with SA execution to occur no later than 90 days from the date all required documentation is received.
Disbursement of funds	Continuous after Standard Agreement execution, satisfaction of all conditions precedent to disbursement, and completion of a request for funds form.
Homekey+ Annual Report	Annually by March 31 st , starting after construction completion.

Article II. Program Requirements

Section 200. Eligible Applicants

Each of the following entities may apply independently, or each entity may apply jointly with a nonprofit or for-profit corporation, a limited liability company (LLC), and/or a limited partnership (LP) as a Co-Applicant. This includes Applicants applying for gap financing. Under California Code of Regulations Title 25, Section 8313.2. HCD permits Co-Applicants to also be Special Purpose Entities (SPEs). A Special Purpose Entity (SPE) is an entity formed to develop, own, and operate a Project while isolating financial risk. The entity's sole asset is the property, and its sole purpose is to own and manage the property or assets. Please see Sections 300 and 301, and Article VII for more information and required SPE documents.

Eligible Applicants include the following, with the exception noted for HHAP in item (iii.):

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

Tribal Entities are eligible under this NOFA but are also encouraged to apply for Homekey+ via a forthcoming Homekey+ Tribal Entity NOFA of approximately \$121 million, to be released under separate cover in November 2024 and available on the Department's [Tribal Homekey+ Program website](#), that will be developed exclusively for and in consultation with Tribes.

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 HCD or a duly authorized designee thereof) with the requirements set forth in this NOFA, HCD 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 pre-application consultation.

- iii. Pursuant to CA HSC Sections 50237 and 50241, HHAP Homekey+ Supplemental eligible applicants are:
 - a. California's 14 largest cities with a population of 300,000 or more as of January 1, 2022.
 - b. California's 58 Counties
 - c. The entities in a. and b. must have:
 - 1. A compliant housing element as defined in Government Code Section 65589.9, at the time a Homekey+ application is submitted; and
 - 2. An approved HHAP regionally coordinated homelessness action plan.
 - d. Tribal Entities

Section 201. Eligible Uses

Awarded funds must be used to provide housing for the Target Population of individuals or households including a person who is experiencing a Behavioral Health Challenge and experiencing or At Risk of Homelessness. Projects targeting funds allocated for Veterans Projects must provide housing for Veteran households including experiencing a Behavioral Health Challenge and experiencing or At Risk of Homelessness.

Nothing in the Homekey+ NOFA precludes Applicants from pursuing Projects that include both Homekey+ and non-Homekey+ units, however, Homekey+ will only fund the units that meet the guidelines of the Homekey+ NOFA.

Prospective Applicants are further advised that Projects may contain a mix of eligible Homekey+ subpopulations, including Veterans, non-Veterans, Homeless Youth, etc.

- i. The list of eligible uses is as follows:
 - a. Acquisition or Rehabilitation, or Acquisition and Rehabilitation, of motels, hotels, hostels, apartments or homes, assisted living residences, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to Permanent Supportive Housing (PSH).
 - b. Master leasing of properties for PSH.
 - c. Conversion of units from nonresidential to residential PSH. (i.e. adaptive reuse) and conversion of Interim Housing to PSH.
 - d. New construction of dwelling units (see Section 501).
 - e. Gap financing (see Section 502).
 - f. The purchase of affordability covenants and restrictions for units.

- g. Relocation costs for individuals who are being displaced because of the Homekey+ Project.
 - h. Capitalized operating subsidies for PSH units purchased, converted, constructed, or altered with funds provided pursuant to HSC Section 50675.1.3.
- ii. Ineligible uses include:
 - a. Interim Housing.
 - b. Existing Homekey Assisted Units, previously awarded under Rounds 1, 2 and 3 of Homekey, are ineligible for funding under this NOFA, with the exception of the following:
 - 1. Previously funded Homekey Projects that will expand to create new PSH units, or
 - 2. Previously funded Interim to Perm Homekey Assisted Units are eligible for gap financing under Section 502 of this NOFA, if the units are currently occupied and need funding to convert from Interim Housing to PSH.
 - c. The Homekey+ program is intended to support the development of PSH units and will not fund congregate shelter.
 - d. Licensed behavioral health care facilities, which may be eligible for Proposition 1 funding through the Department of Health Care Services (DHCS).

Section 202. Eligible Projects

Homekey+ funds Permanent Supportive Housing (PSH) and will require a 55-year affordability term. HCD welcomes and will consider a variety of innovative housing solutions as eligible Projects, including excess state-owned property developments. 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. Conversion of buildings with existing residential or interim uses that will be used to create PSH units.
- iv. Multifamily rental housing Projects.
- v. Scattered site housing on multiple contiguous or non-contiguous sites is permitted as long as the resulting housing has common ownership, financing, and property management.

- vi. PSH units in a shared housing setting. Shared housing is a structure shared by two or more households where each household resides in a separate private bedroom that can be locked and has a lease, with all the rights and responsibilities of tenancy.
- vii. Any of the Eligible Projects above, developed in excess state-owned properties.

Section 203. Allocations and Geographic Distribution

Unless otherwise indicated, all NOFA provisions and scoring criteria shall govern the allocations in this NOFA. HCD will deploy unused funds from any undersubscribed allocation and region to fund applications in the manner described in the Discretionary Reserve. HCD will also redeploy undersubscribed and unused funds, as specified at Section 400 of this NOFA. Table 2 shows the funding available in this NOFA by allocation.

Table 2: Homekey+ Funding Allocations

Allocation (% of appropriation)	Veterans	General Population	NOFA Total
Youth - 8%	\$85,200,000	\$102,320,000	\$187,520,000
Rural - 5%	\$53,250,000	\$63,950,000	\$117,200,000
Discretionary Reserve - 10%	\$106,500,000	\$127,900,000	\$234,400,000
Available for Regions	\$788,100,000	\$817,586,000	\$1,605,686,000
Totals	\$1,033,050,000	\$1,111,756,000	\$2,144,806,000

i. Allocations

a. Youth At Risk of or Experiencing Homelessness

Pursuant to HSC Section 50675.1.3, subdivision (c), HCD shall allocate not less than eight percent (8%) of the Homekey+ funding appropriated, for Projects serving Homeless Youth, or Youth at Risk of Homelessness, as defined in 24 Code of Federal Regulations (CFR) part 578.3.

b. Rural Target Allocation

HCD will allocate five percent (5%) of the appropriated Homekey+ funding for Projects in Rural Area jurisdictions as set forth in HSC Section 50199.21.

c. Discretionary Reserve

HCD will allocate ten percent (10%) of available Homekey+ funds for a Discretionary Reserve to address the following:

1. Covering overages from other allocations, where there are funds available, but the funds are insufficient to fully fund the next eligible Project in the region or allocation.
2. Funding high scoring Projects from oversubscribed regions. Awards will not be made until application period closes to the extent funds are available.

d. Geographic Distributions

Homekey+ aims to equitably offer opportunities throughout the state for Eligible Applicants to apply to this NOFA. After distributing funds to the Homeless Youth, Rural Target and Discretionary Reserve Allocations, this NOFA allocates the balance of the funds geographically. The Homekey+ geographic regions outlined in Table 3 below are largely aligned with California's Councils of Government (COGs).

Each region's share of the Homekey+ allocation is calculated based on its proportionate share of Veterans and other persons experiencing homelessness as indicated by the sheltered and unsheltered 2023 Homeless Point-in-Time Count (PIT), plus each region's proportionate share of Extremely Low Income (ELI) renter households that are paying more than 50 percent of their income for rent (Severely Rent-Burdened), sourcing data from the 2022 American Community Survey (ACS) Integrated Public-use Microdata Sample. In order to most accurately account for need, the regional funding allocations in this NOFA consist of a distribution for Projects serving the general population and a distribution for Veterans. The Veteran PIT and Severely Rent-Burdened figures are deducted from the general population numbers as to not double count Veterans.

Table 3: Homekey+ Geographic Regions

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

Table 4 shows the regional allocations resulting from deducting the Veterans PIT and Veterans who are Severely Rent-Burdened from the general population

numbers. Table 5 shows the regional allocations for units and Projects serving Veterans. Table 6 below shows the total funding available in this NOFA by regional allocation.

Table 4: Homekey+ Geographic Allocation for General Population
***Figures do not include Veterans**

Region	2023 PIT Count*	Severely Rent-Burdened*	Allocation
Balance of State	7,665	22,714	\$28,990,773
Bay Area	34,643	203,285	\$161,667,416
Central Coast	7,138	43,253	\$33,727,136
Los Angeles County	71,236	381,880	\$321,433,030
Sacramento Area	11,455	61,717	\$51,781,757
San Diego County	9,450	95,499	\$56,293,533
San Joaquin Valley	12,499	90,772	\$63,635,222
Southern California	16,247	174,940	\$100,057,133
Total	170,333	1,074,060	\$817,586,000

Table 5: Homekey+ Geographic Allocation for Veterans

Region	2023 Veteran PIT Count	Severely Rent-Burdened Veterans	Veteran Allocation
Balance of State	582	2,277	\$41,923,051
Bay Area	2,013	7,388	\$141,592,331
Central Coast	405	1,252	\$26,847,679
Los Angeles County	4,282	12,382	\$277,863,641
Sacramento Area	752	2,266	\$49,438,314
San Diego County	814	7,939	\$91,905,882
San Joaquin Valley	606	3,781	\$53,520,342
Southern California	1,135	7,763	\$105,008,761
Total	10,589	45,048	\$788,100,000

Table 6: Summary of Homekey+ Regional Allocations (Tables 4 and 5)

Region	Veteran Allocation	General Population Allocation	Total Allocation
Balance of State	\$41,923,051	\$28,990,773	\$70,913,823
Bay Area	\$141,592,331	\$161,667,416	\$303,259,747
Central Coast	\$26,847,679	\$33,727,136	\$60,574,815
Los Angeles County	\$277,863,641	\$321,433,030	\$599,296,672
Sacramento Area	\$49,438,314	\$51,781,757	\$101,220,070
San Diego County	\$91,905,882	\$56,293,533	\$148,199,415
San Joaquin Valley	\$53,520,342	\$63,635,222	\$117,155,564
Southern CA	\$105,008,761	\$100,057,133	\$205,065,894
Totals	\$788,100,000	\$817,586,000	\$1,605,686,000

Section 204. Program Deadlines

Awardees will be subject to the following deadlines, summarized in Table 7. The dates begin 60 days after the Homekey+ Conditional Award letter date to allow time for Standard Agreement execution. If the due date falls on a weekend or holiday, then the due date becomes the next business day after the weekend or holiday. Construction Completion can be proven by a Temporary Certificate of Occupancy, Certificate of Completion, or Contractor scope of work with signed statement of completion. Occupancy completion is proven by Rent Roll or other forms of verification to prove units are occupied.

Table 7: Program Deadlines*

Eligible Uses	Break Ground (if applicable)	Complete Construction	Complete Expenditure	Complete Occupancy
New Construction and Gap Financing	6 months	24 months	27 months	27 months
All other Eligible Uses in Section 201	N/A	12 months	15 months	15 months

*Deadlines begin 60 days from date of Award letter and may only change upon HCD approval.

- i. New construction and gap financing Projects must break ground within 6 months.
- ii. All Eligible Uses in Section 201, except new construction and gap financing, must be completed in 12 months. New construction and gap financing projects must be completed in 24 months.
- iii. Capital Expenditure for all Eligible Uses in Section 201, except new construction and gap financing, must be completed within 12 months. Capital Expenditure for new construction and gap financing must be completed within 24 months. Any project type may request an expenditure deadline extension to Occupancy completion.
- iv. Full occupancy must be achieved 90 days upon completing construction. For acquisition of new construction projects with no Rehabilitation, occupancy must be achieved within six (6) months of acquisition. HCD reserves the right to recommend special conditions for longer occupancy timeframes for large Projects (over 75 units) up to an additional three (3) months.
- v. All Awards for Operating Expenses must be expended within ten (10) years from initial occupancy. HCD may, in its sole and absolute discretion, extend the expenditure deadline up to a total of 15 years.

HCD may, in its sole and absolute discretion, approve an extension of the acquisition, Rehabilitation, construction, and/or occupancy deadlines if the Grantee demonstrates, to HCD's satisfaction, that the relevant delay is caused by reasonably unforeseeable events, conditions, or circumstances. Construction labor shortages and supply chain issues do not constitute reasonably unforeseeable events, conditions, or circumstances for purposes of an extension request. Extension requests shall be submitted in electronic format on a form provided by HCD.

HCD may reimburse eligible costs incurred beginning on March 5, 2024, with the exception of operating costs. Applicants are encouraged to discuss their options at the required pre-application consultation.

Section 205. Capital Award and 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 following: (1) the maximum grant amount, or (2) the sum of the acquisition amount and any additional construction or Rehabilitation expenses, as supported by an appraisal and such other reasonable documentation required by HCD.** 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," as defined in Article VII, refers to units that are available to serve the Target Population after the construction or conversion of the property.

For PSH Projects that are not seeking gap funding under Section 502, HCD will contribute a baseline amount of \$200,000 per door for each Assisted Unit and Manager's Unit. This baseline contribution does not require capital match.

Note that Homekey+ will fund "doors" based upon the number of units at the time of acquisition which may differ from the number of units that are available in the final Project. For those Projects that undergo a conversion, the number of doors may need to be reduced in the Project to accommodate kitchenettes, additional bedrooms, space for Supportive Services, and other amenities.

In situations where units at acquisition are combined to make larger Assisted Units, Awards will be calculated according to the number of doors at acquisition. In situations where multi-bedroom (two or more bedrooms) units at acquisition are divided into smaller Assisted Unit sizes, Awards will default to the number of Assisted Units created after the conversion of the property. Manager's Units may be included in the calculation for the capital Award only.

i. Additional Contribution Amount – Capital Match

Beyond the 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 or more in matching funds, HCD will fund

no more than \$300,000 for an Assisted Unit serving the Target Population. Appendix A shows how maximum funding Awards from Homekey+ vary with different Applicant contribution levels. Capital match may be obtained from any source, including any federal, state, local, private, or philanthropic source.

For the purchase of Affordability Covenants and restrictions, and for master-leasing, HCD may size the Award per door based on a recent market study within the past year which conforms to guidelines adopted by the California 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.

For relocation costs, HCD 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 HCD will pay for \$7,500 of that relocation cost.

Section 206. Operating Awards and Match

Homekey+ will fund a maximum operating grant amount per door, pursuant to the conditions of this Section:

- i. Where an Award for Operating Expenses is requested, the total amount of operating Award per Assisted Unit shall not exceed \$1,400 per month for the duration of the operating Award, as described below.
- ii. The total duration of the operating Award is tied to the amount of the Applicant's fully committed matching funds. Sources are only considered fully committed when an EFC meets the standard in Article VII demonstrating that a contract or commitment of funds is guaranteed at the time of application.
 - a. If Projects can demonstrate a commitment of three years of non-Homekey+ operating funds for Assisted Units, HCD will provide an operating Award sized for up to three years.
 - b. If Projects can demonstrate a commitment of four years of non-Homekey+ operating funds for Assisted Units, HCD will provide an operating Award sized for up to four years.
 - c. If Projects can demonstrate a commitment of five or more years of non-Homekey+ operating funds for Assisted Units, HCD will provide an operating Award sized for up to five years.
- iii. Operating Awards are determined based on need, exclusive of items referenced in subsection (v). The amounts and durations referenced in (i) and (ii) represent maximums. To be eligible to receive an operating Award based on need, the Applicant must submit documentation showing that additional sources of operating funding were sought but were unavailable to support Project operations. The Applicant must demonstrate that they:

- a. Identified all possible federal, state, and local sources of rental assistance and other operating assistance to support operating the Assisted Units; and
 - b. Submitted unfunded applications or other written requests to the appropriate entity to secure Project-based rental or other operating assistance to support operating the Assisted Units; or
 - c. Can provide other evidence from the appropriate entities that rental assistance and other operating assistance is not available to support operating the Assisted Units.
 - d. Applicants must also commit to continuing to seek operating funding in future years as funding becomes available. Applicants are encouraged to collaborate with their county behavioral health department to secure housing intervention services funded by the Behavioral Health Services Act, which becomes available in July 2026.
- iv. Awards for Operating Expenses may pay for a Project's necessary, recurring Operating Expenses in an amount approved by HCD. Operating Expenses should be included in the Project's submitted budget. Qualifying expenses can include a variety of expenses such as utilities, maintenance, management fees, taxes, licenses, and Supportive Services costs.
- v. Awards for Operating Expenses shall not pay for the following expenses:
 - a. Costs associated with non-Assisted Units, including Manager's Units.
 - b. Debt service.
 - c. UMR-required reserve account initial and/or annual deposits.
 - d. Deposits to reserves beyond those required by HCD under the UMRs, including reserves required by other Project financing sources.
 - e. Distributions.
 - f. Developer fees.
 - g. Under no circumstances may Homekey+ operating funds be used for or in connection with a limited partner buyout, substitution, or assignment of ownership interest.
- vi. The Homekey+ funded portion of the Award for Operating Expenses must be expended no later than ten (10) years from initial occupancy as per Section 204, with the Grantee establishing a capitalized operating subsidy reserve (COSR) and expending the eligible Operating Expenses, as outlined in this

NOFA. HCD has the sole right to extend the expenditure deadline up to a total of 15 years. The deposit of the Homekey+ Award for Operating Expenses into the COSR does not count as expended.

- vii. Eligible Applicants are required to demonstrate a minimum three (3)-year commitment to provide operating funds for the proposed Project to qualify for the Homekey+ Award for Operating Expenses. As noted in (ii.), additional local match may result in additional Homekey+ funding, for a period up to five (5) years. Eligible Applicants may include funds from the Homekey+ Award for Operating Expenses in the Project budget for up to ten years from occupancy, as described in (vi.). Non-Homekey+ sources may be obtained from any source, including any federal, state, local, private, or philanthropic source. Applicants are encouraged to consider:
 - a. HUD funded Project-based Vouchers (PBV), Housing Choice Vouchers (HCV), and Veterans Affairs Supportive Housing (HUD-VASH) Vouchers;
 - b. Mainstream Vouchers;
 - c. Foster Youth to Independence Vouchers (FYI);
 - d. Faircloth to Rental Assistance Demonstration (RAD) conversions;
 - e. Homeless Housing Assistance and Prevention Program (HHAP) funding;
 - f. Permanent Local Housing Allocation (PLHA) funding;
 - g. Transitional Housing Program (THP) or Transitional Housing Program Plus (THP-Plus) funding;
 - h. Mental Health Services Act (MHSA) funding;
 - i. Behavioral Health Services Act (BHSA) funding; and
 - j. HOME-ARP funding.

The preceding list of potential match sources is not exhaustive. Operating match requirements and the Project's potential match sources will be discussed during the required pre-application consultation.

Additionally, the following requirements apply to operating match contributions:

- viii. 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
- ix. If 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. Funding Limits

- i. In addition to the funding limits described throughout this NOFA, Homekey+ will implement additional funding limits as follows:
 - a. Any Co-Applicant that is not an Eligible Applicant will be limited to a maximum of four (4) Homekey+ Awards. At the sole discretion of the Director of HCD or the Director's designee, requests for an exemption to this limit may be approved based on factors including, but not limited to, CalVet consultation as applicable, Co-Applicant capacity and Co-Applicant performance on prior HCD awards.
 - b. Per Project Funding Limit:
 1. Single Family Scattered-Site Projects shall be limited to \$10 million total per Project, as detailed in Section 303.
 2. For other Projects, exclusive of gap financing projects described in Section 502, no more than \$35 million in total HCD sources may be used per Project.

The Project funding limits applies to Homekey+ capital and operating funds, and to all HCD sources of permanent loans for onsite development costs and operating costs. Grants from other HCD programs are excluded from this per Project funding limit.

At the sole discretion of the Director of HCD or the Director's designee, with CalVet consultation as applicable, per Project funding limit requests in excess of \$10 million for Single Family Scattered Site Projects and \$35 million for all other Projects, may be approved as an exemption to the Project funding limits, if the Project uniquely advances state policy priorities, is high scoring, is located in high or highest resource areas as identified in the [2023 Opportunity Maps – Adopted January 2023](#), and/or is located in a high-cost region. Applicants asserting the Project is in a high-cost area shall provide data from HUD, the United States Census Bureau, or another authoritative source to validate the assertion. All exemption requests shall not exceed ten percent (10%) above the per Project funding limit.

To request an exemption to the limits in 1 and 2, Applicants must submit justification at the time of application. The justification will be reviewed with the application package in accordance with Section 400. A form to request an exemption will be available on the Homekey+ website when the Homekey+ application is released.

- ii. HCD's [Repeal of Stacking Prohibition of Multiple Department Funding Sources memo](#) (Administrative Notice Number: 21-06), dated August 20, 2021, is hereby incorporated by this reference as if set forth in full herein, and it shall be applicable. Applicants must ensure that all HCD funding sources in the Project

are represented pursuant to the memo. Homekey+ Awards shall not be layered with other HCD funding sources in a manner that causes either the per unit or total Project funding to exceed the total development cost.

- a. Projects applying under gap financing Section 502, are excluded from the limits within the memo.

Section 208. Affordability Covenant

The Grantee shall duly encumber all Projects with a 55-year Affordability Covenant for Permanent Supportive Housing 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 Homekey+ Program Requirements, (c) duly names HCD as a third-party beneficiary with the right and privilege, but not the obligation, of enforcement thereof, (d) incorporates the Homekey+ Program Requirements by reference, and (e) is otherwise in form and substance acceptable to HCD.

No exceptions will be made to the requirement to record the Affordability Covenant in first position.

The Affordability Covenant must be approved by HCD prior to disbursement and recorded as part of the escrow transaction. Upon its execution, the Affordability Covenant shall be binding, effective, and enforceable against all successors, transferees, and assignees, and it shall continue in full force and effect for a period of not less than 55 years after a certificate of occupancy or its equivalent has been issued for the Project, or if no such certificate is issued, from the date of initial occupancy of the Project.

Permanent Supportive Housing Projects located on Tribal trust land shall be duly encumbered with an Affordability Covenant containing all of the terms listed above excepting that they shall have an initial term of 50 years to match the period of affordability restrictions under the Low-Income Housing Tax Credit (LIHTC) program, commencing with the date of recordation of HCD's Affordability Covenant. Prospective applicants are advised to also review the Tribal Entity Homekey+ NOFA for Tribal applicants, which may have different requirements.

Article III. Threshold and Scoring Criteria

Section 300. Threshold Requirements

To be eligible to receive Homekey+ funding, all applications must meet the threshold requirements of this Section. HCD reserves the right to request clarification of unclear or ambiguous statements made in an application and other supporting documents.

- i. Applications may be submitted independently by an Eligible Applicant, as defined in Section 200 and Article VII. Alternatively, each Eligible Applicant may apply jointly with a Co-Applicant, as specified. No additions of Co-Applicants or special purpose entities will be considered subsequent to the date of application, including after Standard Agreement execution.
- ii. Projects must serve persons qualifying or households that include persons qualifying as members of the Target Population.
- iii. Applicants must submit a completed application workbook with all worksheets, documents and supplemental information.
- iv. Applications must include a Project-specific Supportive Services Plan, that shall be consistent with any representations made in the application, and it shall meet the Homekey+ Program Requirements noted in NOFA Section 302.
- v. Project Ownership Structure submitted with the application workbook that demonstrates the relationship of the Applicants, Co-applicants, and Project entities within the ownership structure.
- vi. Required documents from each Eligible Applicant and Co-Applicant as applicable, including but not limited to:
 - a. A duly executed resolution authorizing the entity to apply for funds and to participate in the Homekey+ Program in connection with each discrete Project; attested to by a person other than the person identified as the authorized signatory. If there is more than one authorized signatory identified, state whether one or all signatories are required to submit and execute program documents. 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. The resolutions should materially comport with the Homekey+ resolution templates that will be available on the Homekey+ [website](#) when the application is released.
 - b. Organizational documents supporting the resolutions submitted with the application. Eligible Applicants are exempted from this requirement. Notwithstanding the foregoing, HCD reserves the right to request additional documentation at any point to verify any entity's authority and/or organizational structure. For a complete list of organizational documents, refer to Appendix B.

- vii. Applicants shall provide a written non-discrimination policy that complies with the requirements in Section 508.
- viii. Applications shall provide a statement how the Project will address equity that must answer the following question: What specific actions will the Applicant take to ensure equitable access to housing and services for groups that are overrepresented among residents experiencing homelessness in its jurisdiction and region? Examples of what applicants should consider include race, ethnicity, age (e.g. youth, elderly), disability status, LGBTQ+ status, etc. The response shall reference the latest Continuum of Care (CoC) Homelessness Management Information System (HMIS) demographics data to explain. Please see the Homekey+ [website](#) for the template at the time of Application release.
- ix. Applications shall provide a statement how the Project will engage the Target Population that must answer the following question: How did/will the Applicant engage with the Target Population to inform the design of the Project operations and Supportive Services? Please see Homekey+ [website](#) for guidance documents at the time of Application release.
- x. The Applicant 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 Applicant's title and interest in the property shall be subject to HCD's approval. Site control may be evidenced by one of the following:
 - a. Fee title, evidenced by a current title report dated within 90 days of application submission showing the Applicant holds fee title, or for Tribal trust land, a title status report (TSR) or an attorney's opinion regarding chain of title and current title status.
 - 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 Homekey+ 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 fully executed 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 HCD, 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, HCD may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow.

- g. Other forms of site control that give HCD 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, lot split or other local approvals for Permanent Supportive Housing, include a commitment and plan to facilitate or expedite those processes, to not delay expenditure and occupancy requirements.
- xi. Applicants shall provide a preliminary title report for each site, dated within 90 days of application submission.
- xii. Applicants shall provide a detailed development plan that supports acquisition of a site, completion of Rehabilitation or construction, occupancy, and fund expenditure before all program deadlines, factoring in entitlements, permits, procurement, potential construction delays and supply chain issues, and demonstrates evidence of strong organizational and financial capacity to develop the Project. Please see Homekey+ [website](#) for guidance at the time of application release.
- xiii. Applicants shall provide an appraisal prepared no earlier than 12 months prior to application submission date for all Projects seeking acquisition funds from Homekey+ or if property value will be used as local match. The appraisal must comply with the Homekey+ requirements outlined in the Homekey+ Appraisal Guidance document, which will be available on the Homekey+ [website](#).
- xiv. All Projects seeking funding for Rehabilitation must submit the following:
 - a. Rehabilitation narrative of current condition of structure(s) and overall scope of work; and
 - b. Physical Needs Assessment (PNA) or equivalent prepared by a qualified independent third-party contractor and dated within 12 months prior to application submission.
- xv. For Projects seeking funding for master leasing and purchase of Affordability Covenants, Applicant shall provide a market study prepared no earlier than 12 months prior to application submission which conforms to TCAC guidelines, and/or a rent roll, and/or other supporting documentation.
- xvi. All Projects seeking funding for Rehabilitation and new construction are

required to submit a Phase I Environmental Site Assessment (ESA) which was prepared or updated no earlier than 12 months prior to application submission.

- xvii. 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. An Applicant's unsupported conclusion that relocation law does not apply or that the Project Site is vacant does not sufficiently demonstrate such consideration and engagement. The Applicant must support any representation that relocation law does not apply or that the Project Site is vacant by including either an explanation that supports this representation or supporting documentation that establishes that the property is vacant. This Relocation Assistance Narrative will be evaluated by HCD to determine whether a relocation plan is required by law or whether a certificate of no-relocation can be issued. The Relocation Assistance Narrative does not take the place of these two documents. Grantee shall submit either a relocation plan or a certificate of no-relocation as a condition of disbursement. See Section 507 and Homekey+ [website](#) for more information and template, which will be uploaded when the application is released.

Applicant's Relocation Assistance Narrative shall include or identify the following:

- a. A diagrammatic sketch of the Project site that illustrates the boundaries of the Project Site and all existing improvements thereon.
- b. Clear, recent, high-resolution photographs of the Project site and all improvements thereon (e.g., exterior and interior photos of the 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.
 1. 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.
 2. 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 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.
- xviii. Enforceable Funding Commitments (EFCs) as defined by Article VII (xvii) for:
- a. Development costs with specific funding sources, including federal, state, local, private, or philanthropic sources for the proposed Project.
 - b. Rental subsidies, operations, and service costs with specific funding sources, including federal, state, local, private, or philanthropic sources for ongoing sustainability. For projects applying for a program operating Award (see Section 206) EFCs must be fully committed to match the numbers of years of the operating award. Please see Section 305(3)(a) for potential points and the Homekey+ [website](#) for EFC templates, which will be posted at the time of application release.
- xix. The Eligible Applicant or Co-Applicant applying for Homekey+ funding is the entity that HCD relies upon for experience and capacity, and will control the Project during acquisition, development, and occupancy. The Eligible Applicant or Co-Applicant shall demonstrate the following minimum experience and capacity 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 10 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 LSP shall have three or more years of experience serving persons of the Target Population. If a property

manager or LSP 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. Statement confirming experience administering a Project in accordance with the core components of Housing First (Welfare and Institutions Code Section 8255).
 - d. Current capacity to develop, own, and operate the proposed Project. For purposes of satisfying this requirement, an Applicant has “capacity” if it has adequate staff, capital, assets, and other resources to efficiently meet the operational needs of the Project; to maintain the fiscal integrity of the Project; and to satisfy all legal requirements and obligations in connection with the Project. Evidence of Permanent Supportive Housing experience and capacity must be reasonably acceptable to HCD in form and substance.
- xx. The Eligible Applicant and all Co-Applicants shall attend a pre-application consultation with HCD prior to applying, as required in Section 401.
- xxi. One-for-one replacement of assisted housing:
- a. If the acquired housing or site is to be redeveloped/repositioned as part of the Local Public Entity'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 acquired units will be subsequently combined to add kitchens, create larger units, and/or create units with additional bedrooms, the Applicant will provide such information in the application and ensure an approximate equivalence of square footage available for the benefit of Project residents.
 - c. If the acquired 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.
 - d. The application shall include a site map indicating the original acquired housing location and all proposed housing location(s). If all proposed housing will be located within the neighborhood, no additional documentation is necessary.
 - e. If replacement housing is proposed outside the neighborhood of the acquired site, the application must also include a justification explaining why it is necessary to locate this replacement housing outside the neighborhood of the acquired site (i.e., offsite) and how doing so supports

and enables the Target Population to maintain housing.

Section 301. Additional Application Materials

In addition to requirements detailed in Section 300, to be eligible for Homekey+ funding, an application shall demonstrate to HCD the following:

- i. 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 HCD Awards may, in HCD's reasonable discretion, fail threshold review. A Certificate of Good Standing, dated within 30 days of application due date, must be submitted with the application.
- ii. Completed Certification and Legal Disclosure Statement
- iii. Signature Block for all Applicants entities in Word Format
- iv. Payee Data Record STD204 (except for Eligible Applicants)
- v. Taxpayer Identification Number (FI\$Cal TIN Form)
- vi. EIN Verification (IRS form SS-4) (except for Jurisdictions)
- vii. Tax-Exempt State from IRS or FTB (if applicable)
- viii. CEQA Determination (if applicable)
- ix. NEPA Authority to Use Grant Funds (if applicable)
- x. Phase 2 Environmental Report if needed as stated in Phase I ESA report (if Applicable)
- xi. A letter from the local county behavioral health department describing the support for the Project (capital, operating or service commitments, referrals, stakeholder collaboration, etc.). If the letter can't be secured, Applicant must describe efforts to obtain the letter.

Section 302: Supportive Services Requirements

To be eligible to receive funding, all applications must include a Project-specific Supportive Services plan, that shall be consistent with any representations made in the application, and it shall meet the Homekey+ Program Requirements. HCD in its sole discretion shall make the determination (1) if the Supportive Services plan is sufficiently complete to pass threshold and (2) if the Supportive Services plan and property management plan is compliant with Housing First and other evidence-based practices for each unique Target Population served by the Project. For example,

Projects serving Veterans must incorporate evidence-based practices specific to Veterans. Applications must include:

- i. A description of the Supportive Services to be offered, how frequently each service will be offered or provided depending on the nature of the service, who is anticipated to be providing the services, and the location, whether on or off-site, and general hours of availability of the Supportive Services. Applicants must ensure that the Supportive Services are made available to Homekey+ tenants in a manner that is voluntary, flexible, and individualized, so Homekey+ tenants may continue to engage with Supportive Services providers, even as the intensity of services needed may change. Furthermore, access to or continued occupancy in housing cannot be conditioned on participation in Supportive Services or on sobriety. Adaptability in the level of services should support tenant engagement and housing retention. Behavioral health treatment services co-located onsite of Homekey+ Project sites are allowable however, tenants in Homekey+ funded housing cannot be mandated to receive behavioral health services as a condition of housing, pursuant to Housing First.
 - a. The following Supportive Services shall be made available to Homekey+ tenants based on tenant need. The lead service provider for the Project shall coordinate the provision of, referral, or linkage to services needed by individual tenants. The following required services must be provided onsite at the Project or offsite at another location easily accessible to tenants. Easily accessible to tenants means access does not require walking more than one-half mile and shall include a plan and budget for transportation to off-site Supportive Services where tenants are not able to walk less than one-half mile:
 1. A Lead Service Provider (LSP) meeting the experience requirements described in Section 302(c) of this NOFA should be selected prior to application submittal. If the LSP has been selected, a formal commitment must be established and maintained between the Applicant and the LSP. The commitment may be a commitment letter(s) or MOU, and must detail roles and responsibilities of all parties and must be consistent with organizational charts and the property management plan detailed in Section 302(ii). If the LSP has not been selected at the time of application submittal, the commitment must be submitted to the Department prior to Standard Agreement execution. If the LSP and Applicant are the same organization, the Applicant shall provide a document signed by an authorized signatory defining roles and responsibilities in implementing all elements of the Supportive Services plan. Designated Supportive Services staff shall not also be property management staff. HCD may request additional information to further demonstrate the distinction between roles (see Section 305 for potential points). In the event of a change to the LSP, the Applicant or Grantee shall provide the new formal commitment to the Department no later than 30 days after the date that the new LSP

commits Supportive Services to the Project.

2. Case management performed by a Case Manager, as defined in Article VII. Definitions. For Projects with Assisted Units serving Target Populations that require intensive services, specifically including high acuity Homeless and Chronically Homeless populations, services to be provided must include at a minimum, on-site comprehensive case management as well as on or off-site mental health care, physical health care and substance use services. Where one or more of the Restricted Units are limited under HCD Regulatory Agreements to occupancy, comprehensive case management shall be provided with staffing at ratios of full-time Case Managers directly providing services to tenants, as indicated below in Table 8.

Table 8: Required Caseload Ratios

Population	Minimum Ratio
Homeless Youth, or Youth at Risk of Homelessness	1:15
Chronic Homelessness	1:20
Disability Homelessness	1:25

3. Peer support activities, including 24/7 telephone, online, or in- person support.
4. Mental health care, including but not limited to assessment, crisis counseling, individual and group therapy, and peer support groups.
5. Substance use services, including but not limited to treatment, relapse prevention, and peer support groups. NOTE: Co-locating outpatient behavioral health treatment services onsite of Homekey+ Project sites are potentially allowable however, tenants in Homekey+ funded housing cannot be mandated to receive behavioral health services as a condition of housing, pursuant to Housing First. Additionally, these outpatient services should be available to individuals outside of Homekey+ housing to prevent creating unlicensed residential Mental Health or Substance Use Disorder treatment programs.
6. Support in linking to physical health care, including but not limited to access to routine and preventive health and dental care, medication management and medication assisted treatment, and wellness services.
7. Benefits counseling and advocacy, including but not limited to assistance in accessing and maintaining SSI/SSD, enrolling in and maintaining Medi-Cal and CalFresh;

8. Veteran serving projects shall coordinate, or make efforts to coordinate, with the applicable County Veteran Service Officer for benefits counseling and advocacy
9. Basic housing retention skills (including but not limited to unit maintenance and upkeep, identifying safety concerns in the unit, understanding lease terms, and money management).
10. Supportive Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above.
11. Recreational and social activities, including peer-led groups and events.
12. Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable accommodations in the education process.
13. Employment services, such as supported employment, job readiness, job skills training, job placement, and retention services, or programs promoting volunteer opportunities for those unable to work, and
14. Obtaining reasonable access to other needed services, such as legal services, or access to food and clothing.
15. Projects serving 16 or more units in a single site must include an onsite manager, maintenance, or other responsible person, as required by California law 25 CCR §42. Applicants seeking an exemption from this requirement must demonstrate that they will provide an equivalent number of desk or security staff, who are not tenants, capable of responding to emergencies for the hours when property management staff is not working.
16. Physical health care, including but not limited to access to routine and preventative health and dental care.
17. Potential out-placements, should they become appropriate alternatives for current Homekey+ residents, either because a higher level of care is required (i.e., residential treatment facilities and hospitals), or because Permanent Supportive Housing is no longer required (i.e., other affordable housing or market rate housing).
18. Representative payee.
19. Legal assistance.

20. Attendant care.
 21. Adult day care.
 22. Parenting education, childcare, and family legal and counseling services including, but not limited to, family reunification.
 23. Financial counseling, and
 24. Domestic violence support, including but not limited to access to temporary shelter, family and individual counseling, and legal support.
- b. Applicants shall provide and maintain written policies and procedures covering:
1. Payment of rent by residents during periods of hospitalization.
 2. Coordination with property management for resolution of complaints from tenants or on behalf of tenants.
 3. Use of best practices in service delivery for each unique Target Population served by the Project, including but not limited to critical time intervention; trauma-informed care and de-escalation; motivational interviewing; peer support; case conferencing; and providing care in a culturally competent manner.
 - i. Supportive Services for Youth Assisted Units must also include 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.

Youth Assisted Units occupied by a tenant over age 25 shall be replaced with a comparable unit in the same Project, if available. When a tenant older than 25 moves out of a unit restricted for Youth, the Youth Assisted Unit shall go back to serving Homeless Youth.
 4. Initial and ongoing staff training in all of the above, and in the operator's program philosophy, values, and principles.
 5. Description of each unique Target Population to be served by the Project, and identification of any additional subpopulation target or occupancy preference for the Homekey+ Project that the Applicant wishes to undertake beyond what is permitted under the Target Population requirements.

- c. The property manager and LSP shall have three or more years of experience serving persons of each unique Target Population of people with Behavioral Health Challenges. If a property manager or LSP 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 (MOU) (see Section 305 for points awarded). If the property management and/or LSP has three or more years serving persons experiencing homelessness, but not Veterans experiencing homelessness, HCD in its sole discretion may deem the property manager and/or LSP to have met this requirement, provided the property manager and/or LSP agrees to completing a training provided by CalVet.

Projects with Youth Assisted Units must jointly apply and/or partner with a nonprofit corporation(s), including community-based organization(s), with at least three years of experience serving current or former Foster Youth, Homeless Youth, or Youth at Risk of Homelessness.

- d. A tenant engagement plan (i.e., plan to encourage voluntary tenant participation in services as well as in community building, such as resident councils or similar forums) including a description of tenant outreach, engagement and stability strategies to be used. A tenant satisfaction survey shall be conducted at least annually to inform and improve services, building operations, and property management. Applicant shall make tenants aware of when summary of survey data will be prepared and shall share the results with tenants.
- e. A description of plans and measures to ensure the safety and security of residents and staff (e.g., guest and visitor policies, policies on the violation of safety rules, staff training, and building design features intended to promote security);
- f. For Supportive Services provided offsite, the plan must describe what public or private transportation options will be offered to tenants in order to provide them reasonable access to these services. Reasonable access is access that does not require walking more than one-half mile. Reasonable access shall include a plan and budget for transportation to off-site Supportive Services where tenants are not able to walk less than one-half mile.
- g. Description of how the Supportive Services will be culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, gender expressions, age, and disabilities. This includes explaining how services will be provided to Homekey+ tenants who do not speak English, or have other communication barriers, including sensory and/or cognitive disabilities, and how communication among the LSP, the property manager and these tenants will be facilitated. The services need to include reasonable accommodation and auxiliary aids and services for effective communications.

- h. A staffing plan with staffing levels sufficient to meet the needs of each unique Target Population served by the Project and in accordance with section 302(ii)(a)(1).
 - i. Estimated itemized budget, and sources of funding for Supportive Services.
 - j. Identification of outcome measures to be tracked, description of the data to be collected for each measure, and explanation of the methods for data collection and entry. Sample forms may be requested by HCD.
 - k. Other information and documentation needed by HCD to evaluate credentials of the proposed LSP and the Supportive Services to be offered for consistency with the Program.
 - l. HCD may request necessary updates to the Supportive Services plan or related documents, including fully executed written agreements. All updates must be approved prior to occupancy as determined by milestones listed in the Standard Agreement. Grantees who fail to provide all requested updates by Standard Agreement Execution shall be subject to withholding a portion of the Homekey+ Award until the Supportive Services plan is approved by HCD.
- ii. Property management and tenant selection policies submitted with the Homekey+ application will be evaluated for the following, consistent with state Housing First requirements and any other state and federal fair housing laws as applicable. These documents must identify and describe alignment with Housing First tenant screening, selection, and other practices consistent with Welfare and Institutions Code Section 8255(b). The descriptions of the use of Housing First and tenant selection in this Supportive Services plan shall be consistent with the property management and tenant selection policies. Applicants should review Assembly Bill No. 1991 (Chapter 645, Statutes of 2022) to inform the Project's property management and tenant selection policies. The property management and tenant selection policies should address the following and be consistent with state Housing First requirements, as well as other Homekey+ Program Requirements:
- a. Applicant eligibility and screening standards including identification of any and all roles in screening activities, including third-parties, and a clear description of those roles. This should include the process for verifying tenants have a Behavioral Health Challenge or suspected Behavioral Health Challenge. Verification can be from county behavioral health staff, qualified supportive service staff, etc.
 - b. Confidentiality.
 - c. Substance misuse policy.
 - d. Compliance with harm reduction principles.
 - e. Communication between property manager and LSP staff, as well as the

Project owner.

- f. Eviction policies and eviction prevention procedures, including how property management and LSP staff will work together to prevent evictions.
- g. 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.
- h. How potential tenants and in-place tenants will be assisted in making reasonable accommodation requests, in coordination with the LSP and persuasive to outside entities, such as Housing Authorities, to ensure that persons with disabilities have access to and can maintain housing.
- i. Policies and practices to facilitate voluntary moving on strategies.
- j. Emergency plan for onsite emergencies and natural disasters.
- k. Appeal and Grievance Procedures to include how tenants are made aware of these procedures.

Section 303. Single-Family Scattered Site Housing Requirements

HCD may Conditionally Award up to \$10 million per Single-Family Scattered Site Project for acquisition, Rehabilitation, and an Award for Operating Expenses. Applications may include up to five (5) sites each. Additional funding may be approved at the discretion of the Director or his/her designee, as specified in Section 207. Applicants for this Project type must meet all requirements identified in Homekey+ NOFA Sections 202(vi), 202(v), and UMR Section 8303(b). Additionally, applications must:

- i. Submit all documents required in Article III with the following exceptions:
 - a. Eligible Projects under this Project type must meet the following threshold requirement, sixty (60) days from the date of the Conditional Award to be considered for an Award. Failure to meet this requirement will rescind the Conditional Award.
 - 1. Evidence of site control for each site, as defined in Section 300(x).
 - 2. A preliminary title report for each site, dated within 60 days of submittal, as defined in Section 300(xi).
 - b. Eligible Projects under this Project type must meet the following threshold requirements, ninety (90) days from the date of the Conditional Award to be considered for an Award. Failure to meet these requirements will rescind the Conditional Award.

1. Relocation Assistance Narrative, as defined in Section 300(xvii).
 2. Appraisal for each site, as noted in Section 300(xiii).
 3. All Projects seeking funding for Rehabilitation must submit the following, as noted in Section 300(xiv):
 4. Rehabilitation narrative of current condition of structure(s) and overall scope of work; and
 5. Physical needs assessment (PNA) or equivalent evidence of Rehabilitation costs prepared by a qualified independent third-party contractor for each site.
 6. All Projects seeking funding for Rehabilitation and new construction are required to submit a Phase I ESA or equivalent, as noted in Section 300(xvi).
 7. One-for-one replacement of assisted housing, as defined by Section 300(xxi), including a site map, as defined in Section 300(xxi)(d).
 8. Meet the minimum points score required in Section 305 of 100 points.
- c. Eligible Projects under this Project type must submit updates to the following threshold documents, previously submitted at the time of application as required by Article III, ninety (90) days from the date of the Conditional Award to be considered for an Award. Updates are limited to those pertaining to the identification of Project sites. Failure to meet these requirements will rescind the Conditional Award:
1. Authorizing resolutions, as defined in Section 300(vi)(a);
 2. Supportive Services Plan including budget, as defined in Section 302.
 3. Overview of plan and timeline for any required entitlements, permits, and environmental clearances, as defined in Section 300(xii) and supported by updated Local and Environmental Verification forms for each site, as required by the application;
 4. Equity statement, as defined in Section 300(viii).
 5. Engaging the Target Population statement, as defined in Section 300(ix).
 6. Development plan, as defined in Section 300(xii).
 7. Rehabilitation description, as defined in Section 300(xiv).

8. Enforceable Funding Commitment(s), as defined in Section 300(xviii) and Article VII.
9. Application workbook updates. Including unit mix, development and operating budgets, and all other necessary areas to complete the application package, as defined in Section 300(iii).
10. All Grantees must coordinate disbursement of funds into an escrow account. Funds shall only be disbursed once all special conditions of disbursement are satisfied and HCD has determined that the Project has sufficiently demonstrated the unification of all sites into one Project, with a single owner and property manager.

Section 304. Recording, Income and Underwriting Requirements

- i. 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 Project, Applicants must identify committed sources for the non-Homekey+ units. The non-Homekey+ units are not required to serve the Homekey+ Target Population and may therefore be restricted at higher AMI levels, which may help promote Project feasibility.
- ii. If, at the time of acquisition, an existing tenant's household income is at or below 50 percent AMI, 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+. An Applicant may not include units in the Homekey+ application intended for Veterans if the existing tenant household is not a Veteran or a member of a Veteran's household. 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 at the time of acquisition. 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 at or below 50 percent AMI or Target Population will be required of the Applicant.
- iii. At year 15 from the recordation of the Affordability Covenant, in circumstances where the Grantee has not waived their right and Grantee has exhausted available operating funding and demonstrated to HCD that the Project is no longer feasible, HCD 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.
 - a. HCD 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, HCD 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 households with an individual with Behavioral Health Challenges and who are Homeless or who are At Risk of Homelessness, as defined in 24 CFR part 578.3. Such restriction shall run for 55 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 Affordability Covenant to cover operations and service costs for the Project with specific funding sources (government/philanthropic/private).
- vi. As described in Section 101, the Project shall comply with the UMRs (Cal. Code Regs., tit. 25, § 8300 et seq.), to the extent those regulations are consistent with Homekey+ requirements, and shall meet the following Homekey+ underwriting requirements:
 - a. In analyzing Project feasibility, Projects planning to use Tenant Based Vouchers (TBV) for rental income/subsidy sources shall limit projected TBV revenue sources to no more than 50% of the Project's assisted housing units in the application. Nothing in this NOFA shall be construed to conflict with or limit the operation of state law prohibiting discrimination against tenants based on source of income. Refer to section 508 for non-discrimination policy requirements.
 - b. Projects that do not have debt service, Project cashflow shall not exceed 12 percent of Operating Expenses in the first 15 years of operations.

Section 305. Scoring Criteria

In addition to meeting the other minimum Homekey+ Program Requirements outlined in Article III, Applicants must score a **minimum of 100 points to be eligible for funding**. Points earned from the application scoring criteria will be incorporated into the project report and the Standard Agreement. Applicants should select criteria based on what accurately represents the Project and is achievable. By earning these points, the Applicant commits to the deliverable throughout the tenure of Homekey+ Project. Scores will be based on the following:

Table 9: Homekey+ Application Scoring Criteria

Categories and Maximum Point Scores	Evaluation Criteria
1. Site Control (Up to 20 points)	<p>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)</p> <ul style="list-style-type: none">- Fee title (20 points)- Leasehold (20 points)- Option agreement/sales contract (20 points)- Exclusive negotiating agreement (15 points)- Letter of intent (15 points)- Other forms approved by HCD (10 points)
2. Cost Containment (Up to 15 points)	<p>a. For any Project where the average total cost per Assisted Unit is below baseline per door of \$200,000, one (1) point will be assigned for every \$10,000 under the baseline amount. (up to 10 points)</p> <p>b. Utilizing Publicly Owned Land: 5 points will be awarded to Project that is located on a site selected under Excess Sites (Executive Order N-06-19) or any land declared as Surplus Land by a local agency. (5 points)</p>

3. Sustained
Operating
Leverage

(Up to 45 points)

Documented commitment of non-Homekey+ rental or operating subsidies (including funded services) that will be used to maintain the ongoing affordability and sustainability of operations of the Project. Sources include, but not limited to, Project-based vouchers, VASH vouchers, Mainstream vouchers, Faircloth to RAD conversions, tenant-based vouchers, or locally funded rental assistance. **(up to 45 points)**

a. Score is based on weighted subsidy type, percentage of costs covered, and length of commitment. Applications will need to score at least **10 points** to be prioritized by the Homekey+ Program. See Section 400 on the process and determination for Projects that will be prioritized in Homekey+.

- Project operation subsidies: Up to one (1) point for each year through year fifteen (15). **(up to 15 points)**

Weighted Point Value by Subsidy Type	
Project-Based Rental Subsidy	1
Committed Operating Subsidy	1
Renewable Source*	0.75
Tenant Based Voucher	0.5
Supportive Services / Healthcare Reimbursement	0.5
Intent to pursue funding	0.25
<i>*For years that are uncommitted or not allocated. Years with existing current subsidy will be considered Committed Operating Subsidy.</i>	

b. Homekey+ Award Utilization:

Applications that request less Homekey+ Operating Award than the Maximum Eligible Award amount will earn more points. Applications that do not request an operating Award will automatically earn 20 points. **(up to 20 points):**

- Two (2) points for each 10% increment of Maximum Eligible Homekey+ Operating Award not utilized.
- No Homekey+ Operating Award Requested (20 points)

c. Mental Health Services Act or Behavioral Health Services Act funds committed to the Project as evidenced by a letter from the local county behavioral health department meeting the EFC requirements in Article VII of this NOFA. **(10 points)**

Categories and Maximum Point Scores	Evaluation Criteria
<p>4. Experience and Coordination (Up to 40 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.</p> <ul style="list-style-type: none"> - Five (5) points awarded for each additional Project beyond the base threshold requirement (development, ownership, or operation of affordable rental housing or interim Projects in the last ten (10) years serving at least one member of the Target Population). (up to 15 points) <p>b. Documented evidence of LSP's experience helping persons address barriers to housing stability and providing other support services, not necessarily within a housing Project. The LSP may be an Applicant, or a member of the development team described in Applicant's response to point category 4.c., below. LSP experience must be with the specific population(s) with Behavioral Health Challenges housed within the Homekey+ units to count toward points in this section (e.g., families, singles, veterans, Homeless Youth, Chronically Homeless) and must describe how the Supportive Services are culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, gender expressions, ages, and disabilities. NOTE: Sections 300-303 of this NOFA further outline threshold experience requirements.</p> <ul style="list-style-type: none"> - One point awarded for each year of service experience, after 3 years. (up to 10 points) <p>c. Commitment letter(s), MOU(s) or other formal agreement between the Primary and Co-Applicant(s) and/or other involved partners documenting how the complete development and management team (which includes the Applicant, developer, property manager, LSP, 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. (15 Points)</p>

Categories and Maximum Point Scores	Evaluation Criteria
<p>5. Community Impact</p> <p>(Up to 40 points)</p>	<p>a. Assisted Units include units for large family housing types (10 points)</p> <ul style="list-style-type: none"> - At least 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>b. Applicant waives any potential accommodation by HCD to increase income limits at year 15 from the recordation of the Affordability Covenant, as described in Section 304(iii). (up to 20 points)</p> <ul style="list-style-type: none"> - At least 25% of Assisted Units restricted (3 points) - At least 50% of Assisted Units restricted (5 points) - At least 75% of Assisted Units restricted (10 points) - 100% of Assisted Units restricted (20 points) <p>c. The extent to which the Project 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 in Section 508, 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>6. Site Selection</p> <p>(Up to 40 points)</p>	<p>Site Selection (Up to 12 points; for Rural Projects: up to 16 points; for Youth Projects: up to 15 points)</p> <p>a. 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> <p>b. Grocery store – a full-scale grocery store/supermarket where staples, fresh meat, and fresh produce are sold. (up to 2 points)</p> <ul style="list-style-type: none"> - within 1/2-mile radius of Project (2 points) - within 1 mile radius of Project (1 point) - within 1 mile radius for Projects in Rural Areas (2 points) - within 2 miles radius for Projects in Rural Areas (1 point) <p>NOTE: If applying for TCAC, it is advisable that the grocery store be at least 25,000 gross interior square feet.</p> <p>c. Health facility – a medical clinic (not merely a private doctor's office) with a physician, physician's assistant, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (health facilities operated by Veterans Health Administration qualify if project is veteran serving). (up to 1 point)</p> <ul style="list-style-type: none"> - within 1/2-mile radius of Project (1 point) - within 1 mile radius of Project (1/2 point) - within 1 mile radius for Projects in Rural Areas (1 point) - within 2 miles radius for Projects in Rural Areas (1/2 point) <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.</p> <p>d. Library – a book-lending public library. (up to 1 point)</p> <ul style="list-style-type: none"> - within 1/2-mile radius of Project (1 point) - within 1 mile radius of Project (1/2 point) - within 1 mile radius for Projects in Rural Areas (1 point) - within 2 miles radius for Projects in Rural Areas (1/2 point)

<p>6. Site Selection (continued)</p> <p>(Up to 40 points)</p>	<p>e. Pharmacy – may be included in a grocery store or health facility. (up to 2 points)</p> <ul style="list-style-type: none"> - within 1/2-mile radius of Project (2 points) - within 1 mile radius of Project (1 point) - within 1 mile radius for Projects in Rural Areas (2 points) - within 2 miles radius for Projects in Rural Areas (1 point) <p>f. A public park or a community center accessible to the general public. (up to 1 point)</p> <ul style="list-style-type: none"> - within 1/2-mile radius of Project (1 point) - within 1 mile radius of Project (1/2 point) - within 1 mile radius for Projects in Rural Areas (1 point) - within 2 miles radius for Projects in Rural Areas (1/2 point) <p>g. High speed internet service, with a minimum average download speed of 25 megabits/second must be made available to each Unit for a minimum of 15 years, free of charge to the tenants, and available within six months of the Project's placed-in-service date. Documentation of internet availability must be included in the application. (up to 2 points)</p> <ul style="list-style-type: none"> - 2 points - 3 points for rural Projects <p>h. For Projects with units serving Homeless Youth: 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). (up to 2 points)</p> <ul style="list-style-type: none"> - at least two amenities located within 1 mile radius of Project (2 points)
<p>7. Relocation Impacts</p> <p>(Up to -20 points)</p>	<p>a. For any Project resulting in the permanent displacement of residents (not businesses or farm operations), as outlined below:</p> <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.

8. Negative Points	a. Negative Points assessed by HCD to the Applicant pursuant to the Department's Negative Points Policy .
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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, cost-effectiveness, community impact (i.e. meeting the needs of individuals with behavioral health challenges), 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 Over the Counter (OTC) processing, except for the prioritization criteria enumerated below, applications will be accepted and evaluated on a first-come, first-served basis at any time from the release of the application until the final application due date, or until the available funds are exhausted, whichever occurs first. Funds will be awarded to Applicants that successfully meet threshold criteria and the minimum point score, with HCD reserving the right to prioritize applications that demonstrate Project readiness and committed long-term sustainable operating sources, regardless of the timestamp of the application submission.

Homekey+ application materials must be submitted electronically to HCD's [website](#). Applications must be on HCD's forms and HCD's forms cannot be altered or modified by the Applicant. Excel forms must be submitted in Excel format, not as a PDF document. Supplemental documents should follow program guidance documents or templates provided on the Homekey+ website.

Electronic Submission - Requirements for uploading the Homekey+ application and required supporting documentation, including naming conventions, are described in the Homekey+ application instructions/checklist tab. Per Section 102, Applicants must upload all complete application materials to HCD's website no later than 5:00 p.m. Pacific Time on the due date.

HCD reserves the right to prioritize the review and awarding of applications based on the following criteria:

- i. Demonstrate Project Readiness by providing a completed and accurate application workbook; providing all required support documentation and application materials at time of application submission; identifying all Special Purpose Entities and other entities that will be a party to the Project and Standard Agreement; and confirming that all Project entities are appropriately listed as Co-Applicants and are formed at the time application; and
- ii. Applications have a minimum of 10 points in Section 305(3)(a) of the Application Scoring Criteria to demonstrate to HCD the Project has operating and rental subsidies to support long-term operations for the Project.
- iii. Applications not achieving a minimum score of 10 points in Section 305(3)(a), but which have higher scores than other submitted applications.

Application packages that do not meet the above-mentioned criteria may be placed on hold for Award consideration by HCD and may not be considered for funding.

- i. Applications will be prioritized as described in Section 203 and Section 400.
- ii. HCD will evaluate applications for compliance with the minimum Homekey+ Program Requirements set forth in this NOFA.

- iii. After each Applicant has been certified to meet the minimum Homekey+ Program Requirements, each Project must receive a minimum overall score of 100 points, as outlined in Section 305, to be considered for a funding Award.
- iv. Each Applicant and Co-Applicant shall submit an authorizing resolution that, in HCD'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). HCD will not execute the Standard Agreement until it receives the foregoing documentation, as specified.
- v. Applicant shall self-acknowledge the ability to obtain the insurance coverages outlined in Section 606 of this NOFA.
- vi. The application is a public record, which may be available for public review pursuant to the California Public Records Act (CPRA) (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code). After final Homekey+ Awards have been issued, HCD may disclose any materials provided by the Applicant to any person making a request under the CPRA. HCD 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 HCD, the Applicant is waiving any claim of confidentiality and consents to the potential disclosure of submitted material upon request.
- vii. HCD reserves the right to do the following:
 - a. Score an application as submitted even if information is missing from the application.
 - b. Consult with CalVet on any Veteran serving Project's Application.
 - c. Request clarification of unclear or ambiguous statements made in an application or request additional clarifying documentation or information; and
 - d. Upon the final application due date or the date when funds are exhausted, whichever is earlier, deploy unused funds from an undersubscribed allocation to fund other Eligible Applicants for other subsets of the Target Population.
- viii. HCD will review, and score based on information provided in the application. If there is a significant departure from the application after a Project has been awarded, HCD may re-evaluate the Project's score, reduce the grant amount, or assign negative points to the Applicant.

Section 401. Required Pre-Application Consultation and Technical Assistance

HCD requires all Eligible Applicants and Co-Applicants to engage in a pre-application consultation with HCD prior to applying. The consultation will allow the prospective Applicant to provide basic information about the proposed Project, along with other applicable programmatic considerations, including those related to site acquisition; operating match requirements; the CEQA, land use and land entitlements; local county behavioral health department coordination and other services partnerships; and long-term financing approaches. Applicants will be able to request a pre-application consultation using the pre-application survey to meet with Homekey+ program staff prior to applying. Information on pre-application consultations will be available and posted on the Homekey+ [website](#).

Section 402. Award Process

HCD will send a Conditional Award Commitment and Acceptance of Terms and Conditions letter (Conditional Award letter) to the successful Applicant. This Conditional Award may only be accepted by timely delivery of a fully executed Acceptance of Terms and Conditions of Conditional Award form to the Department. Funds will be disbursed after the Standard Agreement has been fully executed and approved by HCD and after the Grantee has satisfied all conditions precedent to disbursement.

Please see Section 102 for further details on Standard Agreement and fund disbursement timelines.

HCD must be notified and invited to participate in any and all groundbreakings, grand openings, and press conferences related to the Award by emailing HCD Homekey@hcd.ca.gov. Awardees must follow all marketing/promotional guidelines from HCD. Please see Appendix D for details on communication procedures.

Section 403. Appeals

- i. Basis of Appeals.
 - a. Applicants may appeal HCD'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.
 - b. At the sole discretion of HCD, HCD's written determination may include a request for clarifying and/or corrective information. For purposes of this Section, "clarifying information" includes information and/or documentation that resolves ambiguities in any application materials that will inform HCD's determinations.
 - c. No Applicant shall have the right to appeal a decision of HCD relating to another Applicant's application (e.g., eligibility, Award).
 - d. If the Applicant is subject to negative points assessment, HCD shall notify the Applicant in writing within the point score letter and will provide

opportunity to appeal negative points assessment, or any disagreed points assessment, pursuant to the appeals process as set forth in the NOFA. Any request to appeal HCD's decision regarding an application shall be reviewed for compliance with the Guidelines and the NOFA. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of HCD.

- e. Any request to appeal HCD's decision regarding an application shall be reviewed for compliance with this NOFA. All decisions rendered shall be made by the Branch Chief or his/her designee. The decision shall be final, binding, and conclusive, and shall constitute the final action of HCD.
- f. The appeal process provided herein applies solely to decisions of HCD made pursuant to this NOFA.

ii. Appeal Process and Deadlines.

- a. Process: To file an appeal, Applicants must submit to HCD, by the deadline set forth below, a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide(s) clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to HCD, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to HCD at homekeyappeals@hcd.ca.gov according to the deadline set forth in HCD's written determination letter.
- b. Filing Deadline: Appeals must be received by HCD no later than 5:00 p.m. five (5) business days from the date of HCD's written determination letter made in response to the application.

Article V. Additional Program Requirements

Section 500. Veterans Assisted Units

- i. Homekey+ Projects proposing to serve Veterans may also serve other qualifying members of the Target Population. The Veterans units will be funded from the Veterans allocation, and the remaining units will be funded from the other applicable allocation(s).
- ii. The remaining units should still be used to house the most vulnerable Veterans, and the Grantee is required to demonstrate a good faith effort to place the Target Population in Veteran units. Good faith efforts include 1) adequate marketing of vacant units for at least 90 days prior to the commencement of initial lease-up or at least 60 days after a unit turns over, 2) partnering with local homeless and Veterans service providers to identify the Target Population, 3) coordination with the local Continuum of Care to receive prioritized Target Population referrals, 4) coordination with the U.S. Department of Veterans Affairs to identify the Target Population, and 5) documented contacts with the Target Population, along with their Case Manager(s), who were referred to the Project with vacant Veteran units and choose not to lease the unit.
- iii. HCD reserves the right to review documentation that substantiates the timing and frequency of such good faith efforts, including the date that the Grantee was notified of the vacancy, whenever such documentation exists and provide a descriptive timeline in the absence of documents to evidence activities such as phone calls and meetings. Documentation by the Grantee of these good faith efforts, along with information about Applicants that were not matched with a unit, is required as part of the Secondary Tenant process.
- iv. If units cannot be filled with Veterans at or below 30% AMI, Secondary Tenants can be housed. Secondary Tenants are defined in statute as either: Veterans experiencing homelessness with an income of up to 60% of the AMI. Rents for any redesignated units are determined by income that corresponds to the Secondary Tenant's household income.
- v. Upon vacancy, the Grantee is required to redesignate the next vacant unit as a PSH unit available to Veterans with incomes at or below 30% AMI with the goal of returning the Project into compliance with the unit mix required by the Project's Standard Agreement.
- vi. For new construction the vacancy period will be measured from the date the Certificate of Occupancy or Temporary Certificate of Occupancy is issued and for Rehabilitation Projects the vacancy period will be measured from the date the Notice of Completion is issued. Vacancy for previously occupied Homekey+ units during regular Project operations will be measured from the

- vii. date the Grantee or their operator takes possession of the unit. The Grantee or their operator may use the time from abandonment noticing timeframes and unlawful detainers at its discretion.
- viii. In no instance shall a Project have less than 30% of its Veterans units leased to 30% AMI households*. In no instance shall a Project have less than 30% of its Veterans units leased to 30% AMI households*.
- ix. HUD-VASH Special Rule: On August 13, 2024, HUD published the “Section 8 Housing Choice Vouchers: Revised Implementation of the HUD Veterans Affairs Supporting Housing Program (VASH)”¹ (“special rule”) that provides a new requirement to exclude Veterans’ service-connected disability benefits from household income calculations for the purpose of determining income eligibility. This rule for VASH applicants applies for both Project-based and tenant-based vouchers. Homekey+ income determinations for VASH applicants must exclude Veterans’ service-connected disability income and therefore are excluded from the Homekey+ Secondary Tenant alternative requirements and process. Eligible HUD-VASH program tenants are not considered Secondary Tenants and are not counted against the cap on the number of Veteran units that can be leased to Secondary Tenants under this policy.

The purpose of this is to resolve issues with matching unhoused Veterans with vacant PSH units restricted to Veterans, while retaining the program’s original intent of serving the highest need Veterans experiencing homelessness.

**Veterans who are experiencing homelessness that are eligible to occupy veteran 30% AMI units after excluding VA service-connected disability benefits are recognized as eligible tenants. They are not treated as Secondary Tenants.*

- x. Each Veteran Project shall establish a goal of no amount less than five percent of total construction costs for work performed, or supplies provided to be spent with entities certified by the California Department of General Services (DGS) as a Disabled Veteran Business Enterprise (DVBE).

Pursuant to a five percent DVBE goal on total construction, each Project shall identify a DVBE Specialist who shall coordinate directly with CalVet in the identification and use of DVBEs.

Upon the commencement of construction, the Project shall submit a report to the Department and CalVet on DVBE plan implementation. This report will include: (A) The total amount budgeted for construction costs; (B) The names and addresses of DVBE contractors, subcontractors and/or suppliers that have received or are scheduled to receive payment.

¹ Section 8 Housing Choice Vouchers: Revised Implementation of the HUD Veterans Affairs Supporting Housing Program Development, 89 Fed. Reg. 65769 (Aug. 13, 2024) (amending 24 CFR Parts 982 and 983).

Upon completion of construction, the DVBE Specialist shall submit a report to the Department and Calvet detailing actual payments to DVBEs.

If the lead applicant is an established [DVBE Reciprocity Partner \[dgs.ca.gov\]](https://dgs.ca.gov) with DGS before the start of construction, then the Project shall only submit to the Department and Calvet a report detailing actual payments to DVBEs upon completion of construction.

Section 501. New Construction Cost Containment

A hallmark of Homekey has been producing housing quickly and cost-effectively, mostly through adaptive reuse. HCD will continue to retain and build upon these principles by requiring that Applicants seeking funding for new construction incorporate cost-containment strategies and commit to Total Development Cost (TDC) per unit caps.

New construction cost containment Projects will be eligible for the same Award structure as outlined in Section 205, but in addition must agree to and provide evidence that the Project can be completed based on the applicable TDC per unit cap. The TDC per unit cap is inclusive of the Homekey+ Award and all other capital sources and expenditures, with the exceptions of land costs, COSRs, and other required reserves.

TDC per unit caps will be the lesser of: \$450,000 per unit, OR the [2024 TCAC Basis Limits](#) for the applicable county where the Project is located and unit size.

Like other Homekey+ Project types, Awards will be in the form of a grant and will provide up to 80% of the funds upfront. Unlike other Homekey+ Project types which must complete construction within 12 months starting 60 days from the date of Award, all new construction Projects awarded must commence construction within 6 months, starting 60 days after the Homekey+ Award, and have a temporary certificate of occupancy (TCO) no later than 24 months, starting 60 days from the date of Award. The remaining 20% of funds will be disbursed upon submission of the TCO.

Applicants are advised that Homekey+ new construction Projects are not contemplated to be paired with tax credits or other highly competitive sources which are not secured by the date of application, in light of the above 6-month and 24-month deadlines. Rather, like other Homekey+ Project types, the Project must be fully funded and ready to proceed following a Homekey+ Award.

Applicants are further advised that construction shall not be contingent or reliant on any reasonably foreseeable externalities or timelines not disclosed in the application. Grantees unable to meet critical milestone dates within applicable cure periods will be in breach of the Standard Agreement and may be subject to negative points under HCD's Negative Point Policy.

As with all Homekey+ applications, a Local Public Entity must be the lead entity and may apply with a Co-Applicant developer.

Section 502. Gap Financing

Consistent with the Homekey principles of flexibility and innovation, HCD will accept gap financing applications from Projects which meet, or could meet, the population targeting requirements of Homekey+, but have not started construction. The intent is to move Projects forward that are otherwise “shovel ready” and thereby quickly increase the number of units available.

Projects within this use must be submitted by the application due date listed in the program timeline table above. At the close of the application period, the applications will be prioritized as follows:

- i. Projects with an Existing HCD Award Commitment with a pending disencumbrance per HCD’s disencumbrance policy within 6 months of the date of this NOFA.
- ii. Projects with an Existing HCD Award Commitment with at least one prior unsuccessful application for tax credit/bonds ranked by total HCD funds committed.
- iii. All other HCD funded Projects ranked by total amount of HCD funds committed.
 - a. All prior Homekey Projects awarded as “interim to permanent”, seeking funding to convert interim units to Permanent Supportive Housing, fall into this category. Only Projects that complied with the terms of the original Homekey “interim to permanent” award by completing construction and are currently achieving full on-site occupancy as interim housing will qualify for this funding. HCD at its sole discretion will determine compliance.
- iv. All other Projects that are stalled due to an unsuccessful tax credit/bond application ranked by total amount of public resources committed (may include resources such as local or federal funding, donated land, etc.).

HCD will rank projects within each priority based on total gap per unit. Depending on total demand for this typology, HCD reserves the right to prioritize funding for Priority (i.), above, either in full or partially, and to not fund or fund a subset of, otherwise eligible Projects from ii, iii, and/or iv above. All prospective Applicants are encouraged to use cost containment strategies to seek the lowest amount of gap financing possible that will allow the Project to commence and complete construction.

Qualifying HCD funding programs include the following:

- a. Affordable Housing and Sustainable Communities Program
- b. Community Development Block Grant Program – Disaster Recovery
- c. HOME American Rescue Plan

- d. HOME Investment Partnerships Program
- e. Homekey
- f. Housing for a Healthy California Program Article I
- g. Infill Infrastructure Grant Program
- h. Joe Serna, Jr. Farmworker Housing Grant Program
- i. Local Government Matching Grants Program
- j. Multifamily Housing Program
- k. Multifamily Super NOFA
- l. National Housing Trust Fund
- m. No Place Like Home Program – competitive and non-competitive HCD-administered funds and Alternative Process County funded Projects
- n. Permanent Local Housing Allocation Competitive Allocation
- o. Veterans Housing and Homelessness Prevention Program

All prior HCD award(s) must not have expired, or been terminated, disencumbered, or otherwise held to be void.

As with all other Homekey+ Projects, a Local Public Entity is required as a lead Applicant. In addition, the gap financing application must include all Sponsors in connection with Existing HCD Award Commitment(s). Homekey+ gap financing funds are not intended to supplant Performing Debt. The amount and terms of Performing Debt shown in the Homekey+ gap financing application must generally remain the same or be higher and more restrictive than the amount and terms shown in previous HCD applications unless there are extenuating circumstances that are clearly explained in writing by the Applicant and agreed to in writing by HCD.

For the purposes of this gap financing Projects only, Homekey+ will award no more than \$450,000 per unit, inclusive of any Operating Award needed to buy down units originally contemplated as higher than 30% AMI. Any amount over \$450,000 per unit will be required to provide an Enforceable Funding Commitment at the time of application.

Applicants may seek gap financing for all units or a portion of units. If Applicants seek gap financing for only a portion of units, an alternative, non-Homekey+ source is required at the time of application to fill any capital gaps associated with the non Homekey+ units. All units funded by Homekey+ will be required to serve the Target Population.

Funds shall be used only for expenses that would be categorized as Project costs by the federal low-income housing tax credit program, including, but not limited to, commercial costs and reasonable reserves. HCD reserves the right to disallow costs that do not constitute reasonable Project costs, as determined by HCD in its sole and absolute discretion.

Gap financing applications should request the full capital amount needed to proceed with and complete construction, thereby avoiding the need to apply for tax credits or seek other sources of funds.

Homekey+ gap financing awards are not intended to supplant local public agency funds. Accordingly, any local agency resources shown as committed in the applications for any Existing HCD Award Commitments must be included in the financing proposed in the Homekey+ gap financing application at the same or higher level of funding as previously identified.

Homekey+ Gap Financing Terms, Deadlines, and Restrictions

Requests for reducing Performing Debt or the term of the Performing Debt will be reviewed on a case-by-case basis and are not a guaranteed approval. Reduced principal loan amounts of Performing Debt must include a corresponding reduced amount in the development budget.

- i. Gap financing awards will be in the form of a grant. All Homekey+ gap financing awarded Projects must commence construction no later than 6 months, starting 60 days from the date of the Homekey+ Conditional Award letter. For the purposes of the Homekey+ Award, commencement of construction means the first land-disturbing activity associated with a Project, including land preparation such as clearing, grading, and filling, or the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building. HCD may, in its sole and absolute discretion, extend this deadline due to conditions beyond the control of the Sponsor, for a period not to exceed 90 days.
- ii. The Homekey+ gap financing awarded Project must receive, and submit evidence to HCD, a temporary certificate of occupancy (TCO) within 24 months, starting 60 days from the Homekey+ Award.
- iii. All Homekey+ gap financing Grantees are prohibited from applying for or receiving a tax credit allocation on a Homekey+ funded Project for a period of 20 years from the Homekey+ Conditional Award date for that Project. This prohibition will be memorialized in the Homekey+ Standard Agreement and in amendments to the Standard Agreements for any Existing HCD Award Commitment.
- iv. If, following a Homekey+ application and award, a Sponsor syndicates and sells a portion of their ownership interest to a partner or equivalent party seeking tax losses associated with the Project, nine-tenths of the gross proceeds of that sale shall be remitted to HCD. Negative points may be assessed to the Sponsor in the event the Project is sold or refinanced with a distribution of net equity.

Section 503. Article XXXIV

Homekey+ provides permanent supportive housing for persons (including Veterans and Youth) who are homeless, chronically homeless, or at risk of homelessness, and who are living with a Behavioral Health Challenge. As such, article XXXIV, section 1 of the California Constitution is not applicable to Homekey+ funded development, consistent with Health and Safety Code sections 37000-37002.

Section 504. 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, subdivision (b), 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 505. Tenant Referrals

Referrals to Homekey+ Assisted Units shall be made through the local Coordinated Entry System (CES), or another comparable prioritization system based on greatest need for housing and services, to determine the most appropriate referral. Homekey+ units should be reserved for serving the Target Population where households are more appropriately served by PSH, including referrals from persons exiting encampments. Households with lower levels of need may be better served by other housing and less intense service interventions.

Applicants must demonstrate efforts to coordinate with their local county behavioral health department, to ensure the referral process to the Homekey+ units is aligned with the requirements of this NOFA.

If referrals will be made using a prioritization system other than CES, the Applicant must describe the plan for tenant referrals in detail, including which agency is responsible for managing the referral approach and what stakeholders are involved in the prioritization process. Awardees are encouraged to consider an alternative referral system consisting of referrals for persons exiting encampments, incarceration, or treatment facilities. Prioritization for Homekey+ units should be based on greatest need factors and assessments established by the local jurisdiction in collaboration with the Continuum of Care (CoC). CoC collaboration in Project and Supportive Services design is also strongly encouraged to help target and serve those with the greatest need.

Section 506. Participation in the Homeless Management Information System (HMIS)

Pursuant to Assembly Bill 977 (Statutes of 2021-22), Grantees who have been awarded HCD funding under the Homekey+ program must enter Universal and Common Data Elements as defined by HUD, on the individuals and families served into the Homeless

Management Information System (HMIS). For more information about this requirement visit [Homelessness Program Data Reporting | California Department of Housing and Community Development](#)

Any health information provided to, or maintained within, the statewide Homeless Management Information System shall not be subject to public inspection or disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code). “Health information” means “protected health information” as defined in Part 160.103 of Title 45 of the Code of Federal Regulations, and “medical information,” as defined in subdivision (j) of Section 56.05 of the Civil Code.

Section 507. Relocation

In addition to the Relocation Assistance Narrative required in Section 300 submitted at the time of application, before the Homekey+ Award will be disbursed, Grantee must submit either:

- i. An HCD-approved relocation plan; or
- ii. An HCD-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement (certificate of no-relocation), which has been duly executed and approved by HCD.

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.

HCD 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 HCD in writing.

Section 508. Non-Discrimination and Accessibility

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 Fair Housing Amendments Act (42 U.S.C § 3601 et seq.), the California Fair Employment and Housing Act (Gov. Code, § 12900 et seq. and Cal. Code of Regs. Tit. 2, §§ 12264 – 12271), the Unruh Civil Rights Act (Civ. Code, § 51), Government Code section 11135, Government Code section 8899.50, Government Code § 65583 et seq., Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), and all regulations promulgated pursuant to those statutes, including 24 C.F.R. Part 8, 24 C.F.R. Part 100 and its design and construction requirements, including ANSI A117.1 Standards and the March 6, 1991 Fair Housing Accessibility Guidelines, in conjunction with the June 28, 1994 Supplement to Notice of Fair Housing Accessibility Guidelines: Questions and Answers About the Guidelines, 28 C.F.R. Part 35, and 28 CFR Part 36.

Grantees shall comply with the requirements of the Americans with Disabilities Act of 1990 (U.S.C § 12101 et seq.). 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 and Title III. 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 (5/23/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Notice"). 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.

Applicants are further advised that while Homekey+ incorporates the [MHP guidelines](#), as explained in Section 101, as a courtesy and point of emphasis, HCD directs prospective Applicants to Section 7314 (a) and (b) of the MHP guidelines, which further articulates Fair Housing, Nondiscrimination, and Accessibility requirements. HCD also suggests Applicants review its April 2021 Affirmatively Furthering Fair Housing document at this [link](#).

Section 509. 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, HCD will require a certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law, or a certification that the development is exempt from prevailing wage as defined in Government Code 65913.4(a)(9). 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. The Department will not disburse funds for Rehabilitation or construction until the certification is signed by the general contractor.

Section 510. Environmental Clearances

Projects, including phased Projects, that satisfy the requirements HSC 50675.1.5, shall be exempt from the California Environmental Quality Act (CEQA) Projects under this section are considered a “use by right”, which are specifically exempt from CEQA (CA Public Resources Code section 21000 *et seq.*). (HSC 50675.1.5(e)(2)(A)). Moreover, HSC 50675.1.5(c) specifically exempts HCD actions taken to “provide financial assistance or insurance for the development and construction of Projects” from CEQA review. HCD encourages Eligible Applicants to fully engage with HCD’s technical assistance and to review the CEQA exemption set forth at HSC section 50675.1.5 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.

Applicants must provide National Environmental Act (NEPA) clearance, as applicable. According to the National Environmental Policy Act (NEPA), Grantees must consider environmental impacts early in the planning process before decisions are made, and actions are taken. The Project must assess environmental impacts if a Project has applied for HUD assistance (HOME, CDBG, PBVs, Choice Neighborhoods Grant, ShelterCare Plus, etc.). HUD’s regulations prohibit grant recipients and their partners/contractors from committing or spending HUD or non-HUD funds on an activity that could limit the choice of reasonable alternatives before completing the environmental review process. The prohibition of choice-limiting actions does not apply to commitments of non-federal funds before the Project has applied for HUD funding. When an application is submitted for a federal grant/loan, all activity must stop until the environmental review process is complete.

There is no flexibility or waiver of NEPA environmental review requirements. The Project must receive an Authority to Use Grant Funds (AUGF) before the Project proceeds with the acquisition or physical activities, including non-HUD-funded activities. A choice-limiting action can result in a violation that jeopardizes HUD funding for the Project.

The prohibition on choice-limiting actions prohibits physical activity, including acquisition, Rehabilitation, and construction, as well as contracting for or committing to any of these actions before completion of the environmental review. Some examples of choice-limiting actions are:

- Acquisition
- Rehabilitation
- Demolition
- Site improvements (including site clearance/grubbing)
- Leases or Transfers
- Entering into contracts such as construction bidding
- A change in Project conditions or unexpected conditions arise

Choice-Limiting Actions are not:

- Plans or designs
- Activities necessary to support an application for federal, state, Tribal, or local permits
- Option agreement on a proposed property (make sure that the contract is contingent on environmental review clearance and don't close escrow before the review process is complete)

HCD does not determine which Projects will require NEPA clearance. Applicants shall provide HCD a status of any required NEPA review at the time of application. For more information, visit the [HUD Exchange](#), review HCD's Environmental Review Guidance by clicking [here](#), or contact HCD's Environmental Services Team at NEPA@hcd.ca.gov.

Section 511. Land Use

HSC Section 50675.1.5 outlines the criteria by which a Homekey+ Project shall be a use by right and subject to a streamlined, ministerial review process. Appendix C provides the full list of criteria for 50675.1.5. Applicants should consult with their counsel for legal advice in the application of the law to their Project. HCD may also request documentation that Applicants have considered the law in their development planning.

Section 512. State Requirements

All Assisted Units and other Units of the Projects must meet all applicable state and local requirements pertaining to rental housing, including but not limited to, requirements for minimum square footage, and requirements related to maintaining the property in a safe and sanitary condition.

Section 513. Grantee Liability

All entities in the Grantee structure (to include the Eligible Applicant, any Co-Applicants, and any other entities added to the ownership structure of the Project pursuant to [Section 303 vi.] of this NOFA) shall be bound by the Homekey+ Program Requirements; and shall remain jointly and severally liable to HCD for performance under the Standard Agreement and for compliance with all Homekey+ Program Requirements. This provision shall remain applicable notwithstanding any Department-approved transfer or assignment of interest, or any designation of a third party for the undertaking of all or any part of the Scope of Work in the Standard Agreement.

Article VI. Project Operations

Section 600. Project Oversight

As specified by HCD and upon request, Grantees shall provide progress reports in connection with completed milestones and any updates to the timeline for completion of the Project. Grantees shall promptly notify HCD upon any changes to the Project development, changes to the Project and changes in Grantee organization, authorization, or capacity.

Section 601. Reporting

Grantees shall submit a Homekey+ annual report (annual report) to HCD following Standard Agreement execution. The annual report will be due no later than March 31 for the prior calendar year of January 1 to December 31. The annual report will continue to be required for at least five years following full occupancy of the Project and until the Homekey+ operating subsidy has been fully expended. The report shall be in such form and contain such information as required by HCD in its sole and absolute discretion. At minimum, the Annual 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 bed size of useable housing units produced, or planned to be produced, using the funds.
- iv. The number of individuals housed, or likely to be housed, using the funds.
- v. 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.
- vi. Any lessons learned from the use of the funds.
- vii. Proposed changes to the program to address lessons learned.
- viii. An explanation of how funding decisions were made for acquisition, conversion, or Rehabilitation Projects, or for COSRs, including what metrics were considered in making those decisions.
- ix. Total project development costs
- x. Total operating costs

If a Project received an operating Award, Grantees shall also report their operating expenditures in the annual report.

In addition to the foregoing, the Grantee shall submit to HCD such periodic reports, updates, and information as deemed necessary by HCD to monitor compliance and/or perform program

evaluation. Any requested data or information shall be submitted in electronic format on a form provided by HCD.

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

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

Grantees receiving an Award for Veteran Assisted Units shall submit any additional information as requested by HCD or CalVet, including but not limited to staffing and training details, tenant demographic and veteran-oriented data, and tenant survey results.

Section 602. Disbursement of Grant Funds

HCD may disburse funds to cover Homekey+-critical expenditures that were incurred prior to Homekey+ application pursuant to Section 204. Homekey+ program funds will be disbursed to the Grantee after HCD has approved the relocation plan or issued a certificate of no-relocation, received a request for funds from the Grantee, received and approved an Affordability Covenant for recordation at close of escrow, and approved a fully executed Standard Agreement between the Grantee and HCD. The Grantee cannot request funds for rehabilitation or construction until they have provided a certification of compliance with prevailing wage laws signed by the Grantee and their selected general contractor, as detailed in Section 509.

The Standard Agreement will set forth the general conditions of disbursement, any conditions precedent to disbursements (e.g., proof of recordation of the Affordability Covenant, documentation requirements for pre-Standard Agreement expenditures or conditional performance measures), and HCD's remedies upon an event of default. The Standard Agreement will also identify which of the Co-Grantees will be the designated payee.

Homekey+ funds awarded to an Applicant may not be transferred to another entity to expend on an eligible use unless that other entity is a signatory on the Standard Agreement.

All Homekey+ funds must be wired to an escrow company. 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 HCD. The appropriate Affordability Covenant must be on file and approved by HCD to be included in the escrow transaction for recordation. The Grantee may only request awarded operating funds, if applicable, after providing confirmation that construction and/or Rehabilitation on the Project is completed, and the Project is ready to begin leasing up. HCD reserves the right to disburse funds prior to construction completion if the Grantee sufficiently demonstrates need for Homekey+ operational funds prior to construction completion.

Section 603. Legal Documents

Upon the Award of Homekey+ funds to a Project, HCD shall enter into one or more agreements with the Grantee, 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 the Affordability Covenant.
- iv. Performance milestones, and other progress metrics, governing the completion of the Project, along with the remedies available to HCD 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 HCD's approval of the Project.
- vii. Terms and conditions required by federal and state law.
- viii. Requirements for reporting to HCD.
- ix. Remedies available to HCD 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 HCD for compliance with and the performance of all Program requirements regardless of any HCD-approved transfer or assignment of interest. Likewise, each co-Grantee will remain jointly and severally liable to HCD for compliance with and the performance of all Program requirements regardless of any HCD- 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, encumber, or convey the awarded Project, or any interest therein or portion thereof, without the express prior written approval of HCD, which may be granted, delayed, or withheld in HCD's sole and absolute discretion. All Applicants and Co-Applicants must be signatories on the Standard Agreement and may not be removed, even upon an approved transfer to another entity.

Section 605. Defaults and Grant Cancellations

Funding commitments may be canceled by HCD 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, HCD 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 HCD within a reasonable time period, HCD, at its option, may declare a default under the relevant document and may seek legal remedies for the default including the following:
 - a. HCD 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. HCD may seek such other remedies as may be available under the relevant agreement or at law, or in equity.

Section 606. Insurance Requirements

- i. Commercial General Liability

Due at time of disbursement, 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 California 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

If Applicable. Due at time of Application and at time of disbursement. 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 California 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. HCD reserves the right to request proof at any time.

iii. Workers' Compensation and Employer's Liability

Due at time of disbursement, 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 California Department of Housing and Community Development must be attached to the certificate.

iv. Builder's Risk/Installation Floater

Due at time of disbursement and prior to starting construction, 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

Due at time of acquisition and/or construction completion, 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

Due at time of disbursement, 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 HCD 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 HCD of this fact and shall comply with all of the terms and conditions of this Section pertaining to insurance requirements. HCD may accept evidence of self-insurance from other Eligible Applicants in its sole and absolute discretion.

Article VII. Definitions

Below are the definitions for purposes of the Homekey+ program:

- i. "Affordability Covenant" means the legally binding 55-year instrument which (a) is recorded in first position against the Project real property for the benefit of the state, regional, local, or Tribal Grantee; (b) imposes use, operation, occupancy, and affordability restrictions on the real property and improvements; (c) duly names HCD as a third-party beneficiary with the right and privilege, but not the obligation, of enforcement thereof, (d) incorporates the Homekey+ Program Requirements by reference, and (e) is otherwise in form and substance acceptable to HCD. Upon its execution, the Affordability Covenant shall be binding, effective, and enforceable against all successors, transferees, and assignees, in accordance with Section 208 of this NOFA, after a certificate of occupancy or its equivalent has been issued for the Project, or if no such certificate is issued, from the date of initial occupancy of the Project. Affordability Covenants on Tribal trust land are addressed separately under Section 208 of this NOFA.
- ii. "Applicant" means the "Eligible Applicant," as that term is defined in this NOFA, as well as the Eligible Applicant's 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.
- iii. "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or HCD.
- iv. "Assisted Unit" means a Homekey+-funded residential dwelling unit in PSH that is subject to rent, income, occupancy, or other restrictions associated with Homekey+ requirements. See also "Youth Assisted Unit."
- v. "At Risk of Homelessness" has the same meaning as defined in Title 24 CFR Part 578.3.
- vi. "Award" means the portion of program funds available for a Grantee to expend toward eligible program uses.
- vii. "Behavioral Health Challenge" is defined within the California Welfare and Institutions Code (WIC) Section 5965.01, subdivision (b). The term includes, but is not limited to a serious mental illness, as described in subdivision (c) or (d) of Section 14184.402 and below, **however enrollment in Medi-Cal as a beneficiary is not a conditions for Homekey+ housing**. Behavioral Health Challenge may also include a substance use disorder, as described in Section 5891.5, subdivision (c)..

For those who meet the criteria of this definition, enrollment in Medi-Cal as a Beneficiary is not a condition for Homekey+ housing.

WIC §14184.402(c), defines “serious mental illness” pursuant to the following criteria for individuals that are 21 years of age or older:

- (1) The [individual] has one or both of the following:
 - (A) Significant impairment, where impairment is defined as distress, disability, or dysfunction in social, occupational, or other important activities.
 - (B) A reasonable probability of significant deterioration in an important area of life functioning; and
- (2) The beneficiary's condition as described in paragraph (1) is due to either of the following:
 - (A) A diagnosed mental health disorder, according to the criteria of the current editions of the Diagnostic and Statistical Manual of Mental Disorders and the International Statistical Classification of Diseases and Related Health Problems.
 - (B) A suspected mental disorder that has not yet been diagnosed.

WIC §14184.402 (d.) defines “serious mental illness” pursuant to either of the following criteria for individuals that are under 21 years of age:

- (1) The [individual] has a condition placing them at high risk for a mental health disorder due to experiencing trauma evidenced by scoring in the high-risk range under a trauma screening tool approved by the (non-HCD) department, involvement in the child welfare system, juvenile justice involvement, or experiencing homelessness; OR
- (2) The [individual] meets both of the following requirements:
 - (A) The [individual] has at least one of the following:
 - (i) A significant impairment.
 - (ii) A reasonable probability of significant deterioration in an important area of life functioning.
 - (iii) A reasonable probability of not progressing developmentally as appropriate.

- (iv) A need for specialty mental health services, regardless of presence of impairment, that are not included within the mental health benefits that a Medi-Cal managed care plan is required to provide;
AND

(B) The beneficiary's condition as described in subparagraph
(A) is due to one of the following:

- (i) A diagnosed mental health disorder, according to the criteria of the current editions of the Diagnostic and Statistical Manual of Mental Disorders and the International Statistical Classification of Diseases and Related Health Problems.
- (ii) A suspected mental health disorder that has not yet been diagnosed.
- (iii) Significant trauma placing the beneficiary at risk of a future mental health condition, based on the assessment of a licensed mental health professional.

WIC §5891.5, subdivision (c.) (1).:

(c)(1) For purposes of this section, "substance use disorder" means an adult, child, or youth who has at least one diagnosis of a moderate or severe substance use disorder from the most current version of the Diagnostic and Statistical Manual of Mental Disorders for Substance-Related and Addictive Disorders, with the exception of tobacco-related disorders and non-substance-related disorders.

- viii. "Case Manager" is a social worker or other qualified person who has or is supervised by a person with a relevant master's degree. At its sole discretion, the Department may approve Supportive Service plans where Case Managers cannot be supervised by a person with a master's degree. A Case Manager facilitates individualized service planning, and the assessment, coordination, monitoring, referral, and advocacy of services to meet tenants' Supportive Services needs, including, but not limited to, access to medical and mental health services, substance use disorder treatment and services, vocational training, employment, home and community-based services and crisis management and interventions. Resident service coordinators are not Case Managers. For Homekey+ tenants who are also HUD-VASH program participants, the Case Manager for services will be the applicable U.S. Department of Veterans Affairs (VA) Case Manager (or third-party provider selected by the VA), in accordance with the HUD-VASH Program.
- ix. "Chronic Homelessness" means a person who is chronically homeless, as defined in Title 24 CFR Part 578.3.

- x. "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.
- xi. "Co-Applicant" means the nonprofit corporation, for-profit corporation, limited liability company (LLC), and/or limited partnership (LP) that is jointly applying for Homekey+ funds with a state, regional, or Local Public Entity, or with a Tribal Entity.
- xii. "Conditional Award" or "Conditional Award Commitment and Acceptance of Terms and Conditions letter" means a letter specifying the portion of program funds available for a Grantee to expend toward eligible program uses once the Grantee has acknowledged and fulfilled the terms and conditions.
- xiii. "Continuum of Care" means the same as defined by Title 24 CFR Part 578.3.
- xiv. "Coordinated Entry System" means a centralized or coordinated process developed pursuant to Section 578.7 of Title 24 of the Code of Federal Regulations, as that section read on January 10, 2019, designed to coordinate homelessness program tenant intake, assessment, and provision of referrals. To satisfy this subdivision, a centralized or coordinated assessment system shall cover the geographic area, be easily accessed by individuals and families seeking housing or services, be well advertised, and include a comprehensive and standardized assessment tool.
- xv. "HCD" means the California Department of Housing and Community Development.
- xvi. "Discretionary Reserve" means the same as in Section 203 (i)(c) and will be prioritized in the manner described in Section 400 of this NOFA.
- xvii. "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 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. Please see Section 200 for specific eligible applicant requirements for Homekey+ HHAP Supplemental Funds.

- xviii. “Enforceable Funding Commitment” (EFC) means a letter or other document, in form and substance satisfactory to HCD, 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.
 - 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 including eligible and ineligible costs.

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. EFC types include sustained sources such as Project-based vouchers, Renewable Sources such as Continuum of Care, tenant-based subsidies like tenant-based vouchers, or intent to pursue sources like private funding or HHAP sources exceeding expiration and yet to be announced in the legislature.

Where local sources may be dependent upon future budget allocations or are in the process of being allocated, please submit one of the two documents below. For further information on this, please see Definition (xl.) on Renewable Sources below. Applicants can demonstrate funding commitments by submitting one of the following:

- i. An executed authorizing resolution from the governing body of the Local Public Entity describing the commitment or intent to commit the funds to the Eligible Project (by name) upon allocation approval, or
- ii. A formal letter, on official letterhead, from the Local Public Entity’s governing body or from an official with authority, that demonstrates the Local Public Entity’s intent to commit funds to the Eligible Project (by name) upon allocation approval. These funding commitments will be noted in the Homekey+ Standard Agreement.

- xix. "Existing HCD Award Commitment" means the existing commitment of Department funds to the Project, as well as the Department loan program making that commitment.
- xx. "Extremely Low Income" or "ELI" has the same meaning as in Title 24 CFR Part 93.2.
- xxi. "Foster Youth" means a child or nonminor dependent, as defined by Section 475 of Title IV-E of the Social Security Act (42 U.S.C. Sec. 675(8)) and subdivision (v) of Section 11400 of the Welfare and Institutions Code, who has been removed from the custody of their parent, legal guardian, or Indian custodian pursuant to Section 361 or 726 of the Welfare and Institutions Code, and who has been ordered into any placement described in paragraphs (2) to (9), inclusive, of subdivision (e) of Section 361.2 of, or paragraph (4) of subdivision (a) of Section 727 of, the Welfare and Institutions Code.
- xxii. "Grantee" means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under Homekey+, 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.
- xxiii. "Homekey+ Program Requirements" means the following, all as amended and in effect from time to time:
 - a. the Homekey+ Program Notice of Funding Availability
 - b. Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code.
 - c. the Grantee's application for Homekey+ funding.
 - d. the Project report prepared by HCD in reliance on the representations and descriptions included in the Grantee's application for Homekey+ funding.
 - e. the award letter issued by HCD to the Grantee.
 - f. the relevant STD 213, Standard Agreement for the Homekey+ funding; and
 - g. all other applicable law.
- xxiv. "Homeless" has the same meaning as defined in Title 24 CFR Part 578.3.

- xxv. "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 in Title 24 CFR Part 578.3.
- xxvi. "Housing First" has the same meaning as in Welfare and Institutions Code section 8255, including all the core components listed therein.
- xxvii. "HUD" means the U.S. Department of Housing and Urban Development.
- xxviii. "Interim Housing" means any facility whose primary purpose is to provide a temporary shelter for the Homeless in general or for specific populations identified in this NOFA and which does not require occupants to sign leases or occupancy agreements. Interim Housing is not an eligible use under this NOFA with the exception noted in Section 201.
- xxix. "Lead Service Provider" or "LSP" is the organization that has overall responsibility for the provisions of Supportive Services and implementation of the Supportive Services plan in the Project. The LSP may directly provide comprehensive case management services or contract with other agencies that provide services. For HUD-VASH tenants, the LSP will enable the applicable Veterans Affairs Case Manager to administer services in accordance with the HUD-VA Supportive Housing (VASH) Program.
- xxx. "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.
- xxxi. "Manager's Unit" is a unit in which the onsite manager of the Project resides. A Manager's Unit will not be an Assisted Unit. Manager's Units may be included for Homekey+ funding under the development budget, however no Manager's Unit may be included in funding requests for a Homekey+ operating award. Manager's Units shall be restricted to households at or below 60% AMI.
- xxxii. "NOFA" means this Notice of Funding Availability.
- xxxiii. "Operating Expenses" means the amount approved by HCD that is necessary to pay for the recurring expenses of the Project, such as utilities; maintenance; management fees; taxes; licenses; and Supportive Services costs, which may

include staffing and service coordination. Operating Expenses do not include debt service or required reserve account deposits.

- xxxiv. "Performing Debt" refers to non-government, long-term (or permanent) financing of a Project intended to generate a profit for a private or non-profit lender requiring ongoing mandatory debt service payments.
- xxxv. "Permanent Supportive Housing" or "PSH" means housing with no limit on length of stay, that is occupied by the Target Population, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community, as defined at California Government Code Section 65582 (g) , except that "Permanent Supportive Housing" shall include associated facilities if used to provide services to housing residents.
- xxxvi. "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.
- xxxvii. "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.
- xxxviii. "Project" means a structure or set of structures providing housing with common financing, ownership, and management.
- xxxix. "Project Ownership Structure" means a Project-specific entity organizational chart that shows the ownership relationship between the Project Applicants and all Project entities (including the special purpose entity). This document is used by HCD to connect the Project Ownership Structure with the provided legal organizational documents (i.e. Operating Agreement, Limited Partnership Agreement, By Laws, etc.) to ensure the Primary Applicant or Co-Applicant has legal control over the Project site. This is NOT a staff organizational chart. The Project Ownership Structure chart must be provided with the application.
- xl. "Rehabilitation" means repairs and improvements to a substandard residential structure necessary to make it meet Rehabilitation standards. As used in this section, "substandard residential structure" has the same meaning as the term "substandard building," as defined in HSC Section 17920.3. "Rehabilitation" also includes improvements and repairs made to a residential structure acquired for the purpose of preserving its affordability and use by the Target Population.

- xli. “Renewable Sources” means funding sources that are dependent upon future budget allocations, competitive applications, or are in the process of being allocated. Per UMR Section 8310 (i) HCD may assume funds may be renewed, where the renewal of the rental assistance or operating assistance is likely. The Homekey+ Program will evaluate the following to determine whether renewal is likely:
 - a. The number of years that the funding has been renewed and/or that the Homekey+ Applicant has received the renewal; and
 - b. Any back-stop funds or alternative funds the Project may utilize should the funds fail to renew.
- xlii. “Rural Area” in accordance with HSC Section 50199.21, means an area, which, on January 1 of any calendar year satisfies any of the following criteria:
 - a. The area is eligible for financing under the Section 515 program, or successor program, of the Rural Development Administration of the United States Department of Agriculture.
 - b. The area is located in a nonmetropolitan area as defined in HSC Section 50090; or
 - c. The area is either:
 - i. An incorporated City having a population of 40,000 or less as identified in the most recent Report E-1 published by the Demographic Research Unit of HCD of Finance; or
 - ii. An unincorporated area which adjoins a City having a population of 40,000 or less, provided that the City and its adjoining unincorporated area are not located within a census tract designated as an urbanized area by the United States Census Bureau. HCD shall assist in determinations of eligibility pursuant to this subdivision upon request. With respect to areas eligible under subdivision (b) and this subdivision, the committee may rely upon the recommendations made by HCD. Any inconsistencies between areas eligible under subdivisions (a) and (b), and this subdivision, shall be resolved in favor of considering the area a Rural Area. Eligible and ineligible areas need not be established by regulation.
- xliii. “Secondary Tenant” is defined as 1) Veterans who are Homeless whose incomes are up to 50% AMI and are receiving income as a result of service-connected disability benefits, or 2) Veterans experiencing homelessness with an income of up to 60% AMI.
- xliv. “Severely Rent-Burdened” means being Extremely Low-Income (under 30% AMI) and paying more than 50% of income for rent.

- xliv. “Sponsor” means the definition of “Sponsor” at UMR Section 8301(s), which is: the legal entity or combination of legal entities with continuing control of the Project. Where the borrowing entity is or will be organized as a limited partnership, Sponsor includes the general partner or general partners who have effective control over the operation of the partnership, or, if the general partner is controlled by another entity, the controlling entity. Sponsor does not include the seller of the property to be developed as the Project, unless the seller will retain control of the Project for the period of time necessary to ensure Project feasibility as determined by the Department.
- xlvi. “Standard Agreement” means the STD 213, Standard Agreement, and all exhibits thereto.
- xlvii. “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.
- xl. “Target Population” means individuals, or households with an individual, who are experiencing homelessness or who are At Risk of Homelessness as defined under part 578.3 of Title 24 of the Code of Federal Regulations and who have or are suspected of having a Behavioral Health Challenge. These individuals and households must include a person described in subdivision (c) or (d) of Section 14184.402, or a person with a substance use disorder, as described in Section 5891.5. However, enrollment in Medi-Cal or in any other health plan shall not be a condition for accessing housing or continuing to be housed. For Veteran-serving Projects the Target Population also includes Veterans.
- xli. “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.

- iii. Has organized a separate legal entity, either a non-profit or for-profit entity, in compliance with CCR Title 25, Section 8301(s) and it has demonstrated to the satisfaction of the Department that the separate legal entity is controlled by the Tribal Applicant.
- xlii. "Unit" means a residential unit that is used as a primary residence by its occupants, including individual units within the Project.
- xliii. "Veteran" means a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable and who is experiencing or at risk of homelessness as defined in Title 24 CFR Part 578.3.
- xliv. "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.
- xlvi. "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.

APPENDIX A: Homekey+ Capital Contributions

Assisted Unit, 1:1 Match	Homekey+ Capital Contributions		
	Total Cost Per Door *	Maximum Homekey+ Contribution	Applicant Contribution
Homekey+ Target Population and Manager's Units	\$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+

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

APPENDIX B: Homekey+ Organizational Document Requirements

	Documents to submit with Application	Needed to pass Threshold	Needed to pass Feasibility
All Applicants	Certification & Legal Disclosure		x
	Signature Block (in Word document format)		x
	Payee Data Record (STD 204) (except jurisdictions)		x
	EIN Verification (IRS form SS-4) (except jurisdictions)		x
	Tax-Exempt Status from IRS and FTB (if applicable)		x
Eligible Applicant or Co-Applicant	Project Ownership Structure (<i>only one needed</i>)	x	
Eligible Applicant (Jurisdiction)	Authorizing Resolution	x	
	Taxpayer Identification Number (FI\$Cal TIN Form)	x	
Tribal Entity	Authorizing Resolution	x	
	Tribe Formation Documents (constitution, charters, etc.)	x	
	Federal Register of Indian Entities Recognized (if applicable)	x	
Corporation	Authorizing Resolution	x	
	Articles of Incorporation	x	
	Certificate of Amended Articles of Incorporation, if applicable	x	
	Corporate Bylaws (all amendments and/or restatements)	x	
	Restated Articles of Incorporation	x	
	Cert of Good Standing (dated within 30 days of app due date)		x
	Statement of Information		x
	Shareholder Agreements (if applicable)		x
Limited Liability Company	Authorizing Resolution	x	
	Articles of Organization including restatements (LLC-1)	x	
	Certificate of Amended Articles of Organization (LLC-2) if applicable	x	
	Operating Agreement	x	
	Cert of Good Standing (dated within 30 days of app due date)		x
Limited Partnership	Authorizing Resolution	x	
	Certificate of Limited Partnership (LP-1)	x	
	Amendment to Certificate of Limited Partnership (LP-2)	x	
	Limited Partnership Agreement	x	
	Cert of Good Standing (dated within 30 days of app due date)		x
LLC: Manager of LLC if applicable	See org doc requirement based on organization type	x	
Limited Partnership: MGP	See org doc requirement based on organization type	x	
Limited Partnership: AGP	See org doc requirement based on organization type	x	

	Documents to submit with Application	Needed to pass Threshold	Needed to pass Feasibility
Limited Partnership: LP or GP	See org doc requirement based on organization type	x	

APPENDIX C: Homekey+ Streamlining

State of California Health and Safety Code Section 50675.1.5: Streamlined Ministerial Review Process (excerpt from Homekey+ authorizing statute)

50675.1.5. (a) (1) Notwithstanding any other law, projects to provide housing pursuant to paragraph (1) or (2) of subdivision (a) of Section 5965.04 of the Welfare and Institutions Code, shall be a use by right and shall be subject to the streamlined, ministerial review process, pursuant to subdivision (b), if it meets all of the following criteria:

(A) It is located in a zone where multifamily residential use, office, retail, or parking are a principally permitted use.

(B) At least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(C) It satisfies the requirements specified in subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision (a) of Section 65913.4 of the Government Code.

(D) It is not on a site or adjoined to any site where more than one-third of the square footage on the site is dedicated to industrial use.

(E) The development will meet the following objective zoning standards, objective subdivision standards, and objective design review standards:

(i) The applicable objective standards shall be those for the zone that allows residential use at a greater density between the following:

(I) The existing zoning designation for the parcel if existing zoning allows multifamily residential use.

(II) The zoning designation for the closest parcel that allows residential use at a density deemed appropriate to accommodate housing for lower income households in that jurisdiction as specified in paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code.

(ii) The applicable objective standards shall be those in effect at the time that the development application is submitted to the local government pursuant to this section.

(iii) A development proposed pursuant to this section shall be eligible for the same density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratios applicable to a project that meets the criteria specified in subparagraph (G) of paragraph (1) of subdivision (b) of Section 65915 of the Government Code.

(F) No housing units were acquired by eminent domain.

(G) The housing units will be in decent, safe, and sanitary condition at the time of their occupancy.

(H) The project meets the labor standards contained in Sections 65912.130 and 65912.131 of the Government Code.

(I) The project provides housing for persons who meet the criteria specified in subdivision (a) of Section 5830 of the Welfare and Institutions Code and their families.

(J) Long-term covenants and restrictions require the housing units to be restricted to persons who meet the criteria specified in subdivision (a) of Section 5830 of the Welfare and Institutions Code for no fewer than 30 years.

(2) (A) For purposes of this subdivision, parcels only separated by a street or highway shall be considered to be adjoined.

(B) For purposes of this subdivision, “dedicated to industrial use” means any of the following:

- (i) The square footage is currently being used as an industrial use.
- (ii) The most recently permitted use of the square footage is an industrial use.
- (iii) The site was designated for industrial use in the latest version of a local government’s general plan adopted before January 1, 2022.

(b) The project shall be subject to the following streamlined, ministerial review process:

(1) (A) If the local government determines that a development submitted pursuant to this section is consistent with the objective planning standards specified in this section, it shall approve the development.

(B) If a local government determines that a development submitted pursuant to this section is in conflict with any of the objective planning standards specified in this section, it shall provide the development proponent written documentation of which standard or standards the development conflicts with, and an explanation for the reason or reasons the development conflicts with that standard or standards, within the following timeframes:

- (i) Within 60 days of submission of the development proposal to the local government if the development contains 150 or fewer housing units.
- (ii) Within 90 days of submission of the development proposal to the local government if the development contains more than 150 housing units.

(C) If the local government fails to provide the required documentation pursuant to subparagraph (B), the development shall be deemed to satisfy the required objective planning standards.

(D) (i) For purposes of this section, a development is consistent with the objective planning standards if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(ii) For purposes of this section, a development is not in conflict with the objective planning standards solely on the basis that application materials are not included, if the application contains substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(E) The determination of whether a proposed project submitted pursuant to this section is or is not in conflict with the objective planning standards is not a “project” as defined in Section 21065 of the Public Resources Code.

(2) Design review of the development may be conducted by the local government’s planning commission or any equivalent board or commission responsible for design review. That design review shall be objective and be strictly focused on assessing compliance with criteria required for streamlined, ministerial review of projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local jurisdiction before submittal of the development to the local government and shall be broadly applicable to developments within the jurisdiction. That design review shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(A) Within 90 days of submittal of the development proposal to the local government pursuant to this section if the development contains 150 or fewer housing units.

(B) Within 180 days of submittal of the development proposal to the local government pursuant to this section if the development contains more than 150 housing units.

(c) Division 13 (commencing with Section 21000) of the Public Resources Code shall not apply to actions taken by HCD of Housing and Community Development, the State Department of Health Care Services, or a local agency to provide financial assistance or insurance for the development and construction of projects built pursuant to this section.

(d) The applicant shall file a notice of exemption with the Office of Planning and Research and the county clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of Section 21152 of the Public Resources Code.

(e) For purposes of this section, the following definitions shall apply:

(1) “Objective zoning standards,” “objective subdivision standards,” and “objective design review standards” mean standards that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal. These standards may be embodied in alternative objective land use specifications adopted by a City or county, and may include, but are not limited to, housing overlay zones, specific plans, inclusionary zoning ordinances, and density bonus ordinances.

(2) “Use by right” means a development project that satisfies both of the following conditions:

(A) The development project does not require a conditional use permit, planned unit development permit, or other discretionary local government review.

(B) The development project is not a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.

APPENDIX D: Homekey+ Grantee Publicity Guidelines

Grantees are required to acknowledge HCD in all publications, websites, signage, invitations, and other media-related and public-outreach products and events related to the Homekey+ Project. HCD staff will provide their respective logo file(s) and guidance on their usage directly to the Grantees.

- i. Long-form written materials, such as reports, must include the following standard language about HCD and Homekey+:
 - a. Housing stability is vital to mental health wellness. With safe, affordable housing and Supportive Services to address Behavioral Health Challenges California's most vulnerable residents will have the foundation they need to thrive. With funding allocated from the passage of Proposition 1 and HHAP Supplemental funds, HCD will expand on the success of its Homekey program through Homekey+ to help support the development of PSH for Veterans and individuals (or households with individuals) who are At Risk of or experiencing homelessness and with mental health or substance use challenges.
- ii. Informational materials that do not qualify as long-form, but include at least a paragraph of text, such as press releases, media advisories, short case studies, some flyers, etc., should include the following language:
 - a. Long version: Homekey+ is funded by almost \$2.145 billion from Proposition 1 bond and HHAP supplemental funds, allowing HCD to expand on the success of its Homekey program to help support the development of Permanent Supportive Housing for Veterans and individuals At Risk of or experiencing homelessness and with mental health or substance use challenges.
 - b. Short version: Funded by Proposition 1 and HHAP, Homekey+ creates Permanent Supportive Housing for Californians with Behavioral Health Challenges.
- iii. Grantees may at times produce promotional materials that are primarily visual in nature, such as banners, signage, certain flyers, and sharable images for social media. In such cases, when including the boilerplate language acknowledging Homekey+ support is not practical, Grantees should instead include the official logo of HCD preceded by the words "Funded by."
- iv. Grantees are required to identify a point of contact for all press inquiries and communications needs related to the Project and provide the name, phone number, and email address of this individual to HCD.

- v. Grantees are encouraged to distribute a press release after grant decisions are made public by the HCD or Governor's Office and any embargo lifted, and for other major milestones throughout the lifecycle of the Project. All press releases must be approved by HCD prior to distribution, and HCD must be alerted and invited to participate in any and all groundbreakings, grand openings, and press conferences related to the Award by emailing HCD Homekey@hcd.ca.gov.
- vi. Grantees are required to prepare one or more two- to four-page documents that provide a summary of the Project components and tell the story of the Homekey+ development process and/or implementation. All such materials must be approved by HCD prior to distribution. These materials may be displayed on the Homekey+ website.
- vii. Applicants and Grantees are encouraged to use social media to share the process of creating a Homekey+ proposal and to inform the public throughout implementation. @California_HCD and @CAbcsh should be tagged on all posts related to the Homekey+ grant. Use of the hashtags #Homekey+ and #WhereFoundationsBegin is encouraged.



Citywide Affordable Housing Loan Committee
Mayor’s Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller’s Office of Public Finance

MEMORANDUM

DATE: November 7, 2025

TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE

FROM: OMAR MASRY, PROJECT MANAGER

RE: **PERMANENT FINANCING COMMITMENT OF UP TO \$8,000,000 IN CITY LOAN FUNDS AND A GRANT OF \$3,000,000 IN STATE FUNDS FOR REHABILITATION OF 1035 VAN NESS AVENUE**

STATE HOMEKEY+ CAPITAL GRANT	\$3,000,000
HSH 2020 HEALTH & RECOVERY GO BOND	\$5,912,794
OUR CITY OUR HOME (OCOH) FUNDS	\$2,087,206
TOTAL	\$11,000,000

1. SUMMARY OF REQUEST

Swords to Plowshares Veterans Rights Organization (Swords or Sponsor), through 1035Vets, LLC, requests a final MOHCD gap loan of up to \$8,000,000, in conjunction with disbursement of a \$3,000,000 Homekey+ Capital Award grant to support 124 units of permanent supportive housing for Veterans, through the rehabilitation of 1035 Van Ness Avenue (1035 Van Ness), a former 107-unit assisted living facility for seniors, with 35 parking spaces (Site), located on the edge of the Western Addition neighborhood.

2. **BACKGROUND**

The Site was initially developed in 2004 as the San Francisco Care Center, a licensed assisted living project. The property was acquired during bankruptcy by Swords, using a bridge acquisition loan of \$27.5 million from the San Francisco Housing Accelerator Fund (SFHAF). The building was originally developed with 122 assisted living units, and subject to building code violations due to the unauthorized removal of 15 units by the prior owner. The Site is currently vacant and has been removed from State senior nursing facility licensing. Swords proposes to convert the Site into 124 units of permanent supportive housing (PSH) for Veterans who are exiting homelessness (Project). The total development cost of \$41,450,482 includes repayment of SFHAF acquisition and predevelopment financing as well as the costs of reinstating 15 units removed by the previous owner, adding two new accessory dwelling units, and converting ground floor reception and ancillary commercial space into resident serving spaces and offices for supportive services staff.

The preliminary gap request approved on May 16, 2025 by Citywide Affordable Housing Loan Committee (Loan Committee) and attached for reference as Attachment A, proposed two financing options, 1) only City funding from MOHCD (PASS Financing) and HSH; and 2) a combination of \$8M in City financing (OCOH and 2020 Health and Recovery GO Bond), and a Homekey+ grant by the California Department of Housing and Community Development (HCD), for \$32.8 million in capital funding and a Homekey+ Capitalized Operating Reserve (COSR) of \$2,254,030.

The City and Sponsor, as co-applicants, received a conditional award letter on September 19, 2025, for a \$32.8 million State Homekey+ capital grant and \$6.2 million Homekey+ operating expense grant award. The increase in operating expense grant award was the result of an amended Homekey+ NOFA that increased the operating award for each Veteran unit. The Sponsor will receive \$29.8M of the Capital Grant Award, which will be used to pay off the SF HAF Acquisition loan, with the remaining approximately \$3 million disbursed to the City to be used for construction, paid by MOHCD to the Sponsor in the standard draw process. The HCD Operating Grant Award will be used as a capitalized operating subsidy reserve (COSR), that will be drawn by the Sponsor, from HCD, in Year 1 of operations. Since it is not fully paid to the Sponsor at close, it is not included in the overall Total Development Costs.

While the requested MOHCD loan amount remains unchanged from the May 16, 2025 Loan Committee request, this memo updates the Loan Committee on previously identified principal development issues, current project status and the proposed total budget.

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Request for Gap Financing

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3. SOURCES SUMMARY

Source	Current Amount	Amount at Preliminary Gap*	Current Terms	Status
MOHCD Loan	\$8,000,000	\$8,000,000	55 yrs. @ 0% Res Rec	This request
HCD Homekey+ Capital Grant to Sponsor*	\$3,000,000	\$3,000,000	One-time Grant	Committed
Swords Capital Fundraising Grant	\$650,482	\$0	One-time Grant	Partially Committed. See Section 3a below.
Total Funding	\$11,650,482	\$11,000,000		

*Capital Grant to be administered by MOHCD. This amount does not include \$29.8M of HCD Homekey+ Capital Grant used to pay off the SF HAF Acquisition Loan and does not include Homekey+ Operating Funds previously assumed during preliminary gap at \$2,254,030, and now conditionally awarded for \$6,244,030 in the form of a Capitalized Operating Reserve (COSR). This operating award will be made available directly to Sponsor, by HCD, starting in Year 1 of operations.

4. UPDATE ON PRINCIPAL DEVELOPMENT ISSUES

- **Timing – Due Diligence for Site Acquisition.** Completed by acquisition of Site in July 2025, and no major Site or building challenges identified.
- **Timing – Site Acquisition during bankruptcy proceeding for prior owner.** Completed.
- **Ownership Structure of Land and Building by Swords, given limited experience as a developer.** Resolved given ongoing progress in predevelopment activity and through required loan conditions.
- **Construction Cost Containment based on limited timing to refine construction scope.** While the issue remains an area of risk, it appears solvable. See updates on Project Status section 3.c for more information.

Financing Risk if No Homekey+ funds awarded. No longer applicable given conditional award of Homekey+.

5. UPDATE ON PROJECT STATUS

a. Financing Plan - Permanent Use and Capitalized Operating Subsidy Reserve Changes

The Sponsor has included an additional \$1,133,272 in increased construction cost in the permanent uses budget, since preliminary gap, due to scope increases as a result of more refined construction estimates, including building exploratory activities. This increase is partially reflected in changes to permanent uses shown below, as well as changes to hard cost contingency that are discussed further in Section 3b. While the overall \$41.4M capital budget does provide sufficient funding to ensure the building can be leased up, be safe to operate, and meet funding and building code requirements, the overall capital budget cannot support the entirety of short- and long-term rehabilitation and building system upgrade needs. Opportunities to value engineer construction costs further do not appear likely and the MOHCD loan is limited to \$8M. So, approximately \$3.6M of rehabilitation activity will be funded instead out of HCD Homekey+ Operating Grant Award funds, paid directly to the Sponsor, by HCD, in Year 1 of operations.

At submittal of the Homekey+ application, Swords originally assumed a \$32.8 million Homekey+ Capital Award Grant, and a \$2,254,030 Homekey+ Operating Award Grant, with the Operating Award to be administered as a COSR. The September 2025 Homekey+ conditional award letter includes the same \$32.8 million Homekey+ Capital Award Grant, but HCD has increased the Operating Award Grant to \$6,244,030. There will be \$2,642,288 of the COSR will be used, as previously approved by Loan Committee at preliminary gap, to replace LOSP funding for the entire Project, for Years 1 through 5 of operations.

As noted above, the full scope of building rehabilitation needs could not be funded within the Project development budget, so the remaining \$3,601,742 portion of the COSR, shown in the 20 Year operating budget will be used for activities that would be eligible for the Homekey+ operating award, such as upgrades to existing domestic hot water systems, HVAC maintenance, and roof replacement (See Section 3c for more information).

Breakout of MOHCD and HCD Capital Sources

Source	Amount	COSR for Year 1 through 5 Operating Costs to Replace LOSP	COSR for Operating used to fund additional rehabilitation in Year 1 of Operations
City Loan	\$8,000,000 (Capital for Building Rehabilitation)		
HCD Homekey+ Capital Grant	\$29.8M for HAF Acquisition Loan Payoff		
HCD Homekey+ Capital Grant	\$3M Capital for Building Rehabilitation		
Swords fundraising	\$650,482 Capital for Building Rehabilitation		
HCD Homekey+ Operating Grant	\$6,244,030 composed of:	\$2,642,288	\$3,601,742

b. Financing – Sources Update

At present there are no significant changes to the Sources budget that was presented at Loan Committee Preliminary Gap. However, as shown below, the Sponsor has increased the permanent (capital) budget by \$650,482 to include fundraising capital.

Permanent Uses	Amount At Preliminary Gap	Amount at Final Gap (this request)	Change
Acquisition	\$28,149,435	\$27,954,726	-\$194,709
Hard Costs (Construction)	\$7,635,703	\$8,550,032	+\$914,329
Soft Costs	\$2,961,129	\$2,891,991	-\$69,138
Reserves	\$1,053,733	\$1,053,733	No Change
Developer Fee	\$1,000,000	\$1,000,000	No Change

Total	\$40,800,000	\$41,450,482	+\$650,482
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Since preliminary gap approval, the Sponsor has received \$300,000 in fundraising grants from private and foundation sources (\$200,000 from Wells Fargo and \$100,000 from a private donor) and expects to raise the remaining \$350,482 towards the fundraising portion of the development budget prior to construction completion. In the event of a fundraising shortfall, the Sponsor plans to apply for an AHP award of up to \$1.24M (See Section 3b below), in Spring 2026. In the event fundraising falls short and AHP is not awarded, the Sponsor would defer some building rehabilitation activity such as heating and ventilation upgrades to equipment nearing end of expected serviceable life, so long as those items are not required to meet building code or HCD and City financing requirements.

The original financing plan did not assume any financing from the AHP, given eligibility challenges tied to construction period timelines; but the Sponsor intends to apply for up to \$1.24 million in AHP financing, in Spring 2026, to complete future repairs to elevators, boilers or roofs, if those repairs are approved by MOHCD. These costs are not included in the current budget and would, per a Loan condition, need to be approved in advance by MOHCD staff. A MOHCD AHP Bridge loan is not proposed. Remaining AHP funds, if awarded, would be used to cover any shortfalls in capital fundraising, support relocation costs associated with tenants being moved from 250 Kearny, and support rehabilitation work and repayment to MOHCD, if available.

Per HCD, the HK+ Capital Grant Award of \$32.8M will be disbursed all at once and wired to escrow. The bulk of the Capital Grant Award will be used to pay off the SFHAF acquisition and predevelopment loan with accrued interest (~\$29.8M), with the remaining approximately \$3M sequestered in a City account, with draws managed by MOHCD throughout construction and lease up.

c. Construction Supervisor/Construction Representative’s (Cr) Evaluation

The current contractor construction estimate (not including contingency and related soft costs) is approximately \$1.1M higher than the May 12, 2025, estimate provided as part of preliminary gap approval. In addition, the hard cost contingency is now estimated at 10% instead of the underwriting standard 15% proposed at preliminary gap for rehabilitation type projects. Though this contingency reduction is unusual, the Project team has made a compelling case that it is justified given the building is only 20 years old and was only partially occupied all those years; it appears the team and the general contractor conducted several exploratory examinations to reveal and mitigate for existing conditions; and the scope has been vetted several times with MOHCD CR and with experienced Owner’s representatives.

Changes to construction scopes since preliminary gap approval include the following:

- First floor mailroom and 5th floor offices remodeled
- Elastomeric painting at the entire exterior to provide additional waterproofing with the cracking stucco surfaces.
- Repair of stucco cracks at the north facade.
- Replacing additional failed or failing packed terminal air conditioner (PTAC) units providing heating and ventilation in each unit.

With MOHCD's approval, hard and soft contingency savings, if available, will be allocated to more PTAC unit replacements as all the units are near their remaining useful life and to other items on the add alternate list including:

- Replace roof top mechanical equipment
- Replace miscellaneous exhaust fans
- Replace air handling equipment
- Total \$705K

With an additional \$3.6 million in additional COSR funding available after lease-up, Sponsor will complete additional Project scope identified above and including the following, with minimal disruption to tenants during move-in or occupancy:

- New outside air fans for ventilation of 124 units (currently working but at their remaining useful life)
- Replace roof
- Replace domestic hot water heaters
- The scope of additional rehabilitation items listed in the two above paragraphs are intended to extend the life of existing building features and equipment but are not required to meet local (DBI) or State (Homekey+) requirements.

d. Relocation

Up to 108 tenants will be relocated to 1035 Van Ness from the Stanford Hotel, a Single-Room Occupancy (SRO) hotel at 250 Kearny Street in the Financial District, upon completion of rehabilitation at 1035 Van Ness. HSH leases the Stanford Hotel as supportive housing for Veterans, with Swords as the manager and services provider. HSH is expected to terminate use of the Stanford Hotel after tenant relocation.

The original and current development budget do not include funds for relocation of existing tenants from the Stanford Hotel and a more precise estimate of relocation costs is dependent on the number of Stanford Hotel residents that choose to relocate to 1035 Van

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Ness, or opt to utilize their rental subsidy vouchers (e.g. VASH) at other affordable housing communities. The Sponsor will survey existing residents of their relocation preference in 2026 and seek Federal funds through the Veterans Administration Supportive Services for Veteran Families program to assist with relocation costs. In the event program funds are not available or sufficient and the Sponsor is successfully awarded AHP funds, then a portion of those AHP funds can also be allocated as necessary and after approval by MOHCD.

e. Annual Operating Budget

At present, there are no changes to the overall uses in the budget, aside from the additional scope of work mentioned above. Please see Attachment A for more information.

6. LOAN TERMS

Financial Description of Proposed PERMANENT Loan	
Loan Amount:	Up to \$8,000,000
Loan Term:	55 years
Loan Maturity Date:	2080
Loan Repayment Type:	Residual Receipts, Deferred
Loan Interest Rate:	0%
Date Loan Committee approves prior expenses can be paid:	April 5, 2025

7. GRANT TERMS

Financial Description of Proposed Homekey+ Capital Grant	
Loan Amount:	Up to \$3,000,000
Loan Term:	N/A Grant
Loan Maturity Date:	N/A
Loan Repayment Type:	None (Grant)
Loan Interest Rate:	N/A

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Date Loan Committee approves prior expenses can be paid:	April 5, 2025
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8. **RECOMMENDED LOAN CONDITIONS**

The following conditions replace and supersede Recommended Loan Conditions in the May 16, 2025, Preliminary Gap Loan approval.

1. Prior to construction completion, Sponsor must provide MOHCD with funding commitments from all other financing sources, AHP and Veterans Administration.
2. Sponsor must provide MOHCD with monthly Post Closing Reporting form through lease up.
3. Sponsor may utilize any realized construction cost savings including unused contingencies for building rehabilitation work or 250 Kearny resident relocation, subject to pre-approval by MOHCD.
4. Sponsor must provide updated lease-up/referral plan within 120 days of construction completion.
5. Sponsor must provide written, quarterly updates to MOHCD on progress towards the close-down at The Stanford/250 Kearny and any plan modifications until Project is fully leased and The Stanford/250 Kearny is closed.
6. Sponsor to submit updated operating and cashflow budget by November 1 of the fiscal year proceeding the fiscal year in which LOSP subsidy will be required to operate the Project.
7. Sponsor shall undertake training from the Corporation in Supportive Housing, or similar equivalent, on Asset Management for affordable housing, prior to construction completion.
8. Sponsor shall apply for FHLB AHP financing in the next available application period and seek the maximum AHP loan considered eligible and competitive. In the event funds are awarded, Sponsor shall request disbursement within 60 days of disbursement date. AHP loan funds shall be utilized to accelerate repayment of the MOHCD Loan, unless funds are pre-approved by MOHCD to fund core building structural, roofing, equipment needs, or relocation needs.
9. Sponsor shall draw Homekey+ Capital Grant funds from MOHCD first, followed by AHP and other non-MOHCD funds second. Sponsor shall be responsible for draws of Homekey+

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Operating Grant Award funds.

10. Sponsor must order a new PNA upon project completion.

11. 8. Sponsor must provide quarterly updated responses to any letters requesting corrective action.

9. PRELIMINARY GAP LOAN CONDITIONS

1. Prior to funding, sponsor must provide MOHCD with funding commitments from all other financing sources, including SFHAF and the Veterans Administration.

Status: In Progress and included in recommended loan conditions.

2. Sponsor must provide MOHCD with monthly updates via the MOHCD Monthly Project Update upon approval by Loan Committee and at construction start, via the Post Closing Reporting form through lease up.

Status: In Progress and included in recommended loan conditions.

3. Sponsor must work with MOHCD staff and Project's General Contractor to keep construction on schedule and on budget.

Status: In progress. Replaced by Condition 3 in recommended loan conditions.

4. Sponsor must provide updated lease-up plan within 60 days of loan closing with dates for expected completion and 100% leaseup and provide a monthly post-closing report until the Certificate of Completion is received.

Status: In Progress. Replaced by Condition 4 in recommended loan conditions.

5. Sponsor must provide written, quarterly updates to MOHCD on progress towards the close-down at The Stanford/250 Kearny and any plan modifications until Project is fully leased and The Stanford/250 Kearny is closed.

Status: In Progress and included in recommended loan conditions.

6. Sponsor to work with MOHCD and HSH to update the LOSP budget and income restrictions for the referrals from Coordinated Entry by November 2025 (November preceding the fiscal year that LOSP contract begins.)

Status: In Progress. Replaced by Condition 6 in recommended loan conditions.

7. Sponsor must order a new PNA upon project completion.

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Status: In Progress and included in recommended loan conditions.

8. Sponsor must provide quarterly updated responses to any letters requesting corrective action.

Status: In Progress and included in recommended loan conditions.

10. LOAN COMMITTEE MODIFICATIONS


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11. LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Signed by:

E09C20545F78457...
Daniel Adams, Director
Mayor's Office of Housing and Community Development

Date: 11/7/2025 | 1:00 PM PST

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

4471E0DF5946486...
Salvador Menjivar, Director of Housing
Department of Homelessness and Supportive Housing

Date: 11/10/2025 | 9:46 AM PST


☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

712ADC1A818C472...
Marc Slutzkin, Deputy Director
Office of Community Investment and Infrastructure

Date: 11/7/2025 | 12:50 PM PST

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

63D9B405CF594FF...
Vishal Trivedi, on a behalf of Anna Van Degna,
Director Controller's Office of Public Finance

Date: 11/7/2025 | 12:52 PM PST

Attachments:

- A. May 16, 2025, Loan Evaluation
- B. Updated Project Milestones/Schedule
- C. Updated Development Budget
- D. Updated 1st Year Operating Budget
- E. Updated 20-year Operating Pro Forma

1035 Van Ness
Request for Gap Financing

November 7, 2025
Page 13 of 19

Attachment A: May 16, 2025, Loan Evaluation

Citywide Affordable Housing Loan Committee

Mayor’s Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller’s Office of Public Finance

1035 Van Ness Avenue

Up to \$8,000,000 Preliminary Gap Commitment

-And- Up to \$30,000,000 PASS Loan
Preliminary Gap Commitment

Evaluation of Request for:	\$8,000,000 and \$30,000,000 (PASS alternative)
Loan Committee Date:	May 16, 2025
Prepared By:	Mara Blitzler, Director of Special Projects
MOHCD Asset Manager:	Wesley Ellison-Labat, Asset Manager
MOHCD Construction Rep:	Brendan Dwyer, Director of Construction Services
Sources and Amounts of New Funds Recommended:	\$5,912,794 2020 Health and Recovery (GO) Bonds \$2,190,553 Our City Our Home (OCOH) Funds
Sources and Amounts of Previous City Funds Committed:	N/A
NOFA/PROGRAM/RFP:	Homekey+ Acquisition and Rehabilitation / HSH Sole Source Emergency Procurement
Applicant/Sponsor(s) Name:	Swords to Plowshares (“Swords”)

EXECUTIVE SUMMARY**Sponsor Information:**

Project Name:	1035 Van Ness	Sponsor(s):	Swords to Plowshares ("Swords")
Project Address (w/ cross St):	1035 Van Ness Avenue (btwn Myrtle and Geary)	Ultimate Borrower Entity:	1035Vets LLC

Project Summary:

This request is for a preliminary gap funding commitment in support of a City / Sponsor Homekey+ application for the acquisition and rehabilitation of 1035 Van Ness Avenue (1035 VN), an existing 122-unit assisted living facility with 35 parking spaces, located on the edge of the Western Addition neighborhood (Project). The Project is in good condition and located along the newly completed bus rapid transit line connecting riders from the waterfront to the Market Street transit corridor. The assisted living facility, San Francisco Care Center, has filed for bankruptcy, facilitating an opportunity to purchase the building. The building was built in 2004 and is an attractive opportunity to re-purpose as permanent supportive housing (PSH) for Veterans with in-unit bathrooms. In addition to the possibility of 124 units (plan is to add two), the building offers ample community spaces including a commercial kitchen, dining area, physical therapy rooms, basement, garage, and 35 parking stalls, along with 2 resident elevators and a service elevator.

The Seller is in default under their first mortgage loan and under threat of foreclosure, declared bankruptcy in January. The purchase of 1035 Van Ness for \$27.75 million will be facilitated by a bridge loan from the San Francisco Housing Accelerator Fund (SFHAF). Total development cost for the Project is \$40.8M inclusive of land costs. The City funds requested, in combination with an award of Homekey+ grant funds in the amount of \$32.5 million (or, as a back-up funding option, a City PASS loan of \$30 million), will facilitate a modest renovation that will restore the building to its permitted 124 studio units and facilitate its ability to serve the new intended residents, consisting of formerly homeless veterans with Serious Mental Illness (SMI) or Substance Use Disorder (SUD). The site will benefit from a new commitment of 66 project-based vouchers (PBVs) through the Veterans Administration Supportive Housing (VASH) program. A 15-year LOSP contract will cover the remaining 58 units, funded by Our City our Home (OCOH) Fund. There will also be a small operating contract with Veterans Administration Medical Center (subject to pending procurement process.) There is no manager's unit as there is onsite staff 24 hours/day.

Because this Project will be owned by a nonprofit (Swords), it is being underwritten by--and will be monitored as an asset by the Mayor's Office of Housing and Community Development (MOHCD). The capital funding is being allocated by HSH through its OCOH Fund, as well as 2020 Health and Recovery GO Bonds. Services provided by Swords will be funded by HSH and VAMC will provide in-kind services for VASH residents. Project Open Hand, through a contract with the Department of Aging and Disability Services (DAS), will provide one cooked meal per day for residents. All Project units will be restricted to 30% TCAC AMI and persons with serious mental illness or substance use disorder per the Homekey+ requirements.

Swords to Plowshares was selected by HSH for this opportunity because of its current work at The Stanford Hotel/250 Kearny and other PSH sites serving veterans. The acquisition of 1035 Van Ness is catalyzed by the anticipated closure of 250 Kearny, a traditional SRO building which currently serves Homeless Veterans with special needs that and has experienced high vacancies.

As mentioned previously, total development cost for the Project is \$40.8M. The requested City financing of \$8M will be used first to repay the SFHAF acquisition loan/construction loan, and the Project will undergo a permanent financing conversion within six months of construction start in 2026. Construction will last no longer than 12 months per Homekey+ requirements and lease-up must be completed within 3 months of construction completion.

Project Description:-

Construction Type:	Type I	Project Type:	Rehabilitation
Number of Stories:	9 + underground parking	Lot Size (acres and sf):	.28 acres / 12,352 sf

Number of Units:	124	Architect:	Saida Sullivan
Total Residential Area:	83,244 sf	General Contractor:	D&H
Total Commercial Area:	0 sf	Property Manager:	Swords to Plowshares
Total Building Area:	90,513 sf	Supervisor and District:	Sup. Sherill D2
Current Land-Owner:	San Francisco Care Center, LP (dba "The Avenue Assisted Living")	Ultimate Landowner:	1035Vets LLC
Total Development Cost (TDC):	\$43,054,030	Total Acquisition Cost:	\$27,750,000
TDC/unit:	\$347,210	TDC less land cost/unit:	\$123,420
Loan Amount Requested:	\$8,000,000 HSH \$30,000,000 PASS	Request Amount / unit:	\$64,516
HOME Funds?	No	Parking?	Yes – 35 spaces (7,269 sf)

PRINCIPAL DEVELOPMENT ISSUES

- **Timing – Due Diligence:** The acquisition due diligence period is extraordinarily short (45 days), with a go/no go decision on the Purchase and Sale Agreement required before a Homekey+ application is submitted (let alone awarded.) This limits time to accurately estimate the complete costs of the rehabilitation and necessitates a back-up plan for the financing (see below Financing Risk.) **See section 1.1.**
- **Timing - Site Acquisition:** Seller has filed for bankruptcy protection while their mortgage lender pursues a foreclosure. This means that a Court must approve the purchase terms. The HAF is seeking a price concession related to non-disclosure of 13 half-bathrooms on the 2nd and 3rd floors. There are 120 days between the date the Court is expected to approve the PSA (May 23, 2025) and close of escrow (September 14, 2025.) The proposed Plan B - PASS loan serves as a back-up plan if the HK+ funds are delayed or not made available. **See section 1.1.**
- **Ownership Structure:** Swords to Plowshares has been successfully serving and housing veterans for decades and has many contracts with HSH, VAMC, and others. However, they have limited experience as the primary building owner/asset steward. The ownership structure for the Project – direct nonprofit ownership – is preferred by HSH because of simplicity. Swords is working with a development consultant, Scott Falcone, to ensure that they have systems in place for auditing, compliance, and facilities planning. **See Section 1.35.**
- **Construction Cost Containment:** The Initial rehabilitation cost estimate, prepared by a consultant to the SFHAF, was not sufficient to achieve all rehabilitation goals under the initial capital budget. Estimates from the architect and general contractor have been provided, and incorporated into this evaluation, but there is limited time to analyze, and scope has already been reduced to meet budget limitations. Sponsor has worked with HAF to limit costs of the bridge loan where possible, scope such as roof replacement has been scheduled for 5 years from now, and there is a hard cost contingency of 15%. **See Section 4.**
- **Financing Risk:** \$1.033 Billion of Homekey+ funds are set aside for Veterans, of which \$141.6M is allocated to the Bay Area. It is believed that the veterans pool will be undersubscribed this round. If the City and Swords are not awarded HK+ funds, others funds must be identified to repay the HAF acquisition/construction loan. MOHCD has identified the PASS loan fund as a potential replacement for HK+ funds. Unlike HK+, which is a grant, the PASS is a loan program that requires annual debt payments for the duration of its 40-year term. **See Section 6.**

SOURCES AND USES SUMMARY

Acquisition/Rehabilitation/ Construction Sources	Amount	Per Unit	Terms	Status
SFHAF*	\$38,806,267	\$312,954	6 mos @ 5.75%	Pending Request
Total	\$38,806,267	\$322,581		

Permanent Sources – Plan A	Amount	Per Unit	Terms	Status
HSH/MOHCD	\$8,000,000	\$64,516	55 yrs @0% Res Rec	This request
HCD Homekey+	\$32,800,000	\$264,516	One-time Grant	Application due May 30
HCD Homekey+ COSR	\$2,254,030	\$18,178	Annual Grant, Years 1-5	Application due May 30
Total	\$43,054,030	\$347,210		

Permanent Uses – Plan A	Amount	Per Unit	Per SF
Acquisition	\$28,149,435	\$227,012	\$311.00
Hard Costs	\$7,635,703	\$61,578	\$84.36
Soft Costs	\$2,961,129	\$23,880	\$32.71
Reserves	\$1,053,733	\$8,498	\$11.64
Developer Fee	\$1,000,000	\$8,065	\$11.05
Capitalized Operating Subsidy Reserve (COSR)	\$2,254,030	\$18,178	\$24.90
Total	\$43,054,030	\$347,210	\$475.67

Permanent Sources – Plan B	Amount	Per Unit	Terms	Status
HSH/MOHCD	\$8,000,000	\$64,516	55 yrs @0% Res Rec	This request
MOHCD PASS	\$30,000,000	\$241,935	40 yrs @5% Simple	This request
Total	\$38,000,000	\$306,452		

Permanent Uses – Plan B	Amount	Per Unit	Per SF
Acquisition	\$28,149,435	\$227,012	\$311.00
Hard Costs	\$6,424,975	\$51,814	\$70.98
Soft Costs	\$2,295,849	\$18,515	\$25.36
Reserves	\$629,741	\$5,079	\$6.96
Developer Fee	\$500,000	\$4,032	\$5.52
Total	\$38,000,000	\$306,452	\$419.83

1. BACKGROUND

1.1. Project History Leading to This Request.

The California Department of Housing and Community Development (“HCD”) issued a Notice of Funding Availability (“NOFA”) dated November 26, 2024, and Amended January 31, 2025, for grant funds under the Homekey+ Program authorized by Health and Safety Code Section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.); Health and Safety Code Section 50675.1.5 (Assem. Bill No. 531 (2023-2024 Reg. Sess.); Section 14184.402 of the Welfare and Institutions Code; Section 5891.5 of the Welfare and Institutions Code; and Round 5 and 6 of the Homeless Housing, Assistance and Prevention (HHAP) grant program. (Assem. Bill No. 129 (Chapter 40, Statutes 2023) and Assem. Bill No. 166 (Chapter 48, Statutes 2024), (“Homekey+”)

Since the inception of the Homekey grant program in 2024, the City has been awarded approximately \$239 million in Homekey grant funds that have supported the acquisition and operation of approximately 897 new units of permanent supportive housing serving adults, youth, and families. Homekey + differs in that it focuses on permanent housing and requires that residents meet criteria for serious mental illness (SMI) or substance use disorder (SUD) diagnosis.

Permanent supportive housing is the most effective, evidence-based solution to ending chronic homelessness, and also prevents new incidents of homelessness among highly vulnerable people with long experiences of homelessness. While significant progress has been made, veterans experiencing homeless comprise a significant proportion of homeless individuals in San Francisco.

Additional permanent supportive housing (PSH) furthers the City’s commitment to dismantling systemic racial inequities that disproportionately affect communities of color and contribute to the loss of stable housing. HSH has worked closely with Swords to Plowshares and the San Francisco Veterans Administration Health Care System to significantly reduce the number of homeless veterans in San Francisco.

The acquisition of 1035 Van Ness Avenue contributes to the City’s efforts to expand its PSH portfolio for veterans, providing stable housing and services to veterans experiencing homelessness. This initiative aligns with San Francisco’s broader strategy to address homelessness through the development and acquisition of supportive housing units.

Swords was selected by HSH to develop this permanent supportive housing under HSH's Chapter 21 emergency procurement waiver authorization to bring new PSH units quickly online with reduced cost. Further expediting of procurement is facilitated by the March 18, 2025 Breaking the Cycle Executive Directive and the Fentanyl State of Emergency Ordinance of January 7, 2025.

In addition, the acquisition and rehabilitation of the existing building will preserve housing at risk of loss due to interior demolition and neglect.

In order to take advantage of the opportunity to put the building back into operations with full usage, The San Francisco Housing Accelerator Fund (SFHAF) made an offer to purchase the building that was accepted on April 2, 2025. SFHAF will assign the PSA to Swords prior to the HK+ application. The acquisition due diligence period is extraordinarily short (45 days), with a go/no go decision on the Purchase and Sale Agreement required before a Homekey+ application is submitted (let alone awarded.) This limits time to accurately estimate the complete costs of the rehabilitation and necessitates a back-up plan for the financing in the event that the HK+ application is not successful. The back-up plan is described below as the "Plan B – PASS" loan.

1.2. Applicable NOFA/RFQ/RFP.

Swords was selected by HSH, with support from MOHCD, to act as the owner, developer, operator and services provider of 1035 Van Ness under its emergency authority outlined in Chapter 21.

The anticipated property acquisition cost of \$27,700,000 is consistent with an MAI licensed appraisal provided by Collier's as of April 29, 2025.

1.3. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

1.3.1. Borrower. 1035Vets LLC. Swords to Plowshares is the sole and managing member of this newly formed limited liability company established to own the property.

1.3.2. Joint Venture Partnership. N/A.

1.3.3. Demographics of Board of Directors, Staff and People Served.

Swords to Plowshares has more than 200 staff members, nearly 40% are veterans and approximately 72% are people of color including 42% Black, 11% two or more races, 8% Latino, 1% Asian. Sword's Executive Director is a Black woman, and the 15-member senior management team is 66% women, 30% Black, and 30% Asian.

Swords' 15-member Board of Directors includes community and business leaders from diverse backgrounds: 40% are women, 33% are Black, 7% are Asian, 7% are Latino. Additionally, 73% are Veterans and 13% are former clients with lived experience of homeless.

Swords to Plowshares Client Demographics					
Gender	%	Race	%	Era of Service	%
Male	90%	African American	34%	Post-9/11	39%
Female	9%	Asian	3%	Persian Gulf Era	18%
Transgender or Gender Nonconforming	1%	Hawaiian/Pac Islander	3%	Post-Vietnam Era	29%
Age	%	White	33%	Vietnam Era	11%
20-29	7%	Native American	4%	No defined era/undisclosed	3%
30-39	25%	Mixed race/Other	20%	Income	%
40-49	18%	Not disclosed	3%	Low-income (HUD)	97%
50-59	18%	Ethnicity	%	Below poverty line	47%
60+	32%	Hispanic or Latino	13%		

1.3.4. Racial Equity Vision. Swords to Plowshares strives to employ staff members and engage Board Members who are representative of the people they serve.

1.3.5. Relevant Experience.

Swords to Plowshares is a community-based nonprofit that has provided supportive services and service connections to San Francisco Bay Area veterans for more than 50 years. In 1974, a small group of Vietnam Veterans founded Swords to Plowshares to help their peers successfully transition to civilian life, find jobs after service, and access benefits and services within the Department of Veterans Affairs (VA).

Among other PSH programs and projects, Swords to Plowshares operates the Stanford Hotel (“Stanford”) at 250 Kearny Street, providing 131 permanent SRO units and services for homeless veterans with 125 project-based VASH and 6 Continuum of Care subsidies.

Swords to Plowshares has recent relevant experience in managing the acquisition and rehabilitation of 629 Post Street. 629 Post is a \$30 million development project comprising 62 units of permanent and transitional housing for homeless and formerly homeless veterans. Swords to Plowshares acquired the property in June 2023 for \$17 million with a loan from MOHCD. Swords is currently engaged in the permitting process and anticipate beginning construction in November 2025. The project includes the conversion of 20 SRO units into studio apartments with kitchenettes, as well as the renovation of the basement, lobby, and mezzanine to accommodate offices, a community room, and a kitchen. Construction is scheduled to be completed by November 2026. At final closing, the project is anticipated to be financed with a \$6 million PASS loan and \$24 million in soft debt from the MOHCD. This project has been delayed from the initial schedule agreed upon at acquisition loan closing but is now considered back on track, and a loan extension was recently approved by Loan Committee.

Since Swords has modest experience as the primary owner/asset manager for PSH, MOHCD recommends, if not already completed, that relevant staff pursue CHAM courses in Asset Management and Technical Assistance from Corporation for Supportive Housing (CSH).

1.3.6. Project Management Capacity. Key staff with capacity to support this project include Steve Culbertson, Deputy Director of Residential Services & Housing Development, who has more than 20 years of housing development experience in Philadelphia (12 years) and California (8 years). He has led supportive service programs for veterans experiencing homelessness and financial hardship for more than a decade. His career at Swords to Plowshares began in 2017 and he has provided direct oversight for all housing development and planning initiatives at Swords to Plowshares since 2020. Mr. Culbertson holds a Master’s Degree in City Planning from the University of Pennsylvania and will dedicate 20% of his time to this project. Swords has engaged the services of experienced development professional Scott Falcone to assist with all aspects of project development; Scott will dedicate 5% of his time to this project.

1.3.7. Past Performance.

1.3.7.1. City audits/performance plans. There are no known open performance issues with Swords for fiscal compliance with MOHCD and HSH or other city funding departments, or performance issues for compliance with their current MOHCD

service grant and HSH grants. Please see the attached list of City contracts held by Swords (Attachment E).

- 1.3.7.2. Marketing/lease-up/operations. Swords has not used DAHLIA as all units in their portfolio are referrals from HSH's Coordinated Entry System that have not required a marketing plan. HSH will also refer tenants to 1035 VN and therefore a marketing plan will not be required. The VA will refer tenants to the VASH units, which will be supported by a VASH HAP contract with SFHA.

2. SITE (See Attachment F for Site map with amenities)

Site Description	
Zoning:	RC-4 Residential-Commercial, High Density
Maximum units allowed by current zoning (N/A if rehab):	N/A
Number of units added or removed (rehab only, if applicable):	Originally permitted number of units (124) to be restored
Seismic (if applicable):	N/A
Soil type:	N/A
Environmental Review:	Exempt from CEQA - Pursuant to AB 83, a CEQA statutory exemption was added to Health and Safety Code Section 50675.1.2 for Homekey projects
Adjacent uses (North):	Restaurant
Adjacent uses (South):	Assisted Living
Adjacent uses (East):	Hotel
Adjacent uses (West):	Multifamily Residential
Neighborhood Amenities within 0.5 miles:	Grocery: Whole Foods, 1765 California Healthcare: CPMC Van Ness Campus, 1260 Franklin/1100 Van Ness Pharmacy: CVS, 701 Van Ness
Public Transportation within 0.5 miles:	Geary & Van Ness Bus Stops – 200 feet (38 going E/W and 14/49 going N/S)
Article 34:	Exempt per Homekey+ but will request letter for consistency/tracking
Article 38:	Exempt
Accessibility:	19 units mobility accessible; 7 adaptable mobility units. Under Homekey+, project is subject to HCD UMR related to accessibility (15% is 19 units).
Green Building:	N/A
Recycled Water:	Exempt
Storm Water Management:	N/A

2.1. Description. 1035 Van Ness is a 9-story assisted living facility located between Myrtle and Geary Streets that was completed in 2004 on land formerly owned by the San Francisco Redevelopment Agency (SFRA), and both prior restrictions and the Notice of Violation from the Building Department will be reconveyed. All 124 units will become permanent supportive housing units for Veterans with special needs after refurbishment. An estimated fourteen (14) tenants, who require medical assistance, will all be relocated to appropriate, comparable locations at cost to the current owner seller (see previous).

Of the 124 units, 14 do not have full bathrooms (12 have half bathrooms, and 2 have no bathroom or kitchenette). Additionally, DBI has issued Notices of Violation and liens against the property related to the demolition of certain unit walls that were removed without permits.

The existing site contains 35 parking spaces, which will be offered to staff and residents, as available. Shared outdoor space is available on the 5th floor terrace.

2.2. Zoning. In order to be used as Residential, the Planning Department must approve a Change of Use from Institutional to Residential. This may be done ministerially and is in process. A full application package will be submitted on May 16, 2025 and review/approval of the PAL is anticipated by June 6th.

2.3. Probable Maximum Loss. N/A

2.4. Local/Federal Environmental Review.

2.4.1. CEQA: Site is exempt per Homekey+ regulations.

2.4.2. NEPA: Required due to anticipated VASH operating subsidy contract. Application submitted to MOHCD in April 2025 and anticipated to be completed/approved within 3 months (by July 30, 2025.)

2.5. Environmental Issues.

Phase I/II Site Assessment Status and Results.

Phase I: The Assessment, from Essel Environmental & Emergency Response, was completed on May 3, 2025 and states:

“This assessment has not revealed recognized environmental conditions associated with the subject property. One *de minimis* condition is associated with the north-adjacent property due its past operation as a dry cleaner and/or laundry service. Essel recommends no further action for the subject property. No significant data gaps in connection with the subject property were identified during the course of this Phase I ESA.”

2.6. Adjacent uses and neighborhood amenities. 1035 Van Ness is in the Western Addition neighborhood on a parcel that was previously part of the San Francisco Redevelopment Agency Area A-2. This part of Western Addition is a high-density area served by transit, grocery stores, CPMC Van Ness, and other shopping including a pharmacy. Along Van Ness alone, there are a variety of uses including cafes and restaurants, shopping, a movie theater, entertainment venues for the symphony and opera, and auto dealerships.

2.7. Green Building. N/A - no green building (energy efficiency or decarbonization) upgrades are anticipated.

3. COMMUNITY SUPPORT

3.1. Prior Outreach. No direct community outreach has been completed by the Sponsor to date. The plans for acquisition/rehab were discussed with the Supervisor representing District 2 by MOHCD and HSH staff in early April. HSH requested that Swords leadership attends the next meeting of the Cathedral Hill Community Association.

3.2. Future Outreach. Future outreach will focus on the residents at 250 Kearny, who will have the opportunity to move to 1035 Van Ness upon its completion. This will begin approximately 120 days before the start of lease-up.

3.3. 1998 Proposition I Citizens' Right-To-Know. A notice will be posted at least 30 days before submit Board request for funds (estimated posting date July 1, 2025.) At minimum, the notice must be posted 30 days before the Mayor signs any agreements.

4. DEVELOPMENT PLAN

4.1. Site Control.

4.1.1. Proposed Property Ownership Structure: 1035Vets LLC, an affiliate of Swords, will own the land and improvements. The site Purchase and Sale Agreement (PSA) for the land and building was entered into on April 3, 2025, between the HAF and San Francisco Care Center. The HAF will assign the PSA to Swords before the application for funds from HCD through the Homekey+ program, no later than May 17, 2025, which is the formal end of the due diligence period under the contract and when a deposit of \$1.5 million becomes non-refundable. Close of escrow per the PSA is anticipated no later than September 14, 2025. HSH is not taking ownership of the land in this case to facilitate the simplicity of asset management and to align with other Homekey funded properties that HSH has purchased recently and also required rehabilitation work prior to occupancy as PSH.

4.1.2. Securing City Interest: The City will encumber the property with a Deed of Trust, recorded at loan execution along with a Declaration of Restrictions (DOR) in second lien position (behind HCD), and an Option to Purchase (Option). The Option secures the City's right to

purchase the property under any conditions that could require a sale/foreclosure during the life of the Project. The City will subordinate to HCD's deed restriction through the Homekey+ grant period of 55 years.

- 4.1.3. Proposed Design. After acquisition, the property will undergo minimal rehab, primarily focused on restoring units that were removed or modified without permits, creating full bathrooms in units that only had a sink and toilet, and adding or enlarging existing in-unit kitchenettes so that all apartments have at least a sink, cooktop, and some counter/storage space. Also included are some changes to staff and common areas, including the creation of a mail room on the ground floor, restoration of walls to fully partition off two retail spaces, setting up office spaces, and providing laundry machines on each floor.

No major structural or seismic upgrades are anticipated. An engineer visited the site and issued a report, with the only scope being restoration of a concrete shear wall to its original condition (patching and opening that was added after the original construction. Please see the following budget for a breakdown of costs:

Continued on next page...

			Date: 04/30/2025 rev 4
Division	Sub Division	Cost Code	Subtotal \$
10-00-0000 - MASTER COST CODES	10-00-0000 - MASTER COST CODES	10-01-0002 - Gross Receipt Taxes - Allowance *	\$ 7,000
		10-01-0013 - Project Compliance	\$ 52,485
	10-02-0000 - SITE CONSTRUCTION	10-02-1100 - Site Coordination, Safety and Support	\$ 167,998
		10-02-1150 - Debris Off Haul	\$ 25,980
		10-02-4000 - Demolition	\$ 238,300
	10-03-0000 - CONCRETE	10-03-3000 - Cast-in-Place Concrete - Allowance *	\$ 15,000
	10-07-0000 - THERMAL AND MOISTURE PROTECTIO	10-07-1400 - Fluid Applied Waterproofing	\$ 62,750
		10-07-2000 - Building Insulation	\$ 17,730
		10-07-6400 - Firestopping - Allowance *	\$ 10,000
		10-07-9200 - Joint Sealants - Allowance *	\$ 10,000
	10-08-0000 - OPENINGS	10-08-0500 - Doors, Frames and Hardware	\$ 70,402
	10-09-0000 - FINISHES	10-09-0650 - Floor Prep - Allowance *	\$ 10,000
		10-09-2000 - Metal Framing and Drywall	\$ 331,911
		10-09-6000 - Flooring	\$ 88,920
		10-09-9113 - Exterior Painting - Elastomeric Painting	\$ 39,025
		10-09-9123 - Interior Painting	\$ 127,660
	10-10-0000 - SPECIALTIES	10-10-0500 - Janitorial	\$ 70,300
		10-10-1400 - Signage	\$ 37,600
		10-10-2800 - Bathroom Accessories	\$ 42,312
		10-10-3000 - Range Mounted Fire Extinguishers	\$ 6,177
		10-10-4416 - Fire Extinguishers Maintenance - Allowance *	\$ 5,000
		10-10-5500 - Postal Specialties	\$ 31,300
		10-10-8100 - Pest Control - Allowance *	\$ 10,000
	10-11-0000 - EQUIPMENT	10-11-3013 - Residential Appliances	\$ 67,425
	10-12-0000 - FURNISHINGS	10-12-2100 - Window Coverings	\$ 5,600
		10-12-3200 - Cabinets	\$ 297,400
		10-12-3600 - Countertops	\$ 85,600
	10-14-0000 - CONVEYING EQUIPMENT	10-14-8000 - Scaffolding and Swing Stage - Allowance *	\$ 250,000
	10-21-0000 - FIRE SUPPRESSION	10-21-1300 - Fire Sprinkler Systems	\$ 197,100
	10-22-0000 - PLUMBING	10-22-0500 - Plumbing	\$ 1,757,230
	10-23-0000 - HVAC	10-23-0500 - Heating, Ventilating & Air Con	\$ 498,048
	10-26-0000 - ELECTRICAL	10-26-1000 - Electrical	\$ 392,639
		10-26-5000 - Lighting - Allowance *	\$ 25,000
	10-27-0000 - COMMUNICATIONS	10-27-2000 - Data / CATV / Telephone	\$ 18,900
	10-28-0000 - ELECTRONIC SAFETY AND SECURITY	10-28-1000 - Entry System and Access Control	\$ 15,400
		10-28-4600 - Fire Alarm System	\$ 217,360
10-00-0000 - MASTER COST CODES Total			\$ 5,304,436
05-00-0000 - GENERAL CONDITIONS	05-10-0000 - GENERAL CONDITIONS	05-10-0500 - Project General Conditions	\$ 524,395
	05-50-0000 - xxxxxx	05-50-3100 - Insurance	\$ 125,747
		05-50-3105 - Bonds	\$ 64,131
05-00-0000 - GENERAL CONDITIONS Total			\$ 714,273
11-00-0000 - MARKUP & CONTINGENCY	11-01-0000 - HEADER	11-01-0100 - Contingency - Allowance *	\$ 159,133
		11-01-0300 - Overhead & Profit	\$ 299,398
11-00-0000 - MARKUP & CONTINGENCY Total			\$ 458,531
Grand Total			\$ 6,477,241

4.2 Construction Supervisor/Construction Representative's Evaluation:

1035 Van Ness is approximately 25 years old and appears to be generally very well constructed and maintained, with most finishes appearing to be original but in relatively good shape. The scope of work provided to the Construction Representative for review on 4/16/25 and updated 5/12/25 appears to be reasonable. Both the architect and contractor were under intense time pressure to produce the drawings and budget that this review is based on, but they appear to have come up with a reasonable scope of work and realistic budget. In the rush to pare down the scope to match the budget, they have omitted some items that they are hopefully able to add back, and with a healthy contingency, they should be able to do so.

Below are some items to consider through add-alternates in the bidding process as plans develop:

- Creation of up to 13 office spaces for property management and resident services. While the preliminary plans show what appears to be sufficient space for property management on the first floor and Swords to

Plowshares staff on the fifth floor, the space set aside for VA offices (also on the 5th floor) shows no scope, and it is not clear if the space could be made to work as offices without some significant work.

- All units do not in fact have kitchens, as some have only a sleeping area, closet, “kitchenette” (differentiated from a full kitchen due to only having a plug-in induction “hot plate” as opposed to a full oven) and restroom. Providing kitchens to each unit would involve adding ducted exhaust ventilation. Due to budget limitations, the number of units to be full studios will be 66.
- Existing kitchenettes have plastic laminate countertops and veneer cabinets that, while generally in good repair, are nearing the end of their useful life, and would not be expected to wear well in a PSH setting.
- In addition to expanding or creating new in-unit kitchenettes, there was discussion of new “full” kitchens on each floor so that residents could use a range oven if their unit only had an induction hotplate. This does not appear to be planned for at present, but the in-unit cooking options should be sufficient.
- While there appears to be space for sufficient shared laundry facilities on each floor, some of those rooms have existing showers that would need to be removed to allow for sufficient accessibility to new or existing washer/dryer machines. It does not appear that this demolition work was shown on the drawings or reflected in the estimate.
- Further review of unit bathrooms is needed to confirm that required Accessible and Adaptable features are provided.
- Fire sprinkler heads are exposed, and on all floors but the upper-most, within reach of residents to inadvertently activate them by, for example, hanging clothes on them, as frequently happens in PSH facilities. Recessing heads, or at least providing protective cages, is recommended by the CR.
- Carpet flooring throughout the building was in good shape, but vinyl flooring in bathrooms was peeling up at edges and seams, and ideally should be replaced with an epoxy or other seamless waterproof material that is more durable than sheet vinyl. Plans/budget appear to only show new bathroom flooring in the enlarged / re-built bathrooms; CR recommends replacing throughout.
- Similarly to above, existing bathroom exhaust fans and PTAC units are only shown to be replaced in modified/restored units. For reduced maintenance costs and creating consistency of equipment in all units for ease of maintenance work, CR recommends replacing all units.
- Work scope could trigger a Title 24-mandated updates, at present it is unclear what these might be and what they might cost.

Additional notes:

- The fifth floor deck facing Van Ness has uplifted tiles that would need to be replaced to pass accessibility inspections. In the rush to produce this

- set of drawings, that work was not shown, and therefore does not appear to be budgeted for. This will have to be added back into the scope.
- Roof replacement was discussed, but that now is planned to occur at a later date. The roof appeared to be in good enough shape to likely last another 5-10 years before any full replacement needed, though regular observation is recommended, and there might possibly be a need for spot maintenance repairs before the full replacement occurs.

4.2. Commercial Space. N/A - no commercial space.

5. Service Space.

5.1. Interim Use. N/A

5.2. Infrastructure. N/A

5.3. Communications Wiring and Internet Access. Though difficult to tell during the site visit because furniture obscured outlets, the drawings show telephone and tv coax cable outlets in every unit and this looks to be consistent with photos. Units need to have telephone access per state requirement, so the telephone jack would capture this minimum requirement. There is also an existing internal public address system in common areas and a low voltage alert system in some of the more intensive care units.

Project should carry an allowance for potential repairs to the existing system and provide new drops for new office areas and then hold an estimate to integrate Fiber to Housing infrastructure. If determined eligible, the City's Fiber to Housing team would bring fiber to the property and then the project carries the cost for running conduit, cabling, etc. to get wireless access points corridors to cover units and common areas and then they can also hardwire to data outlets in service offices. This would enable free internet for staff and residents, and residents will have the option to buy additional services through vendors like Comcast that can be accessible through their unit coax cable outlets if they want something beyond the free Fiber to Housing internet.

5.4. Public Art Component. N/A

5.5. Marketing, Occupancy, and Lease-Up: All tenants must be veterans who are referred to available units through HSH's Coordinated Entry system (Swords manages the access point for Veterans) or by the VA, which does placement and marketing for the 66 VASH units. Residents of The Stanford at 250 Kearny will count 1035 Van Ness as an option for move-in. The Project is expected to be 100% occupied by Homekey+ eligible Veterans within 3 months of completion of rehabilitation (estimated 7 months from loan closing), though no later than December 31, 2026 to meet HK+ deadline. All referred households must meet the HK+ requirements for diagnosis of mental illness or substance use disorder.

5.6. Relocation. The HK+ program requires that these laws, regulations and statutes be considered related to the relocation of the Households at the Property: the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. 4601 et seq. (Uniform Act), CFR 49, Part 24; HUD Handbook 1378; California Relocation Assistance Law – Government Code 7260 aka CRAL; and California Relocation Assistance Guidelines – Code of Regulations Title 26, Chapter 6 aka the Guidelines.

- Attorney Karen Tiedemann has advised the SFHAF and Sponsor that the current occupants of 1035 Van Ness are not subject to the above laws, because the existing facility is licensed and subject to the jurisdiction of the Department of Social Services under the Community Care Licensing laws and regulations. The current owner of the property, San Francisco Care Center, L.P. will be responsible for preparing a closure plan compliant with the community care licensing laws applicable to the facility. California Code of Regulations Title 22, Division 6, Section 80078 requires a licensed provider to prepare a relocation plan for each resident when a resident is to be relocated. The written plan must include detailed information on the resident's needs and resources available to the resident including, available licensed care facilities that meet the resident's health care needs. The relocation plan must be approved by Community Care Licensing before implementation. The resident must be relocated to a facility that is able to provide the appropriate care and supervision of the resident. Community Care Licensing will review and monitor the relocation process to ensure that the existing residents are relocated to facilities that can meet each resident's needs. The use of the new funds will not result in displacement of any residents.
- The current owner of the property has filed for bankruptcy and anticipates shutting the facility as part of the bankruptcy discharge. The relocation of the residents is being necessitated by the current owner's bankruptcy actions which will necessarily result in the termination of the owner's license for the facility and the need for the residents to move to alternative licensed facilities. As such, the residents do not constitute displaced persons under the California Relocation Assistance Law (California Government Code Section 7260 et seq.) or the California Relocation Assistance and Real Property Acquisition Guidelines (Cal. Code of Regs. Title 25, Division 1, Chapter 6). Government Code Section 7260 defines a displaced person as any person who moves from real property "as a direct result of a written notice to acquire, or the acquisition of, the real property, in whole or in part, for a program undertaken by a public entity or by any person having an agreement with, or acting on behalf of, a public entity." (emphasis added). The residents of the property are not moving as a direct result of the acquisition of the property but rather as a result of

the existing owner's bankruptcy and closure of the business currently being conducted by the existing owner.

- The seller of 1035 Van Ness is required to deliver the building vacant under the terms of the Purchase and Sale Agreement.
- HSH intends to close down The Stanford at 250 Kearny upon completion of the acquisition and rehabilitation of 1035 VN. Residents supported by VASH will get a Tenant Protection Voucher and be offered the opportunity to move to 1035 Van Ness. 250 Kearny is in poor physical condition (contributing to high vacancy) and it is anticipated that many will move from Kearny to 1035VN; however, for the purposes of underwriting, the City loans and operating contracts, we assume that no one who moves over will bring a voucher with them.
- Insofar as there are moving costs to support up to 112 households at 250 Kearny to re-locate to 1035 Van Ness, those costs will be incurred by the 250 Kearny project operating budget.

6. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Management	Swords to Plowshares	No	No
Architect	Saida Sullivan	Yes	No
General Contractor	D&H	No	No
Owner's Rep/Construction Manager	Phil Ritter	No	No
Development Consultant	Scott Falcone	No	No
Legal	Lubin Olson	No	No
Property Manager	Swords to Plowshares	No	No
Services Provider	Swords to Plowshares	No	No

6.1. Procurement Plan. N/A - The Project is exempt from procurement and City Contract Management rules per the Breaking the Cycle Executive Order. Prevailing wages will be paid to satisfy requirements of the VASH program.

6.2. Opportunities for BIPOC-Led Organizations. Swords to Plowshares is a BIPOC led organization.

7. FINANCING PLAN (See Attachments K and N for Sources and Uses)

7.1. Prior MOHCD/HSH Funding - N/A - none

7.2. Disbursement Status. – N/A

7.3. Fulfillment of Loan Conditions. N/A

7.4. Proposed Predevelopment Financing – N/A

7.5. Proposed Permanent Financing – HK+ and PASS alternatives

7.5.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the Project:

HK+:

- MOHCD Loan (up to \$8,000,000): 0% residual receipts, 55 years. Upon availability, within 6 months of acquisition, funds to be used to repay the SFHAF for its acquisition/construction bridge loan.
- HCD Homekey Grant (\$32,800,000): As a grant, there are no repayment terms prescribed by HCD, though the HCD affordability covenant will be for 55 years. MOHCD is permitted to loan these funds to Swords at the same terms as the City funds. HK+ funds will be available during construction. Funds will be used to pay off the outstanding SFHAF bridge loan used for acquisition and predevelopment.
- HCD Homekey+ Operating Grant: HSH is requesting a capitalized operating subsidy in the amount of \$2,254,030. These are also grant funds. This would replace the entire value of the LOSP operating contract for the first five (5) years of operations.

PASS:

- MOHCD Loan (up to \$8,000,000): 0% residual receipts, 55 years.
- MOHCD Pass Loan (up to \$30,500,000): 5% simple interest, 40 years. Upon availability, within 6 months of acquisition, funds to be made available to repay the SFHAF for its acquisition/construction loan. The project sponsor is eligible for a larger loan, though Swords' Board has approved only up to \$30 million. To reduce the capital budget and limit debt repayment obligations under this scenario, the PASS budget is skinnier in several respects and there is reliance on the VASH FMR's to support the PASS debt. The LOSP contract for this PASS Loan must be increased, as well, since there is no funding anticipated from HK+ for operations.

7.5.2. HOME Funds Narrative: N/A – no HOME funds.

7.5.3. Commercial Space Sources and Uses Narrative: N/A – no commercial space

7.5.4. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes

Hard Cost per unit is within standards	Y	Rehabilitation of \$54k/unit (building is relatively new, went into service 2004; MOHCD has no comps)
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	15%
Architecture and Engineering Fees are within standards	Y	Architecture \$268k (\$2,161/unit); Engineering \$177k
Construction Management Fees are within standards	Y	\$47,600 paid over 12 months
Developer Fee is within standards, see also disbursement chart below	Y	Total developer fee of \$1M
Consultant and legal fees are reasonable	Y	Not a tax credit deal so fewer legal fees.
Entitlement fees are accurately estimated	Y	Entitlements are ministerial. \$75k budget is for building permits.
Construction Loan interest is appropriately sized	Y	HAF Loan to cover entire acquisition for 6 months at 5.75% interest rate.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 6.1%. Waiver requested.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 4 months and includes Operating and Services funding. This is a HK+ requirement for Plan A. In Plan B, the reserve is sized for 3 months, operating funding only.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	Y	\$20,000 initial deposit and \$500/unit/year supported by CNA—building circa 2004.
Vacancy reserve is sufficient	Y	5%
Lease up reserve is sufficient	Y	NIC – will come from operating contract.

7.5.5. Developer Fee Evaluation: The proposed milestones for the payment of the developer fee to the sponsor are below:

Total Developer Fee:	\$1,000,000
Project Management Fee Paid at Milestones:	\$500,000
- Upon City loan losing	\$200,000
- During Construction, distributed as % of completion	\$200,000
- Project Close-out	\$100,000
Amount of Fee at Risk (the "At Risk Fee"):	\$500,000

- 95% Leased	\$250,000
- Cessation of Operations at 250 Kearny	\$250,000

8. PROJECT OPERATIONS (See Attachments L and M for Operating Budget and Proforma)

8.1. Annual Operating Budget.

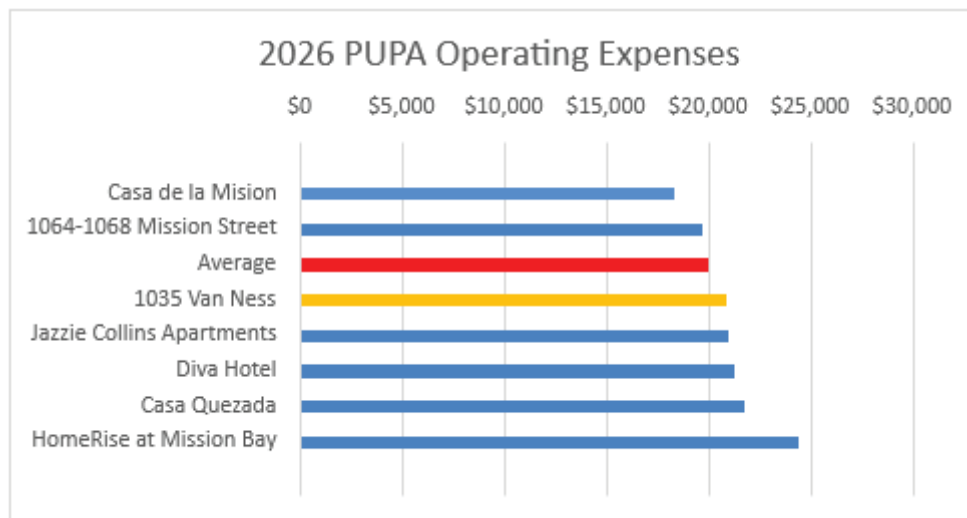
- PUPA operating expense is proposed at just under \$21,000 which is comparable to other PSH sites serving high needs households such as formerly homeless Veterans with special needs. The cost to the City is relatively low because of the high value of the VASH operating subsidy and VAMC-provided in-kind medical and behavioral health services.
- Office salaries, insurance, utilities, and janitorial contracts are all significant but in line with what is expected with PSH.
- Annual Replacement Reserve deposits are currently sized at \$500/unit, supported by a new a Capital Needs Assessment that also calls for a \$20,000 capitalized payment into the account.
- Year 1 Value of VASH = \$2,003,760 (using 2025 FMRs for 66 studios)
- 5 Year Value of HK+ COSR = \$2,524,030
- Year 6 Value of LOSP (HK+) = \$628,472 / Year 1 Value of LOSP (PASS) = \$1,797,120
- Property Management Staffing is proposed as follows:
 - 1 FTE Property Manager 1 FTE Assistant Property Manager
 - 1 FTE Lead Program Monitor
 - 8.4 FTE Program Monitors (equivalent to Front Desk Clerks, coverage required by VA)
 - 2 FTE Maintenance Technicians
 - \$180,000 Janitorial Services Contract

8.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17 *	N/A	<p>Plan A: No debt. Project is expected to be cash flow positive through entirety of City loan due to operating subsidies.</p> <p>Plan B: PASS loan debt coverage is higher than 1.15 per PASS requirements, downward trending.</p>

Vacancy rate is based on project's historical actuals	N/A	The vacancy rate will be set at 5%. All units will be filled through HSH's Coordinated Entry System and VAMC.
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	LOSP tenant paid rents are proposed to increase by 1.5% annually.
Annual Operating Expense escalation is based on project's historical actuals	N	No historical actuals available for full occupancy. Expenses escalation factor is the standard 3.5%, with an exception for utilities and insurance as allowed under LOSP. LOSP budget to be re-evaluated separately at gap loan evaluation est 7/15/25.
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$20,941 per unit per year, which is close to the average compared to comps, as shown in the table below.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is at \$122,016 maximum allowable or \$82 PUPM
Property Management staffing level is reasonable per comparables	Y	<u>Proposed staffing:</u> <ul style="list-style-type: none"> • 1 FTE Property Manager • 1 FTE Assistant Property Manager • 1 FTE Lead Program Monitor <ul style="list-style-type: none"> • 2 FTE Maintenance Technicians • 8.4 FTE Program Monitors • \$180,000 Janitorial Services Contract
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$28,500/yr which is above the maximum for 2026. Waiver to this limit is requested due to actual costs for this Sponsor. No PM fee as it is not a tax credit deal.
Replacement Reserve Deposits meet project needs based on CNA	Y	Initial Deposit of \$20,000, then \$500/unit annual, no inflation, supported by updated NA.
Limited Partnership Asset Management Fee meets standards	N/A	No LP
Operating Reserve Deposits	Y	HK+ requirement is for 4 months of operating and services. PASS requirement is 6 months of operating. In both cases, insofar as there is surplus cash after expenses, operating reserve should be built up to 6 months of operating and services expenses before distribution/payment of residual receipts.

Cost comps tool comparison of similar properties (new construction and rehabbed PSH sites with LOSP):



8.3. Property Needs Assessment & Replacement Reserve Analysis.

A Physical Needs Assessment (PNA) was completed by Elizabeth McLaughlin on May 9, 2025. With an initial deposit of \$20,000, the replacement needs can be met with \$500/unit/year additional funding into replacement reserves.

A light rehabilitation is anticipated in 5 years to include the roof replacement, water heaters, etc that were not included in the initial rehab due to budget constraints. This scope of work is not anticipated to require relocation.

A new PNA will also be required every 5 years, per MOHCD policy.

8.4. Income Restrictions for All Sources & MOHCD restrictions.

Income and rents for units are capped at 30% TCAC AMI to be consistent with Homekey+ requirements. All units will be targeted to Veterans who have experienced homelessness and will be referred through the Coordinated Entry system or the VA. Tenants will pay no more than 30% of their income as rent, as all units are subsidized. No manager's unit is proposed.

The chart below will be incorporated into Exhibit A of the MOHCD Loan Agreement and into the MOHCD Declaration of Restrictions. The City is waiving its right to float up to higher maximum incomes/rents as part of the Homekey+ application to maximize the application score (as was done with all previous Homekey applications submitted by HSH). All residents will be required to have a "Behavioral Health Challenge" as defined in the California Welfare and Institutions Code Section 5965.02 to include but not be limited to a serious mental illness, as described in subdivision (c) or (d) of Section 14184.402, or a substance use disorder, as described in Section 5891.5. Enrollment in Medi-Cal

or in any other health plan shall not be a condition for accessing housing or continuing to be housed.

Unit Size	No. of Units	Maximum Income Level	Rental/Operating Subsidy
Studio - VASH	66	30% of TCAC Median Income	VASH HAP, VAMC
SRO-LOSP	58	30% of TCAC Median Income	LOSP, VAMC
Total units	124		

9. SUPPORT SERVICES

9.1. Services Plan.

- Lead Provider/s name: Swords to Plowshares
- Staffing: Swords to Plowshares (STP) intends to operate 1035 Van Ness in coordination with the San Francisco Veterans Affairs Medical Center (the VA), HSH and DPH.
- Onsite supportive services will be provided to 66 veteran tenants at 1035 Van Ness by the VA as part of the HUD-VASH Operating subsidies for the building. The VA intends to commit 2.5 FTE for the Project to include 2 Social workers and 0.5FTE of a Peer Specialist. The VA is committed to providing mental health care, physical health care, substance abuse services and linkage to all identified services for those veterans who are VA healthcare eligible. The VA also connects veterans who are not VA health care eligible to similar services in the community.
- In addition, Swords to Plowshares (STP) intends to provide site-based case management services and peer support services to the 58 veterans not otherwise receiving these services from the VA. Swords intends to provide three (3) Mental Health Specialists (Case Managers) and one (1) peer specialist at 1035 Van Ness. These will be funded by HSH.
- It is anticipated that additional clinical services will include referrals to DPH's Permanent Housing Advanced Clinical Services (PHACS) team, as needed, for residents who do not qualify for VA medical services.
- Onsite groups and activities for Veterans living at the property will be based on the community's identified needs, which may also include nursing services, depending on acuity.
- Peer Support staff will engage with Veterans to assist with non-clinical supports and interventions such as helping to encourage veterans to engage with onsite case management staff, reporting building-based issues to property management, accompaniment to health care appointments and other offsite services.

- Daily meal provision (one hot meal) to all tenants. This meal is provided by Project Open Hand under contract to the San Francisco Department of Disability and Adult Services.
- Staffing Plan:

Services Staff	Minimum required staff preparation	FTE	Organization	On or Off-Site
HMIS Administrator	Responsible for internal compliance, data entry and data quality. Minimum High School Diploma with data management experience. Bachelor's preferred with at least one year of experience in data management and/or compliance. Veteran status preferred, not required.	0.17	Lead Service Provider	Off-Site
Case Manager - Swords to Plowshares	Mental Health Specialist - Masters level, Clinical licensure required, minimum 4 years post-masters experience providing direct services to homeless, substance use disorder and dual diagnosed individuals. Provides individual psychotherapy to a caseload of dually diagnosed veteran residents; and assists veteran residents to meet program goals regarding Residential Stability, Increased Skills or Income, Greater Self-determination, Connection with Mainstream Resources, Payment of Rent, Housing Placement and Money Management.	3.00	Lead Service Provider	On-Site
Peer Specialist	High School diploma. Veteran preferred. Minimum one year experience working with or on behalf of low-income individuals. Experience in crisis intervention. Engagement with all veterans in the building and creates community-building activities. Assist veterans in better connecting with the onsite supportive services and property management teams. Aides veterans in getting to appointments when needed.	1.00	Lead Service Provider	On-Site

Case Manager - VA	VA HUD-VASH Case Manager - Education and experience determined by the the VA, minimum education MSW level	2.00	Other Supportive Services Provider	On-Site
Peer Support - VA	VA Peer Support Specialist. Veteran status required. Discharged or released from active duty in the armed forces under other than honorable conditions accepted. A person with mental health and/or co-occurring conditions who has been trained to help others with these conditions, identify and achieve specific life and recovery goals, Must be certified as a Section 405 of Public Law 110-387, as codified in 38 U.S.C. 7402(b)(13). Provides peer support and leads peer-based groups, supports participation in community involvement and leadership.	0.50	Other Supportive Services Provider	On-Site
Community Organizer	Community Organizer - High School diploma. Veteran preference (current staff member is a veteran). Minimum one year experience working with or on behalf of low-income individuals. Experience in crisis intervention. Organizes resident engagement and community-building activities.	0.17	Lead Service Provider	On-Site

9.2. Services Budget. The current HSH services budget at 250 Kearny is approximately \$418k. For 1035 Van Ness, assuming only 66 VASH referred-residents (fewer than currently at 250 Kearny), the services budget is \$549,389. As additional VASH eligible households are referred to 1035 Van Ness, the need for HSH/DPH services becomes reduced and the VAMC would provide additional supports proportional to the additional VASH qualifying households served.

9.3. HSH Assessment of Service Plan and Budget. HSH has an existing services agreement with Swords, which includes a scope of services and budget for 250 Kearny. HSH and Sword's intention is to phase out residency and services that site and enter into a new agreement for 1035 Van Ness effective upon the completion of construction (April 2026.)

10. STAFF RECOMMENDATIONS

10.1. Proposed Loan/Grant Terms

Financial Description of Proposed PERMANENT Loan – HK+ Plan A or PASS Plan B

Loan Amount:	Up to \$8,000,000
Loan Term:	55 years
Loan Maturity Date:	2080
Loan Repayment Type:	Residual Receipts, Deferred
Loan Interest Rate:	0%
Date Loan Committee approves prior expenses can be paid:	4/5/25

Financial Description of Proposed PERMANENT PASS Loan – Plan B only	
Loan Amount:	Up to \$30,000,000
Loan Term:	40 years
Loan Maturity Date:	2063
Loan Repayment Type:	Simple Interest
Loan Interest Rate:	5%
Date Loan Committee approves prior expenses can be paid:	4/5/25

10.2. Recommended Loan Conditions

1. Prior to funding, sponsor must provide MOHCD with funding commitments from all other financing sources, including SFHAF and the Veterans Administration.
2. Sponsor must provide MOHCD with monthly updates via the MOHCD Monthly Project Update upon approval by Loan Committee and at construction start, via the Post Closing Reporting form through lease up "
3. Sponsor must work with MOHCD staff and Project's General Contractor to keep construction on schedule and on budget.
4. Sponsor must provide updated lease-up plan within 60 days of loan closing with dates for expected completion and 100% lease-up and provide a monthly post-closing report until the Certificate of Completion is received.
5. Sponsor must provide written, quarterly updates to MOHCD on progress towards the close-down at The Stanford/250 Kearny and any plan modifications until Project is fully leased and The Stanford/250 Kearny is closed.
6. Sponsor to work with MOHCD and HSH to update the LOSP budget and income restrictions for the referrals from Coordinated Entry by November 2025 (November preceding the fiscal year that LOSP contract begins.)

Evaluation of Request for Construction/Perm Financing
1035 Van Ness Avenue

May 16, 2025
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7. Sponsor must order a new PNA upon project completion.
8. Sponsor must provide quarterly updated responses to any letters requesting corrective action.

11. LOAN COMMITTEE MODIFICATIONS

Evaluation of Request for Construction/Perm Financing
1035 Van Ness Avenue

May 16, 2025
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LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:
Daniel Adams
609CE0040F70437...
Daniel Adams, Director
Mayor's Office of Housing and Community Development

Date: 5/19/2025 | 7:05 AM PDT

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:
Salvador Menjivar
4471ED0DE5946AB6
Salvador Menjivar, Director of Housing
Department of Homelessness and Supportive Housing

Date: 5/16/2025 | 4:37 PM PDT

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:
Marc Slutzkin
712AB0E1A6380C772
Marc Slutzkin on behalf of Thor Kaslofsky,
Executive Director of Office of Community
Investment and Infrastructure

Date: 5/19/2025 | 9:09 AM PDT

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:
Vishal Trivedi
63D8603CF384FF...
Vishal Trivedi on behalf of Anna Van Degna
Director Controller's Office of Public Finance

Date: 5/19/2025 | 9:02 AM PDT

Attachments:

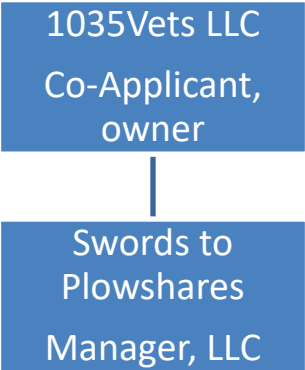
- A. Project Milestones/Schedule
- B. Borrower Org Chart
- C. Developer Resumes
- D. Asset Management Analysis of Sponsor
- E. List of Swords' Contracts with City
- F. Site Map with amenities
- G. Elevations and Floor Plans
- H. List of San Francisco Homekey Projects
- I. - Omitted
- J. - Omitted
- K. Development Budget – HK+
- L. 1st Year Operating Budget – HK+
- M. 20-year Operating Pro Forma- HK+
- N. Development Budget – PASS
- O. 1st Year Operating Budget – PASS
- P. 20-year Operating Pro Forma- PASS

Attachment A: Project Milestones and Schedule

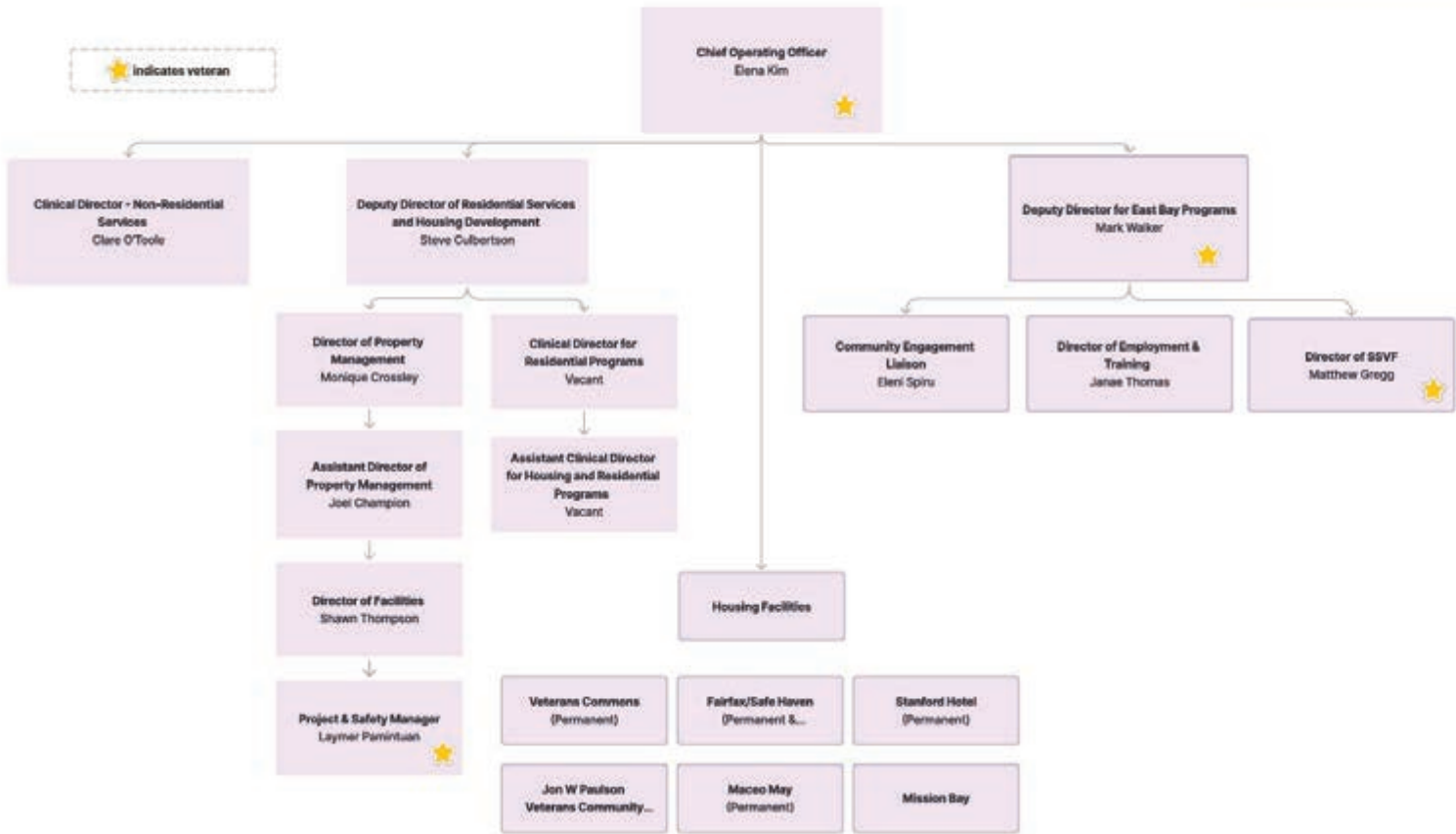
No.	Performance Milestone	Estimated or Actual Date	Notes
A	Prop I Noticing	7/1/25	
1	Acquisition/Predev Financing Commitment	5/16/25	
2.	Site Acquisition	9/14/25	
3.	Development Team Selection		
a.	Architect	Complete	
b.	General Contractor	Complete	
c.	Owner's Representative	Complete	
d.	Property Manager	Complete	
e.	Service Provider	Complete	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate		
b.	Submittal of Design Development & Cost Estimate		
c.	Submittal of 50% CD Set & Cost Estimate		
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)		
5.	Commercial Space	N/A	
a.	Commercial Space Plan Submission	N/A	
b.	LOI/s Executed	N/A	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	N/A	
b.	CEQA Environ Review Submission (CEQA Exemption Request)	April 2025	
c.	NEPA Environ Review Submission	4/13/25	
d.	CUP Ministerial Submission	5/16/25	
7.	PUC/PG&E		
a.	Temp Power Application Submission	N/A	
b.	Perm Power Application Submission	N/A	
8.	Permits		
a.	Building / Site Permit Application Submitted		
b.	Addendum #1 Submitted		
c.	Addendum #2 Submitted		
9.	Request for Bids Issued	7/1/25	
10.	Service Plan Submission		
a.	Preliminary	N/A	
b.	Final	10/31/25	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	5/16/25	
b.	Gap Financing Application	7/18/25	

12.	Other Financing		
a.	HCD Application for HK+	5/30/25	
b.	Construction Financing -SF HAF	5/16/25	
c.	AHP Application	N/A	
d.	CDLAC Application	N/A	
e.	TCAC Application	N/A	
f.	Other Financing Application	N/A	
g.	LOSP Funding Request	November 2025	
13.	Closing		
a.	Construction Loan Closing	9/14/25	
b.	Conversion of Construction Loan to Permanent Financing	7/14/26*	
14.	Construction		
a.	Notice to Proceed	10/1/25	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	9/30/26	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	N/A	
b.	Commence Marketing	3/1/26	
c.	95% Occupancy	8/31/26	
16.	Cost Certification/8609	N/A	
17.	Close Out MOH/OCII Loan(s)	10/1/26	

Attachment B: Borrower Org Chart



Swords to Plowshares Organizational Chart / Senior Management



Evaluation of Request for Construction/Perm Financing
1035 Van Ness Avenue

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Attachment C: Development Staff Resumes

Steve Culbertson, Swords to Plowshares

See narrative in Section 1.3.6.

Scott Falcone, Falcone Development Services

See Resume on following pages.

Scott R. Falcone

415-218-0411 scott@falconedevelopment.com

PROFESSIONAL EXPERIENCE

FALCONE DEVELOPMENT SERVICES LLC (San Francisco, CA)

A development services firm assisting partners in real estate and community development projects.

Principal (2009- present)

- Provide clients with a range of real estate strategic analysis, acquisition and development feasibility, project management, owners’ representation, asset management, financial modeling, and housing policy services.

Partial List of Clients

Affordable Housing Development

Mission Housing Development Corporation
Sequoia Living Inc.
MidPen Housing
Tenderloin Neighborhood Development Corp
Alta Housing

Supportive and Homeless Housing

Insight Housing
Swords-to-Plowshares
Dolores Street Community Services
Episcopal Community Services
Unity Care Inc.

Financial Consulting

CA Housing Partnership Coalition
Community Economics

Asset Management

Sequoia Living Inc

For-Profit Development

Avalon Bay/Reservoir Partners

CITIZENS HOUSING CORPORATION (San Francisco, CA)

An award-winning regional non-profit developer of affordable family, senior, and supportive housing.

Director of Development (2007-09), Senior Project Manager (2004-06), Project Manager (2000-03)

- Oversee the development of over 1,500 affordable housing units throughout the San Francisco Bay Area, including direct project management for 800 of these units.
- Manage a department of eight staff members responsible for affordable rental, homeownership, commercial, and mixed-use real estate development projects and programs, including work in the areas of site acquisition, pre-development, finance, entitlements, design, construction, and lease-up.
- Develop and implement acquisition and project financing strategies, including debt, equity, government subsidy funds, tax credits, and grants, while developing relationships with lenders and investors.
- Ensure the efficient transition of projects from the development process to property and asset management, coordinating staffs’ comprehensive review of real estate projects throughout the entire development process.
- Consult with senior asset and property management staff on real estate portfolio performance.
- Represent organization before governmental agencies, public hearings, and community groups.

NCB DEVELOPMENT SERVICES (Oakland, CA)

The development services arm of a cooperative bank focused on community development projects.

Project Manager Intern (1999)

MISSION ECONOMIC DEVELOPMENT CORPORATION (San Francisco, CA)

A neighborhood-based economic development and planning non-profit organization.

Community Development Intern (1998)

EDUCATION

University of California (Berkeley, CA), 2000

Master's in City Planning, *Housing Development*

Wesleyan University (Middletown, CT), 1990

Bachelor of Arts, *Russian Literature, Language, and History- Graduated with High Honors*

Phillips Academy (Andover, MA), 1986

References are available upon request.

Attachment D: Asset Management Evaluation of Project Sponsor

- **Current asset management staffing:**
 - Elena Kim, Chief Operating Officer - 5%
 - Steve Culbertson, Deputy Director of Residential Programs and Housing Development - 10%
 - Stephen Chen, Chief Financial Officer 10%
 - Omar Shaikh, Affordable Housing Accountant - 50%
 - Joe Fong, Senior Budget Analysis - 50%
 - Shawn Thompson, Director of Facilities - 50%
 - Monique Crossley, Director of Property Management - 5%
 - Joel Champion, Assistant Director of Property Management 5%
- **Scope and range of duties of sponsor's asset management team:** to analyze, maintain, assess, and translate physical, financial, compliance, and long-term needs of properties
- **Coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc:** Asset Management collaborates with all departments within ECS, as well as outside agencies such as City of SF, SFHA, VAMC, HCD, etc.
- **Budget for asset management team:** \$257,500
- **# of projects expected to be in AM portfolio in 5 years:** 8, including:
 - Two (currently vacant) properties on DeMontfort Avenue
 - Jon W. Paulson Veterans Community (formerly Veterans Academy)
 - Veterans Commons
 - Edwin M. Lee Apartments
 - Maco May Apartments
 - 629 Post (as a replacement for our current operations at the Fairfax Hotel)
 - 1035 Van Ness (as a replacement for the current operations at 250 Kearney Street)
 - A potential development in Oakland

Evaluation of Request for Construction/Perm Financing
1035 Van Ness Avenue

May 16, 2025
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Attachment E: List of Swords' Contracts with City

See following page.

Attachment E – Swords to Plowshares Other City Grants

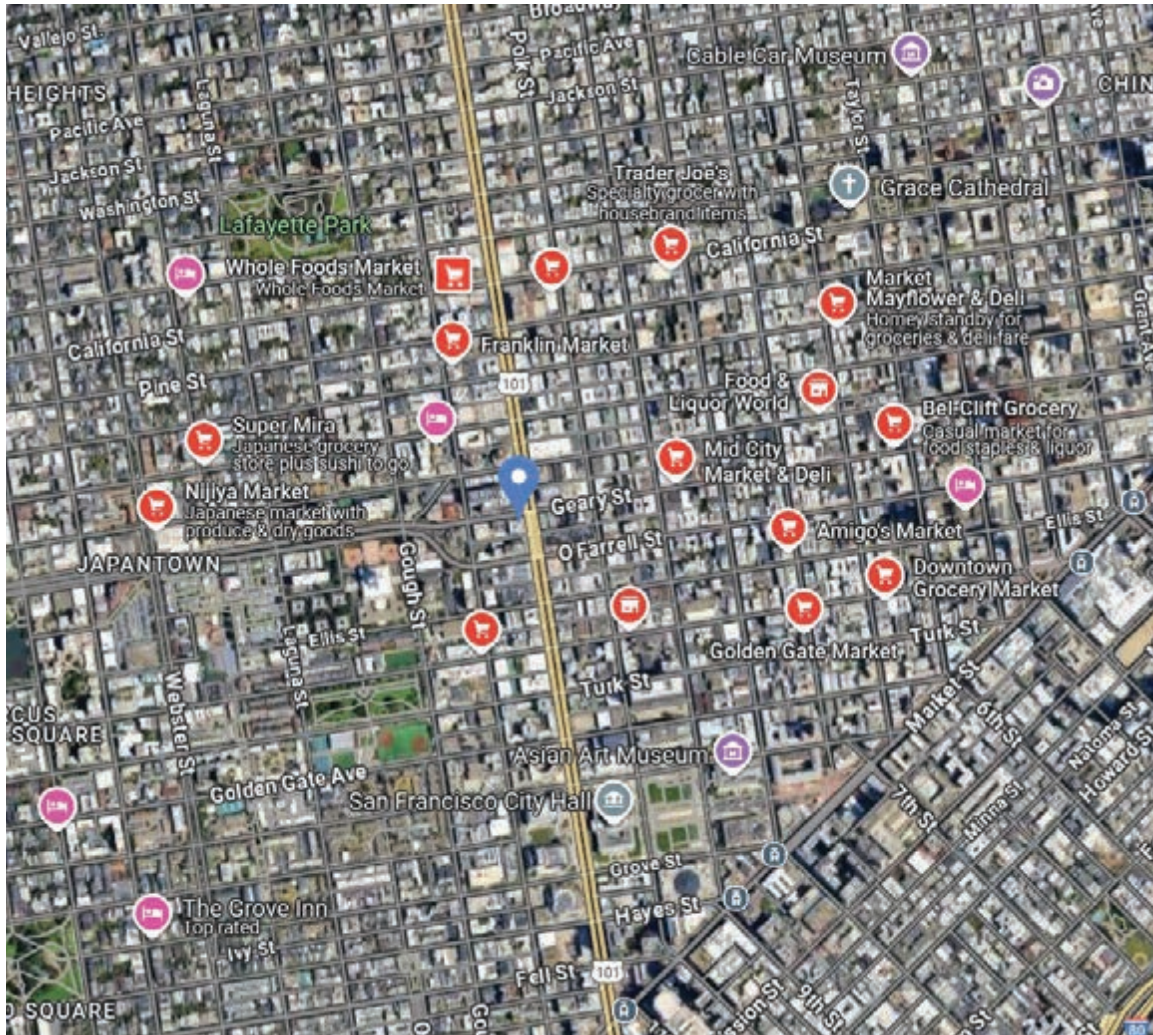
**Subgrantees must also list their interests in other City Grants

City Department or Commission	Program Name	Dates of Grant Term	Not-To-Exceed Amount
Department of Disability and Aging Services	Community Services Program	01/01/20 - 06/30/27	\$785,265
Department of Disability and Aging Services	Legal Assistance for Vets with Mental Health Claims	07/01/24 – 06/30/26	\$172,500
Department of Disability and Aging Services	Supportive Services and Service Connections for Veterans	07/01/22 - 06/30/27	\$1,970,282
Department of Homelessness and Supportive Housing	250 Kearny Property Management Gap Agreement	7/1/2024 to 1/31/2025	\$690,755
Department of Homelessness and Supportive Housing	250 Kearny Property Support Services	07/01/21 – 06/30/27	\$2,752,494
Department of Homelessness and Supportive Housing	Adult Access Point	07/01/21 - 06/30/26	\$2,771,296
Department of Homelessness and Supportive Housing	Case Management I for Vets at Stanford / Fairfax and Rental Assistance	04/01/21 - 03/31/26	\$4,010,231
Department of Homelessness and Supportive Housing	Case Management II for Vets Maceo May @ Treasure Island and Rental Assistance	11/01/18 - 10/31/26	\$6,052,670
Department of Homelessness and Supportive Housing	Mission Bay Property Management wages - GF	11/1/24 to 6/1/25	\$10,172
Department of Homelessness and Supportive Housing	Mission Bay –Supportive Services and Rental Assistance	11/01/24 - 7/31/30	\$1,875,406
Department of Homelessness and Supportive Housing	Veterans Academy	07/01/15 - 06/30/25	\$4,956,745
Department of Homelessness and Supportive Housing	Veterans Commons Supportive Services at 150 Otis and Rental Asst	07/01/24 – 06/30/29	\$3,190,036
Department of Public Health	Health and Social Services Programs/COVER Program	7/1/2024 to 6/30/2025	\$662,409
Mayor’s Office of Housing and Community Development	Securing VA Benefits for Low-Income and Homeless Veterans	7/1/2024 to 6/30/2025	\$86,264
Office of Economic and Workforce Development	Employment Services at 1060 Howard Street	7/1/2023 to 6/30/2025	\$217,326

As of March 17, 2024

Attachment F: Site Map with amenities

1035 Van Ness Avenue



Evaluation of Request for Construction/Perm Financing
1035 Van Ness Avenue

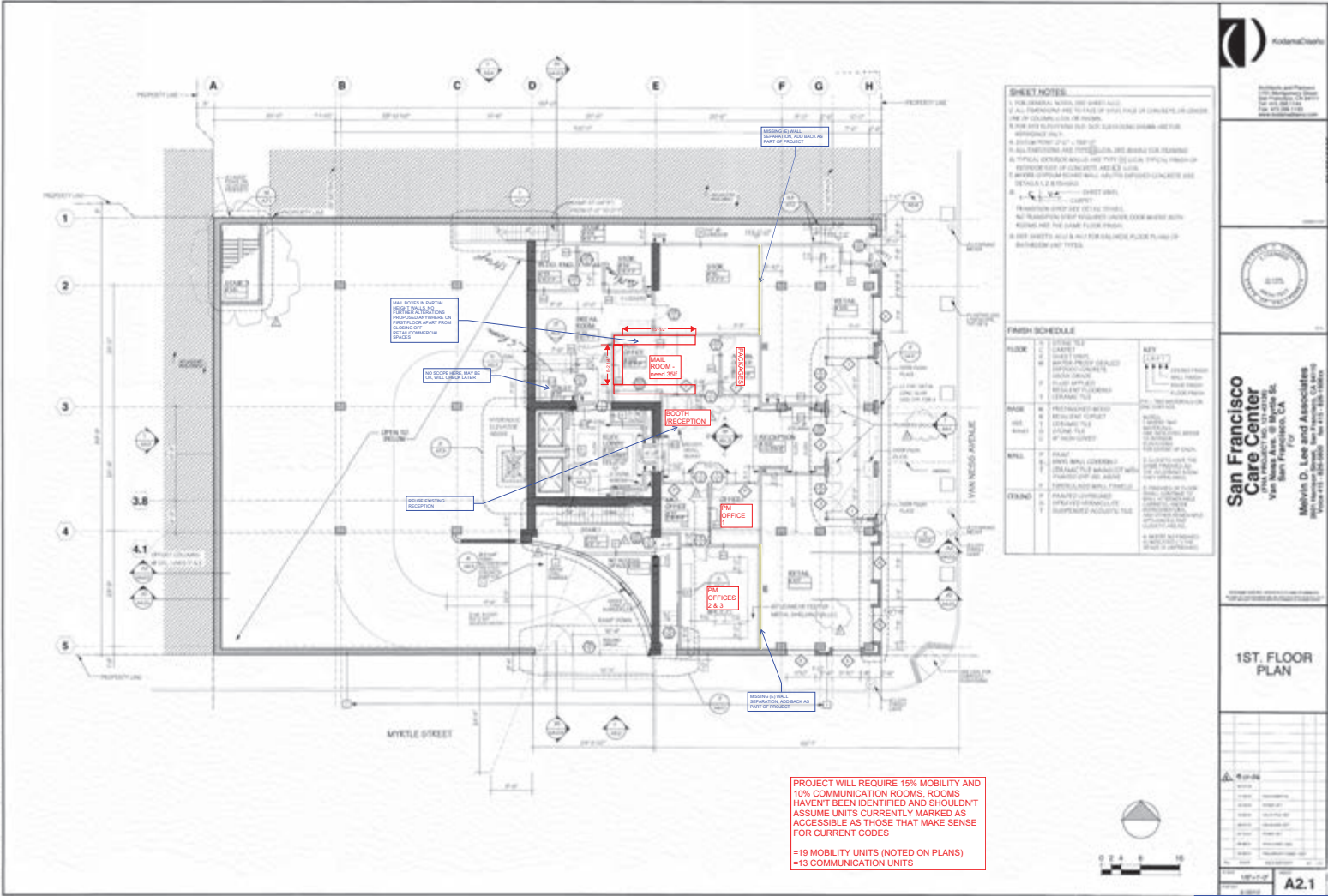
May 16, 2025
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Attachment G: Elevations and Floor Plans

See following pages









Kohler



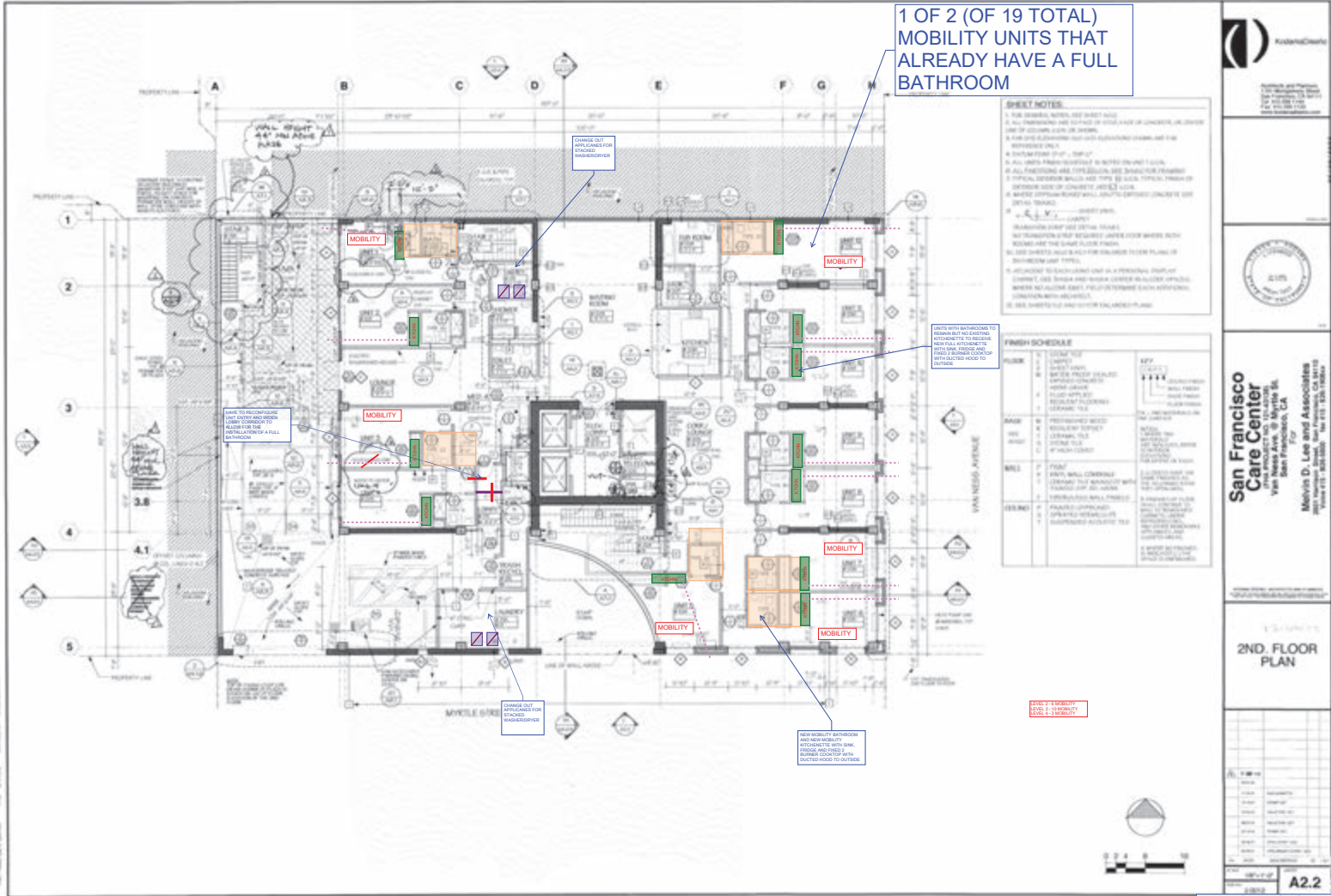
2025

San Francisco Care Center
Van Ness Ave. @ Market St.
San Francisco, CA
Melvin D. Lee and Associates
Architects
1015 Market Street, San Francisco, CA 94102
Phone: 415.398.8800

1ST FLOOR PLAN

A2.1

PROPOSED



PROPOSED

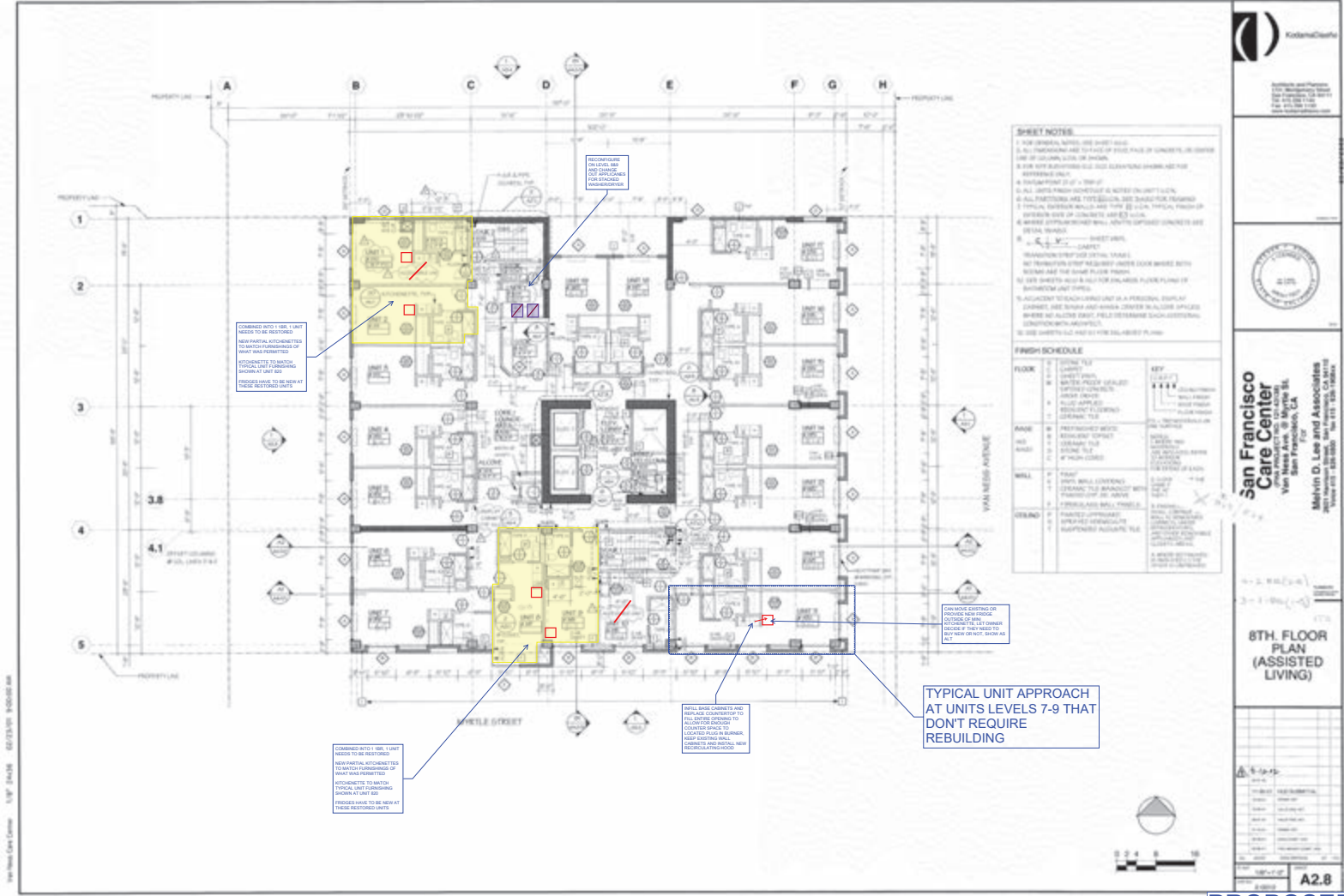












PROPOSED





PROPOSED

Attachment H: List of San Francisco Homekey Projects

San Francisco has received Homekey awards to help acquire six (8) buildings to date:

Acquired by ECS in partnership with HSH:

Granada – 214

Diva – 122

Acquired directly by the San Francisco Department for Homeless and Supportive Housing (HSH) and leased to operators of Permanent Supportive Housing:

Eula Hotel (Casa Esperanza) – 25

1321 Mission (The Margot) – 160

Mission Inn – 50

City Gardens – 200

685 Ellis – 67 (currently non-congregate shelter)

42 Otis - 24

Homekey+ Applications anticipated in partnership with HSH:

835 Turk – 106 (this will be owned by HSH and leased to a nonprofit operator)

1035 Van Ness – 124 (this will be owned by a nonprofit operator)

These units will provide permanent housing to over 1,500 people, including TAY, adults, seniors and families with children, and represent significant progress in fulfilling the Homelessness Recovery Plan (HRP) to leverage State funds and ensure no one sheltered during COVID became unsheltered.

Attachment K: Development Budget HK+

See following page.

Attachment L: 1st Year Operating Budget – HK+

See following page

Attachment M: 20-year Operating Proforma – HK+

See following page.

Application Date:
Project Name:
Project Address:
Project Sponsor:

4/4/2025
1035 Van Ness
1035 Van Ness
Swords to Plowshares

Units: 124
Bedrooms: 124
Beds:

SOURCES	-	32,800,000	5,912,794	2,087,206	-	-	Total Sources	40,800,000	Comments
			COB/FASH GO Bonds	HSB COOH					
Name of Sources: MOHCD/OCH Homekey+									

USES

ACQUISITION

Acquisition cost or value		27,750,000					27,750,000	appraisal underway
Legal / Closing costs / Broker's Fee		161,125					161,125	legal and closing costs for acquisition
Holding Costs		30,185					30,185	interest on HAF's deposit predev loan
Transfer Tax		208,125					208,125	assumes waiver, base rate only
TOTAL ACQUISITION	0	28,149,435	0	0	0	0	28,149,435	

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		4,070,720	705,098				4,775,818	adjusted to allocate between City/HK; all bond eligible
* Commercial Shell Construction			0				0	
* Conversion of SRO's to studio units		579,845	660,155				1,240,000	Changed title of line item to make clear, is not demo. All bond eligible.
Environmental Remediation			0				0	
Onsite Improvements/Landscaping			0				0	
* Offsite Improvements			0				0	
* Infrastructure Improvements			0				0	
Parking			158,758				158,758	
GC Bond Premium/GC Insurance/GC Taxes			268,668				268,668	
GC Overhead & Profit			196,000				196,000	
CG General Conditions			1,988,879				6,639,244	
Sub-total Construction Costs	0	4,650,565	1,988,879	0	0	0	6,639,444	
Design Contingency (remove at DD)			0				0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)			0				0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)			0				0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency			996,459				996,459	3% new construction / 15% rehab
Sub-total Construction Contingences	0	0	996,459	0	0	0	996,459	
TOTAL CONSTRUCTION COSTS	0	4,650,565	2,985,338	0	0	0	7,635,903	

SOFT COSTS

Architecture & Design

Architect design fees			268,195				268,195	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)			50,120				50,120	
Architect Construction Admin			0				0	
Reimbursables			0				0	
Additional Services			0				0	
Sub-total Architect Contract	0	0	318,315	0	0	0	318,315	
Other Third Party design consultants (not included under Architect contract)			0				0	Consultants not covered under architect contract, name consultant type and contract amount
Total Architecture & Design	0	0	318,315	0	0	0	318,315	

Engineering & Environmental Studies

Survey			0				0	All due diligence paid for by HSH on separate contract
Geotechnical studies			0				0	
Phase I & II Reports			0				0	
CEQA / Environmental Review consultants			0				0	
NEPA / 105 Review			0				0	
CNA/PNA (rehab only)			0				0	
Other environmental consultants			0				0	
Total Engineering & Environmental Studies	0	0	0	0	0	0	0	

Financing Costs

Construction Financing Costs								
Construction Loan Origination Fee			194,000				194,000	90 bp
Construction Loan Interest			829,314				829,314	Assumes 5.75% interest rate, HAF bridge until Homekey funded & mos following CDE
Title & Recording			25,000				25,000	
CDLAC & CDIAC fees			0				0	
Bond Issuer Fees			0				0	
Other Bond Cost of Issuance			0				0	
Other Lender Costs (specify)			9,000				9,000	HAF lender inspection costs
Sub-total Const. Financing Costs	0	0	1,057,314	0	0	0	1,057,314	
Permanent Financing Costs								
Permanent Loan Origination Fee			0				0	
Credit Enhance. & Appt. Fee			0				0	
Title & Recording			20,000				20,000	
Sub-total Perm. Financing Costs	0	0	20,000	0	0	0	20,000	
Total Financing Costs	0	0	1,077,314	0	0	0	1,077,314	

Legal Costs

Borrower Legal fees			25,000				25,000	Swords legal costs
Land Use / CEQA Attorney fees			0				0	
Tax Credit Counsel			0				0	
Bond Counsel			0				0	
Construction Lender Counsel			40,000				40,000	HAF lender counsel
Permanent Lender Counsel			25,000				25,000	borrower counsel for perm closing
Other Legal (specify)			0				0	
Total Legal Costs	0	0	90,000	0	0	0	90,000	

Other Development Costs

Appraisal			0				0	
Market Study			0				0	
* Insurance			250,000				250,000	general liability and builder's risk
* Property Taxes			330,873				330,873	Assume pay thru construction (12 months)
Accounting / Audit			0				0	
* Organizational Costs			0				0	covered under borrower legal
Entitlement / Perm. Fees			75,000				75,000	Placeholder - check against comps
* Marketing / Rent-up			0				0	Separate budget for transition period
* Furnishings			452,600				452,600	\$2,000/unit. See MOHCD UW Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees			0				0	* furnishings budget added per Swords 4/18
TCAC App / Alloc / Monitor Fees			0				0	
Financial Consultant fees			0				0	
Construction Management fees / Owner's Rep			47,600				47,600	Swords CM
Security during Construction			0				0	
Relocation			0				0	incl in HSH contract
Development Services Consultant			150,000				150,000	
Other (specify)			0				0	
Other (specify)			0				0	
Total Other Development Costs	0	0	272,600	1,033,473	0	0	1,306,073	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	0	169,427		0	0	169,427	8.10%
TOTAL SOFT COSTS	0	0	1,927,656	1,033,473	0	0	2,961,129	6.1%

RESERVES

* Operating Reserves			0	1,053,733			1,053,733	4 months of operating AND services (per HK+)
Replacement Reserves			0				0	
* Tenant Improvements Reserves			0				0	
* Other (specify)			0				0	
* Other (specify)			0				0	
* Other (specify)			0				0	
TOTAL RESERVES	0	0	0	1,053,733	0	0	1,053,733	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones			500,000				500,000	
Developer Fee - Cash-out At Risk			500,000				500,000	
Commercial Developer Fee			0				0	
Developer Fee - GP Equity (also show as source)			0				0	
Developer Fee - Deferred (also show as source)			0				0	
Development Consultant Fees			0				0	
Other (specify)			0				0	
TOTAL DEVELOPER COSTS	0	0	1,000,000	0	0	0	1,000,000	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	0	32,800,000	5,912,794	2,087,206	0	0	40,800,000	
Development Cost/Unit as % of TDC by Source	0	264.516	47.684	16.832	0	0	329.032	
	0.0%	80.4%	14.5%	5.1%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	0	223,790	0	0	0	0	223,790	
Construction Cost (inc Const Contingency)/Unit By Source	0	37,505	24,074	0	0	0	61,578	
Construction Cost (inc Const Contingency)/SF	0.00	51.38	32.98	0.00	0.00	0.00	84.36	

*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit

Tax Credit Equity Pricing:

Construction Bond Amount:

Construction Loan Term (in months):

Construction Loan Interest Rate (as %):

1,365,253
-
0.000
38,806,267
6 months
5.75%

This is the HAF loan

The image displays a complex genomic visualization, likely a representation of the human genome. It is organized into a grid-like structure with multiple rows and columns, each representing different genomic data.

Top Section: This area shows a large grid of chromosomes, each represented by a colored band. The chromosomes are arranged in a systematic manner, with labels indicating their positions and orientations. The bands are color-coded, possibly representing different chromosomal regions or data types.

Middle Section: Below the chromosome grid, there are several rows of data points. These rows are labeled with various identifiers, such as "Chromosome 1", "Chromosome 2", etc. The data points are represented by small colored squares, which may indicate specific genomic features or variations.

Bottom Section: This section provides a detailed view of a specific genomic region. It features a grid of data points, with labels for various genes and features. The labels include names like "Gene A", "Gene B", etc., and are accompanied by numerical values or identifiers. The data points are color-coded, likely representing different gene expressions or functional states.

The overall visualization is highly structured and detailed, providing a comprehensive overview of genomic data across multiple dimensions. The use of color and grid lines helps in organizing and interpreting the complex information presented.

Evaluation of Request for Construction/Perm Financing
1035 Van Ness Avenue

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N. Development Budget - PASS

See following page

Evaluation of Request for Construction/Perm Financing
1035 Van Ness Avenue

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O. 1st Year Operating Budget – PASS

See following page.

Application Date: 4/4/2025
Project Name: 1035 Van Ness
Project Address: 1035 Van Ness
Project Sponsor: Swords to Plowshares

Units: 124
Bedrooms: 124
Beds:

SOURCES	-	30,000,000	6,724,386	1,275,614	-	-	Total Sources	38,000,000	Comments
	MOHCD	MOHCD/OCH	CCSF HSH Grant	COSHP HSH OCOH (not bond eligible)					

USES

ACQUISITION									
Acquisition cost or value		27,750,000					27,750,000		
Legal / Closing costs / Broker's Fee		161,125					161,125		
Holding Costs		30,185					30,185		
Transfer Tax		208,125					208,125		
TOTAL ACQUISITION	0	28,149,435	0	0	0	0	28,149,435		

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		1,850,565	2,294,525				4,145,090		
* Commercial Shell Construction			0				0		
* Demolition			660,000				660,000		Assumes conversion of 66 units to studios
Environmental Remediation			0				0		
* Onsite Improvements/Landscaping			0				0		
Offsite Improvements			0				0		
Infrastructure Improvements			0				0		
Parking			0				0		
GC Bond Premium/GC Insurance/GC Taxes			158,758				158,758		
GC Overhead & Profit			268,668				268,668		
CG General Conditions			196,000				196,000		
Sub-total Construction Costs	0	1,850,565	3,577,951	0	0	0	5,428,516		
Design Contingency (remove at DD)			0				0		5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)			0				0		5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)			0				0		4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency			996,459	0	0	0	996,459		5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	996,459	0	0	0	996,459		
TOTAL CONSTRUCTION COSTS	0	1,850,565	4,574,410	0	0	0	6,424,975		

Construction line item costs as a % of hard costs
2.9%
4.9%
3.6%
0.0%
0.0%
0.0%
18.4%

SOFT COSTS

Architecture & Design									
Architect design fees			268,195				268,195		See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)			50,000				50,000		
Architect Construction Admin			0				0		
Reimbursables			0				0		
Additional Services			0				0		
Sub-total Architect Contract	0	0	318,195	0	0	0	318,195		
Other Third Party design consultants (not included under Architect contract)			0				0		Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	0	0	318,195	0	0	0	318,195		
Engineering & Environmental Studies									
Survey			0				0		
Geotechnical studies			0				0		
Phase I & II Reports			0				0		
CEQA / Environmental Review consultants			0				0		
NEPA / I/O Review			0				0		
CNA/PNA (rehab only)			0				0		
Other environmental consultants			0				0		Name consultants & contract amounts
Total Engineering & Environmental Studies	0	0	0	0	0	0	0		
Financing Costs									
Construction Financing Costs									
Construction Loan Origination Fee			184,662				184,662		
Construction Loan Interest			753,586				753,586		see HAF Plan B underwriting; assumes MOHCD comes in with capital and PASS in month 6
Title & Recording			25,000				25,000		
COIAC & COIAC fees			0				0		
Bond Issuer Fees			0				0		
Other Bond Cost of Issuance			0				0		
Other Lender Costs (specify)			9,000				9,000		
Sub-total Const. Financing Costs	0	0	972,248	0	0	0	972,248		
Permanent Financing Costs									
Permanent Loan Origination Fee			0				0		
Credit Enhance. & Appl. Fee			0				0		
Title & Recording			20,000				20,000		
Sub-total Perm. Financing Costs	0	0	20,000	0	0	0	20,000		
Total Financing Costs	0	0	992,248	0	0	0	992,248		
Legal Costs									
Borrower Legal fees			25,000				25,000		
Land Use / CEQA Attorney fees			0				0		
Tax Credit Counsel			0				0		
Bond Counsel			0				0		
Construction Lender Counsel			40,000				40,000		
Permanent Lender Counsel			25,000				25,000		
Other Legal (specify)			0	15,000			15,000		not bond eligible
Total Legal Costs	0	0	90,000	15,000	0	0	105,000		
Other Development Costs									
Appraisal			0				0		
Market Study			0				0		
* Insurance		0	250,000				250,000		not bond eligible
* Property Taxes		0	330,873				330,873		not bond eligible
Accounting / Audit			0				0		
Organizational Costs			0				0		
Entitlement / Permit Fees			75,000				75,000		
Marketing / Rent-up			0				0		
* Furnishings			0	50,000			50,000		\$2,000/unit. See MOHCD U/IW Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PG&E / Utility Fees			0				0		not bond eligible, reduced per Swords
TCAC App / Alloc. / Monitor Fees			0				0		
* Financial Consultant fees			0				0		
Construction Management fees / Owner's Rep			47,600				47,600		
Security during Construction			0				0		
Relocation			0				0		
Other (specify)			0				0		
Other (specify)			0				0		
Other (specify)			0				0		
Total Other Development Costs	0	0	122,600	630,873	0	0	753,473		
Soft Cost Contingency									
Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	0	126,933	0	0	0	126,933	5.90%	not bond eligible
TOTAL SOFT COSTS	0	0	1,649,976	645,873	0	0	2,295,849		5.9%

RESERVES

* Operating Reserves			0	629,741			629,741		3 month operating reserve, not bond eligible
* Replacement Reserves			0	0			0		
* Tenant Improvements Reserves			0	0			0		
* Other (specify)			0	0			0		
* Other (specify)			0	0			0		
* Other (specify)			0	0			0		
TOTAL RESERVES	0	0	0	629,741	0	0	629,741		

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones			105,000				105,000		
Developer Fee - Cash-out At Risk			395,000				395,000		
Commercial Developer Fee			0				0		
Developer Fee - GP Equity (also show as source)			0				0		
Developer Fee - Deferred (also show as source)			0				0		
Development Consultant Fees			0				0		Need MOHCD approval for this cost, N/A for most projects
Other (specify)			0				0		
TOTAL DEVELOPER COSTS	0	0	500,000	0	0	0	500,000		

TOTAL DEVELOPMENT COST	0	30,000,000	6,724,386	1,275,614	0	0	38,000,000		
Development Cost/Unit by Source	0	241,935	54,220	10,287	0	0	308,452		
Development Cost/Unit as % of TDC by Source	0.0%	78.9%	17.7%	3.4%	0.0%	0.0%	100.0%		

Acquisition Cost/Unit by Source	0	223,790	0	0	0	0	223,790		
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Construction Cost (inc Const Contingency)/Unit By Source	0	14,924	36,890	0	0	0	51,814		
Construction Cost (inc Const Contingency)/SF	0.00	20.45	50.54	0.00	0.00	0.00	70.98		

*Possible non-eligible GO Bond/COP Amount:	0								
City Subsidy/Unit									

Tax Credit Equity Pricing:	n/a								
Construction Bond Amount:	n/a								
Construction Loan Term (in months):	n/a								
Construction Loan Interest Rate (as %):	n/a								

Application Date:4/4/2025
Total # Units:124
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):2026

Project Name:1035 Van Ness
Project Address:1035 Van Ness
Project Sponsor:Swords to Plowshares

Correct errors noted in Col N!

INCOME	Total	Comments	PUPA	PUPM
Residential - Tenant Rents	297,600	Links from 'New Proj - Rent & Unit Mix' Worksheet	2,400	200
Residential - Tenant Assistance Payments (SOS Payments)	0	Comments		
Residential - Tenant Assistance Payments (Other Non-LOSP)	2,003,760	Links from 'New Proj - Rent & Unit Mix' Worksheet	16,159	1,347
Residential - LOSP Tenant Assistance Payments	0			
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet	-	
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet	-	
Supportive Services Income			-	
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet	-	
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet	-	
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet	-	
Miscellaneous Residential Income	2,297,117	Links from 'Utilities & Other Income' Worksheet	18,525	
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	
Withdrawal from Capitalized Reserve (deposit to operating account)			-	
Gross Potential Income	4,598,477			
Vacancy Loss - Residential - Tenant Rents	(14,880)	5% Vacancy loss is 5% of Tenant Rents.	(120)	
Vacancy Loss - Residential - Tenant Assistance Payments	(100,188)	5% Vacancy loss is 5% of Tenant Assistance Payments.	(808)	
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	
EFFECTIVE GROSS INCOME	4,483,409	PUPA: 36,157		

OPERATING EXPENSES

Management				
Management Fee	122,016	82 PUPM	984	82
Asset Management Fee	28,500		230	
Sub-total Management Expenses	150,516	PUPA: 1,214		
Salaries/Benefits				
Office Salaries	93,700	Links from 'Staffing' Worksheet	756	
Manager's Salary	147,680	Links from 'Staffing' Worksheet	1,191	
Health Insurance and Other Benefits	32,171	employee benefits	259	
Other Salaries/Benefits			-	
Administrative Rent-Free Unit			-	
Sub-total Salaries/Benefits	273,551	PUPA: 2,206		
Administration				
Advertising and Marketing	1,000		8	
Office Expenses	20,000	IT, Phone, Printing, Postage	161	
Office Rent			-	
Legal Expense - Property	25,000	legal counsel related to property operations, evictions, etc.	202	
Audit Expense	5,000		40	
Bookkeeping/Accounting Services	12,500		101	
Bad Debts	5,000		40	
Miscellaneous	1,000	conventions/meetings	8	
Sub-total Administration Expenses	69,500	PUPA: 560		
Utilities				
Electricity	111,000	based on owners operating	895	75
Water	104,000	based on owners operating	839	70
Gas	54,000	based on owners operating	435	36
Sewer	104,000	based on owners operating	839	70
Sub-total Utilities	373,000	PUPA: 3,008		
Taxes and Licenses				
Real Estate Taxes	3,000	per property tax bills	24	
Payroll Taxes	160,853	updated per Swords 4/18	1,297	
Miscellaneous Taxes, Licenses and Permits			-	
Sub-total Taxes and Licenses	163,853	PUPA: 1,321		
Insurance				
Property and Liability Insurance	350,000	Swords securing quote	2,823	
Fidelity Bond Insurance			-	
Worker's Compensation	48,256		389	
Director's & Officers' Liability Insurance	0		-	
Sub-total Insurance	398,256	PUPA: 3,212		
Maintenance & Repair				
Payroll	112,320	Links from 'Staffing' Worksheet	906	
Supplies	60,000	office, janitorial, kitchen, unit supplies	484	
Contracts	240,800	janitorial (\$180,800) and pest control (\$60K)	1,942	
Garbage and Trash Removal	66,100	based off stanford hotel	533	
Security Payroll/Contract	450,569	Links from 'Staffing' Worksheet	3,634	
HVAC Repairs and Maintenance	5,000		40	
Vehicle and Maintenance Equipment Operation and Repairs	0		-	
Miscellaneous Operating and Maintenance Expenses	155,500	bank and payroll service (6K); maintenance temps (\$40K); security contract (\$5K); repairs	1,254	
Sub-total Maintenance & Repair Expenses	1,090,289	PUPA: 8,793		
Supportive Services	0	Links from 'Staffing' Worksheet	-	
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	

TOTAL OPERATING EXPENSES	2,518,965	PUPA: 20,314		
Reserves/Ground Lease Base Rent/Bond Fees				
Ground Lease Base Rent	0	Provide additional comments here, if needed.	-	
Bond Monitoring Fee	5,000	PASS fees	40	
Replacement Reserve Deposit	62,000		500	
Operating Reserve Deposit			-	
Other Required Reserve 1 Deposit			-	
Other Required Reserve 2 Deposit			-	
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	67,000	PUPA: 540		
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond	2,585,965	PUPA: 20,855		
NET OPERATING INCOME (INCOME minus OP EXPENSES)	1,897,444	PUPA: 15,302		
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)				
Hard Debt - First Lender	1,658,784	CCSF PASS Loan		
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	0	Provide additional comments here, if needed.		
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.		
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.		
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%		
TOTAL HARD DEBT SERVICE	1,658,784	PUPA: 13,377		

CASH FLOW (NOI minus DEBT SERVICE)	238,659			
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.14			
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL				
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0			
Partnership Management Fee (see policy for limits)				

Enter order for pymt (i.e., 1st, 2nd, etc.) in Comments c

Total # Units:		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	Year 16	Year 17	Year 18	Year 19	Year 20
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
% annual increase																					
Income		237,000	309,714	393,396	505,811	600,884	717,121	815,906	917,329	1,024,365	1,131,361	1,241,361	1,351,361	1,461,361	1,571,361	1,681,361	1,791,361	1,901,361	2,011,361	2,121,361	2,231,361
Net Income		2,003,706	2,055,884	2,105,200	2,157,830	2,211,756	2,267,071	2,323,747	2,381,281	2,441,367	2,502,422	2,564,082	2,626,107	2,689,107	2,752,358	2,816,358	2,881,262	2,947,204	3,014,204	3,082,954	3,152,183
Total		2,240,706	2,365,598	2,498,596	2,663,660	2,812,640	2,984,192	3,149,734	3,328,562	3,510,734	3,696,789	3,887,743	4,083,468	4,283,468	4,487,716	4,696,716	4,910,620	5,129,404	5,353,404	5,582,954	5,817,543
Gross Potential Income		4,599,477	4,742,461	4,884,794	4,974,976	5,105,888	5,242,938	5,382,504	5,526,977	5,674,977	5,827,113	5,974,977	6,127,113	6,279,977	6,432,977	6,586,977	6,741,977	6,897,977	7,054,977	7,212,977	7,372,977
Operating Expenses		(1,148,800)	(1,185,697)	(1,226,594)	(1,263,311)	(1,300,884)	(1,339,121)	(1,378,764)	(1,418,764)	(1,459,121)	(1,500,000)	(1,541,361)	(1,583,121)	(1,625,361)	(1,668,121)	(1,711,361)	(1,755,121)	(1,799,361)	(1,844,121)	(1,889,361)	(1,935,121)
Income Loss - Residuals - Rental Units		(100,188)	(100,693)	(100,200)	(107,895)	(110,589)	(113,354)	(116,119)	(118,902)	(122,059)	(125,121)	(128,249)	(131,450)	(134,721)	(138,110)	(141,563)	(145,100)	(148,730)	(152,448)	(156,248)	(160,129)
Income Loss - Residuals - Tenant Assistance Payments		(100,188)	(100,693)	(100,200)	(107,895)	(110,589)	(113,354)	(116,119)	(118,902)	(122,059)	(125,121)	(128,249)	(131,450)	(134,721)	(138,110)	(141,563)	(145,100)	(148,730)	(152,448)	(156,248)	(160,129)
EFFECTIVE GROSS INCOME		4,489,499	4,656,798	4,788,394	4,867,071	4,991,757	5,129,587	5,307,927	5,536,362	5,803,744	6,096,322	6,391,368	6,688,246	6,986,716	7,286,246	7,586,716	7,887,620	8,189,620	8,492,620	8,796,620	9,096,620
OPERATING EXPENSES		3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Maintenance		159,616	166,764	171,327	166,889	172,721	176,706	180,933	191,288	198,201	205,138	212,118	219,246	227,440	235,400	243,639	252,187	260,952	270,127	279,589	289,367
Repairs		159,616	166,764	171,327	166,889	172,721	176,706	180,933	191,288	198,201	205,138	212,118	219,246	227,440	235,400	243,639	252,187	260,952	270,127	279,589	289,367
Administrations		159,616	166,764	171,327	166,889	172,721	176,706	180,933	191,288	198,201	205,138	212,118	219,246	227,440	235,400	243,639	252,187	260,952	270,127	279,589	289,367
Utilities		159,616	166,764	171,327	166,889	172,721	176,706	180,933	191,288	198,201	205,138	212,118	219,246	227,440	235,400	243,639	252,187	260,952	270,127	279,589	289,367
Insurance		159,616	166,764	171,327	166,889	172,721	176,706	180,933	191,288	198,201	205,138	212,118	219,246	227,440	235,400	243,639	252,187	260,952	270,127	279,589	289,367
Taxes and Licenses		159,616	166,764	171,327	166,889	172,721	176,706	180,933	191,288	198,201	205,138	212,118	219,246	227,440	235,400	243,639	252,187	260,952	270,127	279,589	289,367
Depreciation		159,616	166,764	171,327	166,889	172,721	176,706	180,933	191,288	198,201	205,138	212,118	219,246	227,440	235,400	243,639	252,187	260,952	270,127	279,589	289,367
Maintenance & Repair		1,590,289	1,627,450	1,587,555	1,508,821	1,261,132	1,284,922	1,340,244	1,387,153	1,438,700	1,485,953	1,537,961	1,591,790	1,647,562	1,705,155	1,765,854	1,826,615	1,890,451	1,955,116	2,025,261	2,098,183
Total Operating Expenses		2,618,985	2,686,128	2,698,375	2,782,822	2,890,571	2,991,741	3,096,452	3,204,827	3,316,996	3,433,991	3,553,249	3,677,613	3,806,330	3,939,551	4,077,436	4,220,146	4,376,851	4,520,726	4,671,951	4,842,714
PUPA (w/o Reserves/GI, Base Rent/Bond Fees)		20,374																			
Reserves/Operating Lease Base Rent/Bond Fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 3		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 4		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 5		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 6		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 7		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 8		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 9		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 10		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 11		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 12		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 13		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 14		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 15		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 16		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 17		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 18		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 19		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 20		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 21		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 22		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 23		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 24		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 25		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 26		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 27		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 28		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 29		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 30		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 31		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 32		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 33		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 34		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 35		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 36		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 37		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 38		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 39		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 40		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 41		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 42		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 43		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 44		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 45		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 46		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 47		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 48		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 49		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Base Rent - Month 50		0	0																		

Evaluation of Request for Construction/Perm Financing
1035 Van Ness Avenue

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P. 20-year Operating Proforma - PASS

See following page.

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Request for Gap Financing

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Attachment B - Updated Project Milestones/Schedule

A	Prop I Noticing	9/17/25	Completed
1	Acquisition/Predev Financing Commitment	5/16/25	
2.	Site Acquisition	7/9/25	
3.	Development Team Selection	5/15/25	
a.	Architect	Complete	
b.	General Contractor	Complete	
c.	Owner's Representative	Complete	
d.	Property Manager	Complete	
e.	Service Provider	Complete	
4.	Design	In Progress	
a.	Submittal of Schematic Design & Cost Estimate	Complete	
b.	Submittal of Design Development & Cost Estimate	9/23/25	
c.	Submittal of 50% CD Set & Cost Estimate		
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)		
5.	Commercial Space	N/A	
a.	Commercial Space Plan Submission	N/A	
b.	LOI/s Executed	N/A	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 / AB 2162 Approval	6/11/25	Approved per AB 2162 by SF Planning
b.	CEQA Environ Review Submission (CEQA Exemption Request)	N/A	Exempt per AB 2162
c.	NEPA Environ Review Submission	5/28/25	Approved NEPA Exemption
d.	CUP Ministerial Submission	N/A	Approved per AB 2162 by SF Planning

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7.	PUC/PG&E		
a.	Temp Power Application Submission	N/A	Existing PG&E Service
b.	Perm Power Application Submission	N/A	Existing PG&E Service
8.	Permits	10/10/25	
a.	Building / Site Permit Application Submitted	10/10/25	
b.	Addendum #1 Submitted		
c.	Addendum #2 Submitted		
9.	Request for Bids Issued	7/1/25	
10.	Service Plan Submission	11/1/26	VASH units to be served by VA Staff. Remaining units subject to HSH Supportive Services Contract typically completed 3 months
a.	Preliminary	N/A	
b.	Final	10/31/25	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	5/16/25	
b.	Gap Financing Application	10/17/25	
12.	Other Financing		
a.	HCD Application for HK+	5/30/25	Approved Conditional Award
b.	Construction Financing SF HAF	5/16/25	Completed
c.	AHP Application	Mid 2026	Sponsor will apply at first funding round in 2026
d.	CDLAC Application	N/A	
e.	TCAC Application	N/A	
f.	Other Financing Application	N/A	
g.	LOSP Funding Request	11/2026	
13.	Closing		
a.	Construction Loan Closing	1/9/26	
b.	Conversion of Construction Loan to Permanent Financing	N/A	Homekey+ Capital Award and MOHCD Permanent Loan to be used for Construction Funds

1035 Van Ness
Request for Gap Financing

November 7, 2025
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14.	Construction		
a.	Notice to Proceed	1/9/26	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	7/31/26	Rehabilitation completion, no specific TCO provided.
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	N/A	No Lottery Units, all referrals will come from Coordinated Entry, Veterans Affairs Supportive Housing (VASH), and SF Housing Authority
b.	Commence Marketing	N/A	
c.	95% Occupancy	3/31/27	
16.	Cost Certification/8609	N/A	No tax credits
17.	Close Out MOH/OCII Loan(s)	4/15/27	
18.	HCD Homekey+ Capital Award Deadline to Achieve Full Occupancy	4/18/27	

Application Date:
Project Name:
Project Address:
Project Sponsor:

4/4/25
1035 Van Ness
1035 Van Ness Ave
Swords to Plowshares

Units: 124
Bedrooms: 124
Beds:

SOURCES	8,000,000	32,800,000	650,482	-	-	-	Total Sources	41,450,482	Comments
			Swords Capital/Fundraising						
USES	Name of Sources: MOHCD/OCII Homekey+								
ACQUISITION									
Acquisition cost or value		27,684,000					27,684,000		Per settlement statement- SF
Legal / Closing costs / Broker's Fee		39,778					39,778		Per settlement statement- legal and closing costs- SF
Holding Costs		22,823					22,823		Per settlement statement- HAF's predev interest- SF
Transfer Tax		208,125					208,125		Per settlement statement- base rate \$3.75/\$500 of assessed valuation- SF
TOTAL ACQUISITION	0	27,954,726	0			0	27,954,726		
CONSTRUCTION (HARD COSTS)									
* Unit Construction/Rehab	337,352	4,610,514	545,888				5,493,754		adjusted to allocate between City/HK; all bond eligible
* Exploratory Demolition/ Pre-Construction							0		Per pre-construction services contracts- SF
									Changed title of line item to make clear, is not demo. All bond eligible.
* Conversion of SRO's to studio units	765,553	234,760					1,000,313		
Environmental Remediation	0						0		
* Onsite Improvements/Landscaping	0						0		
* Offsite Improvements	0						0		
* Infrastructure Improvements	0						0		
Parking	0						0		
GC Bond Premium/GC Insurance/GC Taxes	207,996						207,996		2.7%
GC Overhead & Profit	327,966						327,966		4.2%
CG General Conditions	742,727						742,727		9.6%
Sub-total Construction Costs	2,381,594	4,845,274	545,888			0	7,772,756		
Design Contingency (remove at DD)	0						0		5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)	0						0		5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)	0						0		4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency	777,276						777,276		Building completed in 2004
Sub-total Construction Contingencies	777,276	0				0	777,276		
TOTAL CONSTRUCTION COSTS	3,158,870	4,845,274	545,888			0	8,550,032		
SOFT COSTS									
Architecture & Design									
Architect design fees	268,195						268,195		See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	50,120						50,120		
Architect Construction Admin	0						0		
Reimbursables	0						0		
Additional Services	0						0		
Sub-total Architect Contract	318,315	0				0	318,315		
Other Third Party design consultants (not included under Architect contract)			0				0		Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	318,315	0	0			0	318,315		
Engineering & Environmental Studies									
Survey							0		All due diligence paid for by HSH on separate contract
Geotechnical studies							0		
Phase I & II Reports							0		
CEQA / Environmental Review consultants							0		
NEPA / 106 Review							0		
CNA/PNA (rehab only)							0		
Other environmental consultants							0		
Total Engineering & Environmental Studies	0	0	0			0	0		
Financing Costs									
Construction Financing Costs									
Construction Loan Origination Fee	186,500						186,500		Per settlement statement- SF
Construction Loan Interest	829,314						829,314		5.75% interest rate until Homekey funds 12/19/25 or approx. 6 mos post-acquisition- SF
Title & Recording	25,000						25,000		
CDLAC & CDIAC fees	0						0		
Bond Issuer Fees	0						0		
Other Bond Cost of Issuance	0						0		
Other Lender Costs (specify)	9,000						9,000		HAF lender inspection costs
Sub-total Const. Financing Costs	1,049,814	0	0			0	1,049,814		
Permanent Financing Costs									
Permanent Loan Origination Fee							0		
Credit Enhance, & Appl. Fee							0		
Title & Recording	20,000						20,000		
Sub-total Perm. Financing Costs	20,000	0	0			0	20,000		
Total Financing Costs	1,069,814	0	0			0	1,069,814		
Legal Costs									
Borrower Legal fees	75,000						75,000		Per recent Lubin billing- SF
Land Use / CEQA Attorney fees	0						0		
Tax Credit Counsel	0						0		
Bond Counsel	0						0		
Construction Lender Counsel	40,000						40,000		HAF lender counsel
Permanent Lender Counsel	25,000						25,000		borrower counsel for perm closing
* Other Legal (specify)	0						0		
Total Legal Costs	140,000	0	0			0	140,000		
Other Development Costs									
Appraisal							0		
Market Study							0		
* Insurance	128,853						128,853		Per settlement statement for general liability; \$30k builder's risk est. per S. Chan e-mail 8/11 + \$10k- SF
Property Taxes	330,387						330,387		Assume pay thru construction (12 months)
Accounting / Audit							0		
Organizational Costs							0		covered under borrower legal
Entitlement / Permit Fees	75,000						75,000		Estimate - Jules M checking fee amounts to DBI- SF
* Marketing / Rent-up	200,486						200,486		This will cover any marketing materials as well as move-in for tenants of 250 Kearney
* Furnishings	252,600						252,600		\$2870/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees							0		A furnishings budget added per Swords 4/18
TCAC App / Alloc / Monitor Fees							0		
* Financial Consultant fees							0		
Construction Management fees / Owner's Rep	47,600						47,600		FDS for Phil Ritter plus Jules Mancilla \$10k- SF
Security during Construction							0		
* Relocation							0		See Marketing/Rent Up
Development Services Consultant	54,915		95,085				150,000		Falcone Development Services contract
Other (specify)							0		
Other (specify)							0		
Total Other Development Costs	1,089,841	0	95,085			0	1,184,926		
Soft Cost Contingency									
Contingency (Arch, Eng, Fin, Legal & Other Dev)	169,427	0	9,509			0	178,936	6.10%	
TOTAL SOFT COSTS	2,787,397	0	104,594			0	2,891,991		Soft Cost Contingency as % of Total Applicable Soft Costs 6.6%
RESERVES									
* Operating Reserves	1,053,733		0				1,053,733		4 months of operating & services (per HK+)
Replacement Reserves			0				0		
Tenant Improvements Reserves			0				0		
* Other (specify)			0				0		
* Other (specify)			0				0		
* Other (specify)			0				0		
TOTAL RESERVES	1,053,733	0	0			0	1,053,733		
DEVELOPER COSTS									
Developer Fee - Cash-out Paid at Milestones	500,000						500,000		
Developer Fee - Cash-out At Risk	500,000						500,000		
Commercial Developer Fee			0				0		
Developer Fee - GP Equity (also show as source)			0				0		
Developer Fee - Deferred (also show as source)			0				0		
Development Consultant Fees			0				0		
Other (specify)							0		
TOTAL DEVELOPER COSTS	1,000,000	0	0			0	1,000,000		
TOTAL DEVELOPMENT COST	8,000,000	32,800,000	650,482	0	0	0	41,450,482		
Development Cost/Unit by Source	64,516	264,516	5,246	0	0	0	334,278		
Development Cost/Unit as % of TDC by Source	19.3%	79.1%	1.6%	0.0%	0.0%	0.0%	100.0%		
Acquisition Cost/Unit by Source	0	223,258	0	0	0	0	223,258		
Construction Cost (inc Const Contingency)/Unit By Source	25,475	39,075	4,402	0	0	0	68,952		
Construction Cost (inc Const Contingency)/SF	34.90	53.53	6.03	0.00	0.00	0.00	94.46		
*Possible non-eligible GO Bond/COP Amount:	545,888								
City Subsidy/Unit	64,516								
Tax Credit Equity Pricing:	0.000								
Construction Bond Amount:	30,275,181								This is the HAF loan
Construction Loan Term (in months):	6 months								
Construction Loan Interest Rate (as %):	5.75%								

Attachment D - Updated 1st Year Operating Budget

Application Date:	4/4/25	LOSP Units	Non-LOSP Units	Project Name:	1035 Van Ness
Total # Units:	124	88	68	Project Address:	1035 Van Ness Ave
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	2027	LOSP/Non-LOSP Allocation		Project Sponsor:	Swords to Plowshares
		47%	53%		
INCOME					
Residential - Tenant Rents	109,200	109,400	207,600	Links from New Proj - Rent & Unit Mix Worksheet	Alternative LOSP Split
Residential - Tenant Assistance Payments (RSP Payments)	0	0	0	0 Comments	Residential - Tenant Assistance Payments (Other Non-LOSP)
Residential - Tenant Assistance Payments (Other Non-LOSP)	2,003,750	2,003,750	2,003,750	Links from New Proj - Rent & Unit Mix Worksheet	Approved By (agent)
Residential - LOSP Tenant Assistance Payments	0	0	0	HOV Operating Award Years 1 through 5 (See Sheet 7a - Row 177) LOSP Yrs 16-20	Approved By (agent)
Commercial Space	0	0	0	0 From Commercial Op. Budget Worksheet: Commercial to Residential allocation: 100%	Approved By (agent)
Residential Parking	0	0	0	0	Approved By (agent)
Miscellaneous Rent Income	0	0	0	0	Approved By (agent)
Supportive Services Income	0	0	0	No services paid from Operating Budget	Approved By (agent)
Interest Income - Project Operations	0	0	0	0	Approved By (agent)
Laundry and Vending	0	0	0	0	Approved By (agent)
Tenant Charges	0	0	0	0	Approved By (agent)
Miscellaneous Residential Income - VAMC Contract	0	0	0	0	Approved By (agent)
Other Commercial Income	195,495	209,177	384,672	0 From Commercial Op. Budget Worksheet: Commercial to Residential allocation: 100%	Approved By (agent)
Offset from Non Capitalized Reserve (deduct to operating account)	324,896	2,317,337	2,696,833	HOV Operating Award Years 1 through 5 (See Sheet 7a - Row 177)	Approved By (agent)
Vacancy Loss - Residential - Tenant Rents	10,960	17,960	17,960	0	Approved By (agent)
Vacancy Loss - Residential - Tenant Assistance Payments	100,180	100,180	100,180	0	Approved By (agent)
Vacancy Loss - Commercial	317,734	2,363,229	2,680,963	0 From Commercial Op. Budget Worksheet: Commercial to Residential allocation: 100%	Approved By (agent)
				PUPA: 20,614	
OPERATING EXPENSES					
Management					Alternative LOSP Split
Management Fee	87,348	84,668	122,916	882 PUPM	Approved By (agent)
Asset Management Fee	13,305	15,105	28,410	800/year for entire All team	Approved By (agent)
					Approved By (agent)
Sub-total Management Expenses	76,743	79,773	150,516	PUPA: 1,214	
Salaries/Benefits					Alternative LOSP Split
Office Salaries	44,039	49,661	93,700	Links from Staffing Worksheet	Approved By (agent)
Manager's Salary	69,410	78,270	147,680	Links from Staffing Worksheet	Approved By (agent)
Health Insurance and Other Benefits	15,120	17,991	33,111	Employee benefits	Approved By (agent)
Other Salaries/Benefits	0	0	0	0	Approved By (agent)
Administrative Rent-Free Unit	0	0	0	No live-in manager; have 24-7 desk coverage	Approved By (agent)
					Approved By (agent)
Sub-total Salaries/Benefits	128,569	144,982	275,551	PUPA: 1,296	
Administration					Alternative LOSP Split
Advertising and Marketing	470	530	1,000	0	Approved By (agent)
Office Expenses	9,400	10,600	20,000	IT, Phone, Printing, Postage	Approved By (agent)
Office Rent	0	0	0	0	Approved By (agent)
Legal Expenses - Property	11,750	13,250	25,000	Legal counsel related to property operations, evictions, etc.	Approved By (agent)
Audit Expense	2,350	2,650	5,000	0	Approved By (agent)
Bookkeeping/Accounting Services	4,800	5,400	10,200	0	Approved By (agent)
Net Data	2,350	2,650	5,000	Conventions/meetings	Approved By (agent)
Miscellaneous	470	530	1,000	0	Approved By (agent)
					Approved By (agent)
Sub-total Administration Expenses	32,660	36,930	69,590	PUPA: 560	
Utilities					Alternative LOSP Split
Electricity	59,175	58,830	111,000	0	Approved By (agent)
Water	48,890	55,120	104,000	0	Approved By (agent)
Gas	25,380	28,620	54,000	0	Approved By (agent)
sewer	48,890	55,120	104,000	0	Approved By (agent)
					Approved By (agent)
Sub-total Utilities	176,310	197,690	375,000	PUPA: 1,208	
Taxes and Licenses					Alternative LOSP Split
Real Estate Taxes	1,410	1,560	3,000	0 for special assessments	Approved By (agent)
Payroll Taxes	75,601	85,262	160,863	0	Approved By (agent)
Miscellaneous Taxes, Licenses and Permits	0	0	0	0	Approved By (agent)
					Approved By (agent)
Sub-total Taxes and Licenses	77,011	86,842	163,863	PUPA: 1,327	
Insurance					Alternative LOSP Split
Property and Liability Insurance	164,500	185,500	350,000	Swords securing quote - calculate/estimate for now	Approved By (agent)
Fidelity Bond Insurance	22,890	25,970	48,250	0	Approved By (agent)
Worker's Compensation	0	0	0	0	Approved By (agent)
					Approved By (agent)
Sub-total Insurance	187,390	211,470	398,250	PUPA: 1,212	
Maintenance & Repair					Alternative LOSP Split
Payroll	58,750	59,520	118,270	Links from Staffing Worksheet	Approved By (agent)
Supplies	29,200	31,800	60,000	Office, janitor, kitchen, and unit supplies	Approved By (agent)
Contracts	115,170	127,624	242,800	contractual \$180,000-\$200K pest control	Approved By (agent)
Security/Facility/Contract	211,768	238,804	450,569	Links from Staffing Worksheet	Approved By (agent)
HVAC Repairs and Maintenance	2,350	2,650	5,000	0	Approved By (agent)
Vehicle and Maintenance Equipment Operation and Repairs	0	0	0	0	Approved By (agent)
Miscellaneous Operating and Maintenance Expenses	73,085	82,415	155,500	Bank and payroll service (BPS), maintenance temps (\$40K), security contract (BPS), repairs and	Approved By (agent)
					Approved By (agent)
Sub-total Maintenance & Repair Expenses	512,434	577,853	1,090,239	PUPA: 1,790	
Supportive Services	0	0	0	Separate Services Contract with HSDA	Approved By (agent)
Commercial Expenses	0	0	0	0 From Commercial Op. Budget Worksheet: Commercial to Residential allocation: 100%	Approved By (agent)
					Approved By (agent)
TOTAL OPERATING EXPENSES	1,163,914	1,335,692	2,516,965	PUPA: 20,314	
Reserve/Ground Lease Base Rent/Bond Fees					Alternative LOSP Split
Ground Lease Base Rent	0	0	0	No ground lease	Approved By (agent)
Ground Lease Base Rent	0	0	0	N/A. No tax exempt bonds	Approved By (agent)
Required Reserve Deposit	29,140	32,860	62,000	0	Approved By (agent)
Operating Reserve Deposit	0	0	0	See COBR entry	Approved By (agent)
Other Required Reserve Deposit	0	0	0	0	Approved By (agent)
Required Reserve Deposit, Commercial	0	0	0	0	Approved By (agent)
					Approved By (agent)
Sub-total Reserve/Ground Lease Base Rent/Bond Fees	29,140	32,860	62,000	PUPA: 600	
TOTAL OPERATING EXPENSES (+ Reserve/Gl. Base Rent/ Bond Fees)	1,213,054	1,367,912	2,580,965	PUPA: 20,614	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	(\$96,317)	\$95,317	0	PUPA:	
DEBT SERVICE/MUST PAY PAYMENTS (third debt/allocated loans)					Alternative LOSP Split
Hard Debt - First Lender	na	na	na	Check/HH DO Bonds	Approved By (agent)
Hard Debt - Second Lender (HSD Program 0.42% pmt, or other 2nd Lender)	0	0	0	Provide additional comments here, if needed	Approved By (agent)
Hard Debt - Third Lender (Other HSD Program, or other 3rd Lender)	0	0	0	Provide additional comments here, if needed	Approved By (agent)
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed	Approved By (agent)
Commercial Hard Debt Service	0	0	0	0 From Commercial Op. Budget Worksheet: Commercial to Residential allocation: 100%	Approved By (agent)
					Approved By (agent)
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0	
CASH FLOW (NOI minus DEBT SERVICE)	(\$96,317)	\$95,317	0		
USES OF CASH FLOW BELOW (This row also shows OSCR.)					Alternative LOSP Split
USES THAT PRECEDE MOHCD DEBT SERVICE WATERFALL					Approved By (agent)
"Follow-the-Sun" Asset Mgt fee (arrearages in new projects, see policy)	0	0	0	0	Approved By (agent)
Performance Management Fee (see policy for limits)	0	0	0	0	Approved By (agent)
Investing Service Fee (aka "LP Asset Mgt Fee" (see policy for limits)	0	0	0	0	Approved By (agent)
Other Payments	0	0	0	0	Approved By (agent)
Non-amortizing Loan Pmt - Lender 1 (asset tender in comments file)	0	0	0	Provide additional comments here, if needed	Approved By (agent)
Non-amortizing Loan Pmt - Lender 2 (asset tender in comments file)	0	0	0	Provide additional comments here, if needed	Approved By (agent)
Deferred Developer Fee (Ester amt <= Max Fee from cell 1130)	0	0	0	0	Approved By (agent)
					Approved By (agent)
TOTAL PAYMENTS PRECEDING MOHCD	0	0	0	PUPA: 0	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING)	(\$96,317)	\$95,317	0		
Residual Receipts Calculation					Alternative LOSP Split
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	No		Approved By (agent)
HW Project Debt Deferral Obligations	33%		0		Approved By (agent)
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1	67%		0		Approved By (agent)
% of Residual Receipts available for distribution to soft debt lenders in Yr 1:					Approved By (agent)
Soft Debt Lenders with Residual Receipts Obligations					Approved By (agent)
MOHCD/CDCI - Soft Debt Lender 1	0	0	0	0	Approved By (agent)
MOHCD/CDCI - Ground Lease Value or Land Acq Cost	0	0	0	0	Approved By (agent)
MOHCD/CDCI - Lender 1	0	0	0	0	Approved By (agent)
Other Soft Debt Lender - Lender 4	0	0	0	0	Approved By (agent)
Other Soft Debt Lender - Lender 5	0	0	0	0	Approved By (agent)
					Approved By (agent)
MOHCD RESIDUAL RECEIPTS DEBT SERVICE					Approved By (agent)
MOHCD Residual Receipts Amount Due	0	0	0	0	Approved By (agent)
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	0	0	Approved By (agent)
Residual Receipts Amount to Loan Repayment	0	0	0	0	Approved By (agent)
Proposed MOHCD Residual Receipts Amount to Redeem/Retain	0	0	0	0	Approved By (agent)
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT	0	0	0	0	Approved By (agent)
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE					Approved By (agent)
HSD Residual Receipts Amount Due	0	0	0	0	Approved By (agent)
Lender 4 Residual Receipts Due	0	0	0	0	Approved By (agent)
Lender 5 Residual Receipts Due	0	0	0	0	Approved By (agent)
Total Non-MOHCD Residual Receipts Debt Service	0	0	0	0	Approved By (agent)
REMAINDER (Should be zero unless there are)					Approved By (agent)
Residuals Noted	0	0	0	0	Approved By (agent)
Comp. Distribution/Incentive Management Fee	0	0	0	0	Approved By (agent)
MOHCD/CDCI - Lender 1	0	0	0	0	Approved By (agent)
Final Balance (Should be zero)	0	0	0	0	Approved By (agent)

		2019		2018		2017		2016		2015		2014		2013		2012		2011		2010		2009		2008		2007		2006		2005		2004		2003		2002		2001		2000		1999		1998		1997		1996		1995		1994		1993		1992		1991		1990		1989		1988		1987		1986		1985		1984		1983		1982		1981		1980		1979		1978		1977		1976		1975		1974		1973		1972		1971		1970		1969		1968		1967		1966		1965		1964		1963		1962		1961		1960		1959		1958		1957		1956		1955		1954		1953		1952		1951		1950		1949		1948		1947		1946		1945		1944		1943		1942		1941		1940		1939		1938		1937		1936		1935		1934		1933		1932		1931		1930		1929		1928		1927		1926		1925		1924		1923		1922		1921		1920		1919		1918		1917		1916		1915		1914		1913		1912		1911		1910		1909		1908		1907		1906		1905		1904		1903		1902		1901		1900		1899		1898		1897		1896		1895		1894		1893		1892		1891		1890		1889		1888		1887		1886		1885		1884		1883		1882		1881		1880		1879		1878		1877		1876		1875		1874		1873		1872		1871		1870		1869		1868		1867		1866		1865		1864		1863		1862		1861		1860		1859		1858		1857		1856		1855		1854		1853		1852		1851		1850		1849		1848		1847		1846		1845		1844		1843		1842		1841		1840		1839		1838		1837		1836		1835		1834		1833		1832		1831		1830		1829		1828		1827		1826		1825		1824		1823		1822		1821		1820		1819		1818		1817		1816		1815		1814		1813		1812		1811		1810		1809		1808		1807		1806		1805		1804		1803		1802		1801		1800		1799		1798		1797		1796		1795		1794		1793		1792		1791		1790		1789		1788		1787		1786		1785		1784		1783		1782		1781		1780		1779		1778		1777		1776		1775		1774		1773		1772		1771		1770		1769		1768		1767		1766		1765		1764		1763		1762		1761		1760		1759		1758		1757		1756		1755		1754		1753		1752		1751		1750		1749		1748		1747		1746		1745		1744		1743		1742		1741		1740		1739		1738		1737		1736		1735		1734		1733		1732		1731		1730		1729		1728		1727		1726		1725		1724		1723		1722		1721		1720		1719		1718		1717		1716		1715		1714		1713		1712		1711		1710		1709		1708		1707		1706		1705		1704		1703		1702		1701		1700		1699		1698		1697		1696		1695		1694		1693		1692		1691		1690		1689		1688		1687		1686		1685		1684		1683		1682		1681		1680		1679		1678		1677		1676		1675		1674		1673		1672		1671		1670		1669		1668		1667		1666		1665		1664		1663		1662		1661		1660		1659		1658		1657		1656		1655		1654		1653		1652		1651		1650		1649		1648		1647		1646		1645		1644		1643		1642		1641		1640		1639		1638		1637		1636		1635		1634		1633		1632		1631		1630		1629		1628		1627		1626		1625		1624		1623		1622		1621		1620		1619		1618		1617		1616		1615		1614		1613		1612		1611		1610		1609		1608		1607		1606		1605		1604		1603		1602		1601		1600		1599		1598		1597		1596		1595		1594		1593		1592		1591		1590		1589		1588		1587		1586		1585		1584		1583		1582		1581		1580		1579		1578		1577		1576		1575		1574		1573		1572		1571		1570		1569		1568		1567		1566		1565		1564		1563		1562		1561		1560		1559		1558		1557		1556		1555		1554		1553		1552		1551		1550		1549		1548		1547		1546		1545		1544		1543		1542		1541		1540		1539		1538		1537		1536		1535		1534		1533		1532		1531		1530		1529		1528		1527		1526		1525		1524		1523		1522		1521		1520		1519		1518		1517		1516		1515		1514		1513		1512		1511		1510		1509		1508		1507		1506		1505		1504		1503		1502		1501		1500		1499		1498		1497		1496		1495		1494		1493		1492		1491		1490		1489		1488		1487		1486		1485		1484		1483		1482		1481		1480		1479		1478		1477		1476		1475		1474		1473		1472		1471		1470		1469		1468		1467		1466		1465		1464		1463		1462		1461		1460		1459		1458		1457		1456		1455		1454		1453		1452		1451		1450		1449		1448		1447		1446		1445		1444		1443		1442		1441		1440		1439		1438		1437		1436		1435		1434		1433		1432		1431		1430		1429		1428		1427		1426		1425		1424		1423		1422		1421		1420		1419		1418		1417		1416		1415		1414		1413		1412		1411		1410		1409		1408		1407		1406		1405		1404		1403		1402		1401		1400		1399		1398		1397		1396		1395		1394		1393		1392		1391		1390		1389		1388		1387		1386		1385		1384		1383		1382		1381		1380		1379		1378		1377		1376		1375		1374		1373		1372		1371		1370		1369		1368		1367		1366		1365		1364		1363		1362		1361		1360		1359		1358		1357		1356		1355		1354		1353		1352		1351		1350		1349		1348		1347		1346		1345		1344		1343		1342		1341		1340		1339		1338		1337		1336		1335		1334		1333		1332		1331		1330		1329		1328		1327		1326		1325		1324		1323		1322		1321		1320		1319		1318		1317		1316		1315		1314		1313		1312		1311		1310		1309		1308		1307		1306		1305		1304		1303		1302		1301		1300		1299		1298		1297		1296		1295		1294		1293		1292		1291		1290		1289		1288		1287		1286		1285		1284		1283		1282		1281		1280		1279		1278		1277		1276		1275		1274		1273		1272		1271		1270		1269		1268		1267		1266		1265		1264		1263		1262		1261		1260		1259		1258		1257		1256		1255		1254		1253		1252		1251		1250		1249		1248		1247		1246		1245		1244		1243		1242		1241		1240		1239		1238		1237		1236		1235		1234		1233		1232		1231		1230		1229		1228		1227		1226		1225		1224		1223		1222		1221		1220		1219		1218		1217		1216		1215		1214		1213		1212		1211		1210		1209		1208		1207		1206		1205		1204		1203		1202		1201		1200		1199		1198		1197		1196		1195		1194		1193		1192		1191		1190		1189		1188		1187		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PLANNING APPROVAL LETTER

Date: June 11, 2025
Planning Record No. 2025-004242PRJ
Project Address: 1035 VAN NESS AVE
Zoning: RC-4 (RESIDENTIAL- COMMERCIAL, HIGH DENSITY) Zoning District
Van Ness Special Use District
130-V Height and Bulk District
Block/Lot: 0714 / 028
Project Sponsor: Mimi Sullivan
77 Van Ness Avenue, Suite 202
San Francisco, CA 94102
mimi@saidasullivan.com
(4157770991)
Staff Contact: Carly Grob
Carly.grob@sfgov.org

Project Description

This project would convert an existing residential care facility (institutional use) into 100% affordable permanent supportive housing rental units. The project will result in 124 dwelling units¹ from the conversion of 106 existing care facility rooms, recreation of 16 care facility rooms that were removed without a permit, and the creation of two (2) new rooms which were previously support spaces. All 124 units will include a bathroom, and will be furnished with refrigerators, stove tops, and sinks. The project will also make minor alterations to the existing amenity spaces on the fifth floor for use as resident services and property management offices, as well as alterations at the ground floor to construct a compliant mail room and to restore the demising wall between building storage and the retail spaces.

Project Approval

This project is approved pursuant to Government Code section 65650, commonly known as AB 2162. AB 2162 requires the ministerial approval of eligible supportive housing projects. For additional details on AB 2162, please see Government Code section 65650 et. seq., or Director's Bulletin 5.

The Department has determined that the project is eligible for AB 2162 and has concluded its design review of the project, including that it complies with the objective standards of the Planning Code. The Department therefore approves the project in accordance with the provisions of Government Code section 65650 et. seq.

¹ Pursuant to an interpretation of Planning Code Section 102, published 3/21, "Permanently Supportive Housing," may be determined to be Dwelling Units even when providing only limited cooking facilities due to the unique nature of such housing.

(AB 2162), as recorded in Planning Record No. 2025-004242PRJ. The project shall comply with the standard conditions of approval for an AB 2162 project, attached. The property owner shall record Notice of Special Restrictions prior to the issuance of a site or building permit for the project. The plans for the approved project are attached to this approval.

The Project Sponsor will record the Notice of Special Restrictions before issuance of the building permit.

Project Timeline

Action	Date
Applicant submitted a Development Application	May 14, 2025
Department staff issued Incomplete Application Notice (IAN)	May 16, 2025
Applicant responded to Incomplete Application Notice (IAN)	May 21, 2025
Department staff deemed Application Complete (CAN)	May 22, 2025
Department staff determined that the proposed project was eligible for AB 2162	May 22, 2025

Compliance with the State Density Bonus Law

The Project Sponsor seeks to proceed pursuant to Planning Code Section 206.6, Individually Requested State Density Bonus Law, Government Code Section 65915 et seq (the “State Law”). Under subsection 65915(b)(1)(G) of the State Law, a housing development that provides 100% of the total units for lower income households, except that up to 20% of the total units in the development may be for moderate-income households and exclusive of a manager’s unit(s), is entitled to five concessions and incentives that result in identifiable and actual cost reductions to provide for affordable housing costs. Such project, when located within one-half mile of a major transit stop, shall be relieved of maximum density controls and shall also receive a height increase of up to three additional stories, or 33 feet, and unlimited waivers from development standards that might otherwise preclude the construction of the project are permitted under this subsection of the State Law.

The Project Sponsor is providing 124 units of housing affordable to low- and very low-income households, and the project is located within one-half mile of a major transit stop; therefore, the project is not subject to any maximum control on density, and is entitled to receive up to five concessions/incentives and an additional three stories, or 33 feet of height and unlimited waivers. The project sponsor is requesting a concession/incentive from the development standards for active uses at the street frontage (Planning Code Section 145.1(c)(3), bicycle parking (Planning Code Section 155.1-2), and car share (Planning Code Section 166). The project has requested waivers from the development standards for rear yard (Planning Code Section 134), usable open space (Planning Code Section 135), and dwelling unit exposure (Planning Code Section 140).

Planning Code Findings

Planning Code Section 206.6

The Department finds that the project is consistent with the findings set forth in 206.6 as further described below.

Before approving an application for a Density Bonus, Incentive, Concession, or waiver, for any Individually Requested Density Bonus Project, the Planning Commission or Director shall make the following findings as applicable.

- A. The Housing Project is eligible for the Individually Requested Density Bonus Program.

The Project qualifies for the State Density Bonus Program by providing 100% of the units, excluding manager's units, as affordable to lower-income households.

- B. The Housing Project has demonstrated that any Concessions or Incentives reduce actual housing costs, as defined in Section 50052.5 of the California Health and Safety Code, or for rents for the targeted units, based upon the financial analysis and documentation provided.

The project has requested concessions/incentives from the development standards for active uses at the street frontage (Planning Code Section 145.1(c)(3), bicycle parking (Planning Code Section 155.1-2,) and car share (Planning Code Section 166).

Ground Floor Active Uses. *Planning Code Section 145.1(c)(3) requires active uses for the first 25 feet of building depth on the ground floor. There are two vacant retail spaces at the ground floor of the existing building. The project would restore a demising wall between the retail space and residential building storage. The retail would be less than 25 feet in building depth along the Van Ness frontage, and the residential storage facing Myrtle would not be considered an active use. The requested incentive from the Planning Code requirement to provide active uses at the street frontage would result in actual and identifiable cost reductions. Without the requested incentive, the Project would be required to lease space currently slated for residential use for another non-residential, active use. The loss of units or other residential spaces would impact Project's funding availability and overall operating costs.*

Bicycle Parking. *Planning Code Section 155.2 requires one Class 1 bicycle parking space for every dwelling unit, and for buildings with more than 100 units, one Class 1 space for every four dwelling units over 100. The Planning Code also requires One Class 2 space for every 20 units. The project would require 106 Class 1 spaces and 6 Class 2 spaces. The requested incentive from Class 1 and Class 2 bicycle parking requirements would result in cost reductions to construct bicycle parking, as well as the indirect costs incurred from the loss of other residential or supportive service uses in the building.*

Car Share. *Planning Code Section 166 requires car-share spaces be provided in any building being converted to residential uses with existing off-street parking. Providing a public car share space in the*

secure garage would be a major security risk that could negatively impact the operations of the proposed permanent supportive housing. Providing a higher level of security would be prohibitively expensive, especially for a housing type with strict maintenance and operational demands. The requested incentive from car share allows the Project to avoid the initial expense and maintenance of increased security.

- C. If a waiver or modification is requested, a finding that the Development Standards for which the waiver is requested would have the effect of physically precluding the construction of the Housing Project with the Density Bonus or Concessions and Incentives permitted.

The project has requested waivers from the development standards for rear yard (Planning Code Section 134), usable open space (Planning Code Section 135), and dwelling unit exposure (Planning Code Section 140).

Rear Yard. *The requested waiver from the rear yard requirements of Planning Code Section 134 result in increased residential density. In the RC-4 Zoning District, a 25% rear yard is required at the first floor containing a dwelling unit, and at each subsequent story. Per an interpretation of Planning Code Section 188(a), converting a noncomplying rear yard building to residential use would add a new discrepancy, and would not comply with Section 134. Establishing new residential uses in a building which does not Providing a code-compliant rear yard would substantially decrease the residential density of the project, resulting in the loss of approximately 46 of the 124 proposed units.*

Usable Open Space. *Planning Code Section 135 requires that 48 square feet of common usable open space be provided for each dwelling unit within the RC-4 Zoning District, and that common usable open be 15' in every horizontal dimension with a minimum area of 300 square feet. The project requires 5,952 square feet of common usable open space. While the project provides approximately 1,679 square feet of existing open space within the rear yard, in the light well, and on a deck facing Van Ness, none of these spaces meet the 15'x15' minimum dimension. Furthermore, the rooftop is currently unavailable to be converted into usable open space due to cost and operational constraints. The requested waiver from the rear yard requirements of Planning Code Section 135 result in the residential density permitted under the State Density Bonus Law.*

Dwelling Unit Exposure. *In the RC-4, dwelling units may meet exposure by facing onto code-compliant a rear yard, a 25' x 25' open area, or a public street or alley that is at least 25 feet wide. Providing a code-compliant rear yard would substantially decrease the residential density of the project, resulting in the loss of approximately 51 of the 124 proposed units face onto a rear yard that is not code-compliant or onto a lightwell along the north property line. The requested waiver from the exposure requirements of Planning Code Section 140 result in increased residential density.*

- D. If the Density Bonus is based all or in part on donation of land, a finding that all the requirements included in Government Code Section 65915(g) have been met.

The requested Density Bonus is not based on donation of land.

- E. If the Density Bonus, Concession or Incentive is based all or in part on the inclusion of a Child Care Facility, a finding that all the requirements included in Government Code Section 65915(h) have been met.

The requested Density Bonus and concessions/incentives are not based on inclusion of a Child Care facility.

- F. If the Concession or Incentive includes mixed-use development, a finding that all the requirements included in Government Code Section 65915(k)(2) have been met.

The requested concessions/incentives are for residential use only.

General Plan Compliance

As described below, the Project 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

Policy 8

Expand permanently supportive housing and services for individuals and families experiencing homelessness as a primary part of a comprehensive strategy to eliminate homelessness.

Policy 15

Expand permanently affordable housing investments in priority equity geographies to better serve american indian, black, and other people of color within income ranges underserved, including extremely-, very low-, and moderate-income households.

OBJECTIVE 4.A

SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW-TO MODERATE-INCOME HOUSEHOLDS.

Policy 26

Streamline and simplify permit processes to provide more equitable access to the application process, improve certainty of outcomes, and ensure meeting state- and local-required timelines, especially for 100% affordable housing and shelter projects.

Policy 32

Promote and facilitate aging in place for seniors and multi-generational living that supports extended families and communal households.

OBJECTIVE 4.C

DIVERSIFY HOUSING TYPES FOR ALL CULTURES, FAMILY STRUCTURES, AND ABILITIES.

The project will provide 124 permanent supportive housing (PSH) rental units within an existing building, which expands the City's supply of housing and supportive services for formerly homeless veterans. The units will remain affordable for the life of the project. The subject property is just outside of the Priority Equity Geography SUD across Van Ness Avenue, and will provide access housing and supportive services for formerly homeless veterans from various backgrounds. AB 2162 and the State Density Bonus Law have provided a simplified, streamlined approval path for the project. The project is consistent with the General Plan.

Planning Code Section 101.1(b) establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project complies with said policies in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

The project site does not possess any neighborhood-serving retail uses. The Project provides 124 new supportive housing units, which will enhance the nearby retail uses by providing new residents, who may patron these businesses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

The project would not impact the neighborhood character, and would enhance the economic diversity of our neighborhoods. The project would convert an residential care facility, an institutional use, with 124 permanent supportive housing units, thus resulting in an overall increase in the affordable housing stock. The units will be affordable for the life of the project, which ensures that formerly homeless individuals will have access to housing opportunities within the neighborhood in perpetuity. The project scope not include any exterior alterations. For these reasons, the Project would protect and preserve economic diversity of the neighborhood.

3. That the City's supply of affordable housing be preserved and enhanced,

The Project creates 124 permanent supportive housing units within an existing building, thereby increasing the stock of affordable housing units in the City.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The Project Site is served by nearby public transportation options. The Project is located along Van Ness Avenue, which is a bus rapid transit corridor (BRT) and is the north/south route for the MUNI 49 busline and on the same block as the east/west line for the MUNI 38 and 38 rapid bus lines along Geary Avenue. The project is also within ¼ mile of MUNI lines 2, 19 and 31. Future residents would be afforded proximity to a bus line.

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 Project does not include commercial office development and will not displace any industrial uses. The project will replace a residential care facility that is mostly vacant with permanent supportive housing, which is a priority for the City.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project does not propose any exterior alterations. The proposed interior alterations will be designed and constructed to conform to the structural and seismic safety requirements of the Building Code. As such, this Project will not impact the property's ability to withstand an earthquake.

7. That landmarks and historic buildings be preserved.

Currently, the Project Site does not contain any City Landmarks or historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project does not propose any exterior alterations, and would therefore not have any impact to access to sunlight or vistas.

Attachments:

Conditions of Approval for 100% Affordable AB 2162 Projects
Approved Plans

CONDITIONS OF APPROVAL FOR A 100% AFFORDABLE AB 2162 PROJECTS

Authorization

This authorization to allow the conversion of an existing residential care facility into 124 permanent supportive housing units and supportive services, located at 1035 Van Ness Avenue, 0714/028 within the RC-4 (Residential-Commercial, High Density) Zoning District, a 130-V Height and Bulk District, and the Van Ness Special Use District; in general conformance with plans, dated May 12, 2025, included in the case file for Planning Record No. 2025-004242PRJ. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

Recordation of Conditions of Approval

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Department on June 11, 2025 under Planning Record No. 2025-004242PRJ

Severability

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

Changes and Modifications

Changes to the approved plans may be approved administratively by Planning Staff if the modifications to the Project are compliant with the objective provisions of the Planning Code in effect at the time of the original Planning approval.

State Law Provisions

1. **Expiration.** The authorization and right vested by virtue of this action does not expire.
2. **Affordable Housing.** 100% of the units, excluding managers' units, within the development are restricted to lower income households, as defined in CA Health and Safety Code Section 50079.5, and are or will be receiving public funding to ensure affordability of the housing to lower income Californians. The rents in the development shall be set at an amount consistent with the rent limits

stipulated by the public program providing financing for the development. All units within the development are subject to a recorded affordability restriction for 55 years.

3. **Regulatory Agreement.** The Project was approved ministerially in accordance with the provisions of California Government Code Section 65650, since 100% of the units, excluding managers' units, within the project are restricted to lower income households for a period of at least fifty-five years, are or will be receiving public funding to ensure affordability of the housing to lower income Californians, and provides a minimum number of Supportive Housing units. In addition, the Project was approved in accordance with the provisions of California Government Code Section 65915 ("State Density Bonus Law"). The Project is eligible for decontrolled density, three stories above the zoned height limit, up to four incentives and concessions, and unlimited waivers from development standards. The Department has granted incentives/concessions from the development standards for active uses at the street frontage (Planning Code Section 145.1(c)(3) and car share (Planning Code Section 166, and waivers for rear yard (Planning Code Section 134), usable open space (Planning Code Section 135), dwelling unit exposure (Planning Code Section 140), and bicycle parking (Planning Code Section 155). Prior to the issuance of the first construction document for the Project, the property owner must enter into a regulatory agreement with the City pursuant to the provisions of Planning Code Section 206.6(f).

State Law Design Requirements

4. **Amenities.** Pursuant to California Government Code Section 65651(a)(7), units within the development, excluding managers' units, shall include at least at least one bathroom and a kitchen or other cooking facilities, including, at minimum, a stovetop, a sink, and a refrigerator.
5. **Supportive Services.** Pursuant to California Government Code Section 65651(a)(5), at least 3% of the total nonresidential floor area shall be provided for on-site supportive services as defined in California Government Code Section 65582, that are limited to tenant use, including, but not limited to, community rooms, case management offices, computer rooms, and community kitchens.

State Law Operational Requirements

6. **Supportive Housing.** Pursuant to California Government Code Section 65651(a)(3), at least 25% of the units in the development or 12 units, whichever is greater, are restricted to residents in supportive housing who meet criteria of the target population. If the development consists of fewer than 12 units, then 100% of the units, excluding managers' units, in the development shall be restricted to residents in supportive housing.

Pursuant to California Government Code Section 65651(c), the local government shall, at the request of the project owner, may reduce the number of residents required to live in supportive housing if the project-based rental assistance or operating subsidy for a supportive housing project is terminated through no fault of the project owner, but only if all of the following conditions have been met:

- (1) The owner demonstrates that it has made good faith efforts to find other sources of financial support.
- (2) Any change in the number of supportive housing units is restricted to the minimum necessary to maintain the project's financial feasibility.
- (3) Any change to the occupancy of the supportive housing units is made in a manner that minimizes tenant disruption and only upon the vacancy of any supportive housing units.

City Provisions

7. **Inclusionary Affordable Housing Program.** As currently proposed in the Project Sponsor's application and affidavit, the Project is intended to be a 100% affordable housing project with rents that will be regulated by a government unit, agency, or authority, except those unsubsidized or unassisted units insured by the US Department of Housing and Urban Development pursuant to Section 415.3(f)(4). As of the date of this approval, the Project does not satisfy the requirements under Section 415.3(f)(4) and is not exempt from the Inclusionary Affordable Housing Program. To comply with Section 415.3(f)(4), the Project Sponsor shall (i) execute an affordable housing regulatory agreement with the City or other government agency in form and substance acceptable to the Planning Department, MOHCD, and the City Attorney's Office, and (ii) record such regulatory agreement on title to the real property of the Project in the official records of the City and County of San Francisco. Project Sponsor shall deliver a copy of such recorded regulatory agreement to the Planning Department prior to issuance of the Site Permit or Building Permit for the Project.

If the Project Sponsor no longer intends to develop a 100% affordable housing project, or does not execute and record an affordable housing regulatory agreement as described above, the Project Sponsor shall comply with the applicable inclusionary housing requirements set forth in Planning Code Section 415 *et seq*, or any successor provision, and the requirements of the then-applicable Inclusionary Affordable Housing Program Monitoring and Procedures Manual, as amended from time to time, published by MOHCD. To comply with Planning Code Section 415 *et seq*, the Project Sponsor shall: (i) obtain from the Planning Department a supplemental letter setting forth the applicable inclusionary housing requirements for the Project, and (ii) execute and record a new notice of special restrictions or any amendment to this NSR, as well as any related regulatory agreement, in form and substance approved in writing by the Planning Department and MOHCD prior to issuance of the Site Permit or Building Permit for the Project.

If, at any point during the life of the Project, the Project no longer qualifies as a 100% affordable housing project under Section 415.3(f)(4), the Project Sponsor shall comply with the applicable inclusionary housing requirements set forth in Planning Code Section 415 *et seq*, or any successor provision, and the requirements of the then-applicable Inclusionary Affordable Housing Program Monitoring and Procedures Manual, as amended from time to time, published by MOHCD. To comply with Planning Code Section 415 *et seq*, the Project Sponsor shall execute and record a new notice of special restrictions or any amendment to this NSR, as well as any related regulatory agreement, in form and substance approved in writing by the Planning Department and MOHCD.

8. **Anti-Discriminatory Housing.** The Project shall adhere to the requirements of the Anti-Discriminatory Housing policy, pursuant to Administrative Code Section 1.61.
9. **First Source Hiring.** The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.

For information about compliance, contact the First Source Hiring Manager at 415.581.2335, www.onestopSF.org.

[illegible]



Consultants

Project & Owner

1035 VAN NESS HOUSING
1035 VAN NESS,
SAN FRANCISCO, CA

NOT FOR
CONSTRUCTION

MAYOR ED 13-01
PRIORITY PERMIT

ISSUE INFORMATION

Issued For:

AB 2182 APPLICATION
05.12.2025

No. Description Date

PLOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: 1/2" = 1'-0"

Sheet Title:

SYMBOLS &
ABBREVIATIONS

Sheet No.:

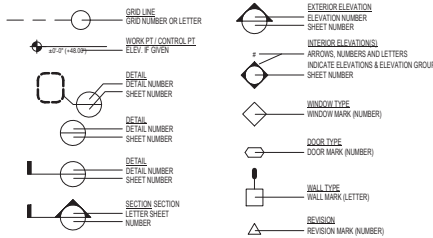
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ABBREVIATIONS

&	AND	KIT.	KITCHEN
@	ANGLE	LAU.	LAUNDRY
A.B.	ANCHOR BOLT	LAND'D	LANDING
ABV	ABOVE	LAV.	LAVATORY
A.C.	ASPHALTIC CONC	LT.	LIGHT
ACC	ACCESSIBLE	MAX.	MAXIMUM
ACOUS.	ACOUSTICAL	M.C.	MEDICINE CABINET
A.D.	AREA DRAIN	MECH.	MECHANICAL
ADJ.	ADJACENT	MTL.	METAL
ALUM.	ALUMINUM	MFR.	MANUFACTURER
APL.	ASSUMED PROPERTY LINE	MIN.	MINIMUM
AUTO.	AUTOMATIC	MTD.	MOUNTED
BAL.C.	BALCONY	MULL.	MULLION
BD.	BOARD	NA	NOT APPLICABLE
BLDG.	BUILDING	N.I.C.	NOT IN CONTRACT
BLKG.	BLOCKING	N.T.S.	NOT TO SCALE
BM.	BEAM	O/	OVER
B.O.C.	BOTTOM OF CURB	O.C.	ON CENTER
BTM.	BOTTOM	OFF.	OFFICE
B.S.W.	BACK OF SIDEWALK	O.H.	OVERHANG
BTWN.	BETWEEN	OPNG.	OPENING
CABT.	CABINET	OPP.	OPPOSITE
CEM.PLAS.	CEMENT PLASTER	PERF.	PERFORATED
C.J.	CONTROL JOINT	PL.	PLATE
C.L.	CENTERLINE	PLAS. LAM.	PROPERTY LINE
CLG.	CEILING	P.O.	PLASTIC LAMINATE
CLKG.	CAULKING	P.T.	PARTIALLY OPERABLE
CL.	CLOSET		PRESSURE TREATED
CLR.	CLEAR		OR POST TENSIONED
C.M.U.	CONCRETE MASONRY UNIT	PTD.	PAINTED
COL.	COLUMN	PLYWD.	PLYWOOD
CONC.	CONCRETE	R	RISER
CONN.	CONNECTION	REC.	RECESSED
CONT.	CONTINUOUS	REF.	REFRIGERATOR
CONST.	CONSTRUCTION	REINF.	REINFORCED
CNTR.	COUNTER	RECD	REQUIRED
CSMT.	CASEMENT	RM	ROOM
D	DRYER	R.O.	ROUGH OPENING
DBL.	DOUBLE	R.W.L.	RAINWATER LEADER
DET.	DETAIL	S.A.D.	SEE ARCHITECTURAL DRAWINGS
DI.	DIAMETER	S.C.	SOLID CORE
DM.	DIMENSION	S.C.D.	SEE CIVIL DRAWINGS
DR.	DOOR	S.S.D.	SEE STRUCTURAL DRAWINGS
D.S.	DOWNSPOUT	SCH.	SCHEDULE
DWG.	DRAWING	SEC.	SECTION
EA.	EACH	S.E.D.	SEE ELECTRICAL DRAWINGS
E.J.	EXPANSION JOINT	S.F.	SUBFLOOR
ELEV.	ELEVATION	S.G.	SAFETY GLAZING
ELEC.	ELECTRIC	SH.	SHELF
ENCL.	ENCLOSURE	SH.VS.	SHELVES
E.P.	ELECTRIC PANEL	SHT.	SHEET
EQ.	EQUAL	SIM.	SIMILAR
EQPT.	EQUIPMENT	S.L.D.	SEE LANDSCAPE DRAWINGS
EXT.	EXTERIOR	S.M.	SHEET METAL
F.A.I.	FRESH AIR INTAKE	S.M.D.	SEE MECHANICAL DRAWINGS
F.D.	FLOOR DRAIN	S.P.	STANDPIPE
FDN.	FOUNDATION	S.P.D.	SEE PLUMBING DRAWINGS
F.E.	FIRE EXTINGUISHER	SPECS.	SPECIFICATIONS
F.C.	FIRE EXTINGUISHER CABINETS	SQ.	SQUARE
F.F.	FINISHED FLOOR	STD.	STANDARD
FIN.	FINISH OR FINISHED	STL.	STEEL
FLASHG	FLASHING	STOR.	STORAGE
FLEX.	FLEXIBLE	STRUCT.	STRUCTURAL
FLR.	FLOOR	SV	SHEET VINYL
F.O.B.	FACE OF BEAM	T.B.	TOWEL BAR
F.O.C.	FACE OF CONCRETE	T&G	TONGUE AND GROOVE
F.O.F.	FACE OF FINISH	TEL	TELEPHONE
F.O.S.	FACE OF STUD	TEMP.GL.	TEMPERED GLASS
F.O.W.	FACE OF WALL	THRESH.	THRESHOLD
FT.	FOOT	T.O.	TOP OF
FTG.	FOOTING	T.O.C.	TOP OF CURB
GA.	GAUGE	T.O.PL.	TOP OF PLATE
GAR.	GARAGE	T.O.S.	TOP OF SLAB
G.B.	GRAB BAR	T.O.W.	TOP OF WALL
GL.	GLASS	TPH	TOILET PAPER HOLDER
GLAZ.	GLAZING	T	TREAD (OR TEMPERED)
G.S.M.	GALVANIZED SHEET METAL	T.S.	TUBE STEEL
G.W.B.	GYPSUM WALL BOARD	TYP.	TYPICAL
GYP.	GYPSUM	U.O.N.	UNLESS OTHERWISE NOTED
H.B.	HOSE BIB	VCT	VINYL COMPOSITION TILE
HDWR.	HARDWARE	VERT.	VERTICAL
H.M.	HOLLOW METAL	VEST.	VESTIBULE
HORIZ.	HORIZONTAL	V.G.D.F.	VERTICAL GRAIN DOUG. FIR
HPR.	HOPPER	V.I.F.	VERIFY IN FIELD
HR.	HOUR	W	WASHER
H.R.	HANDRAIL	W/	WITH
HT.	HEIGHT	W.C.	WATER CLOSET
IN.	INCHES	WD.	WOOD
INSUL.	INSULATION	WDW.	WINDOW
INT.	INTERIOR	W.H.	WATER HEATER
INTERM.	INTERMEDIATE	W/O	WITHOUT
JT.	JOINT	W.O.	WHERE OCCURS
		W.P.	WATERPROOF
		W.S.	WHEELSTOP

SYMBOLS



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Consultant:

Project & Owner:

1035 VAN NESS HOUSING
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 SAN FRANCISCO, CA

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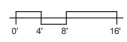
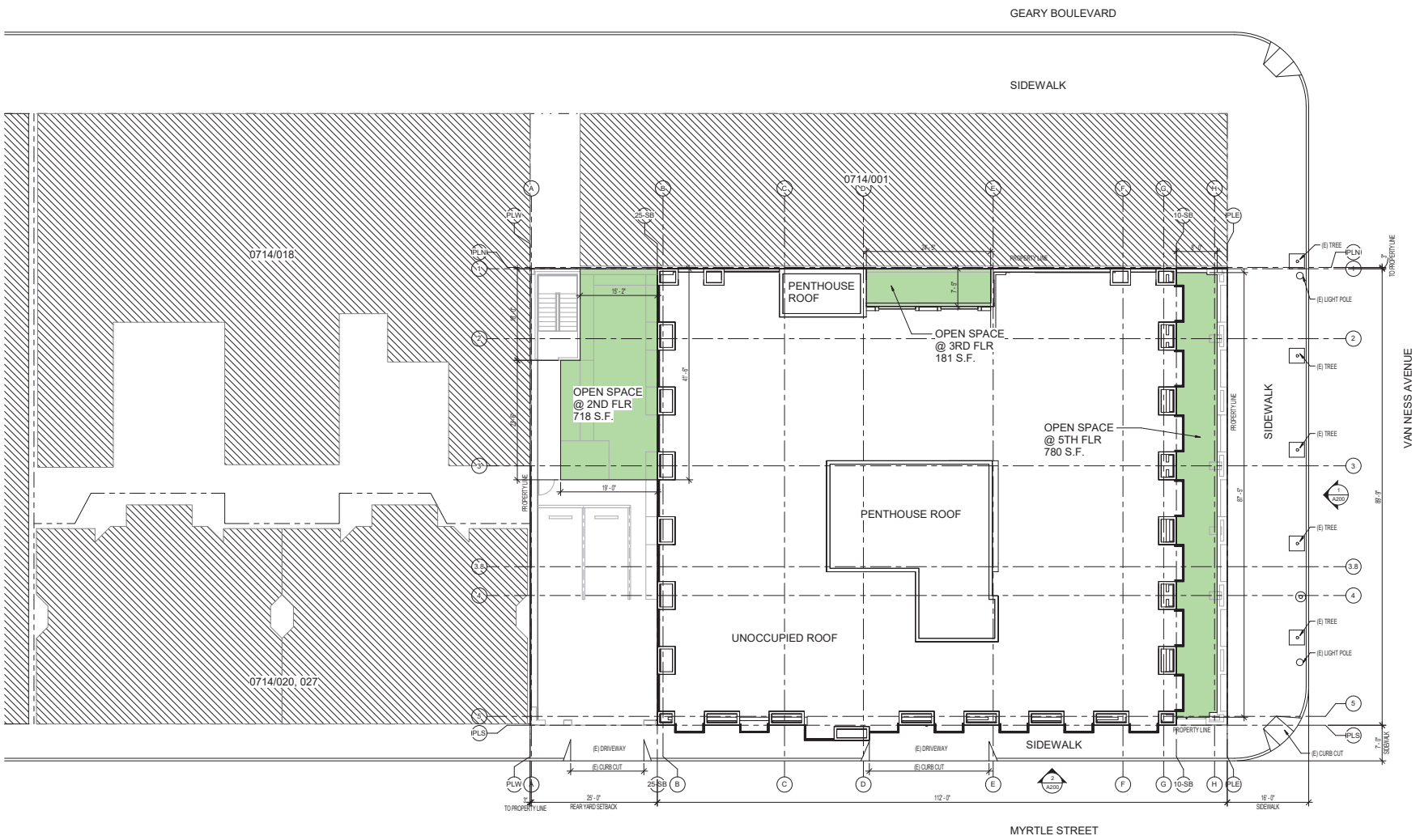
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 ISSUE INFORMATION

Project No.:
 AB 2162 APPLICATION
 05.12.2025
 No. Description Date:

PLOT DATE: 05/12/25
 PROJECT NO: 2506
 PHASE: SD
 SCALE: 1/8" = 1'-0"

SHEET TITLE:
 SITE PLAN - EXISTING

Sheet No.:
A100A
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Issued For:
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05.12.2025

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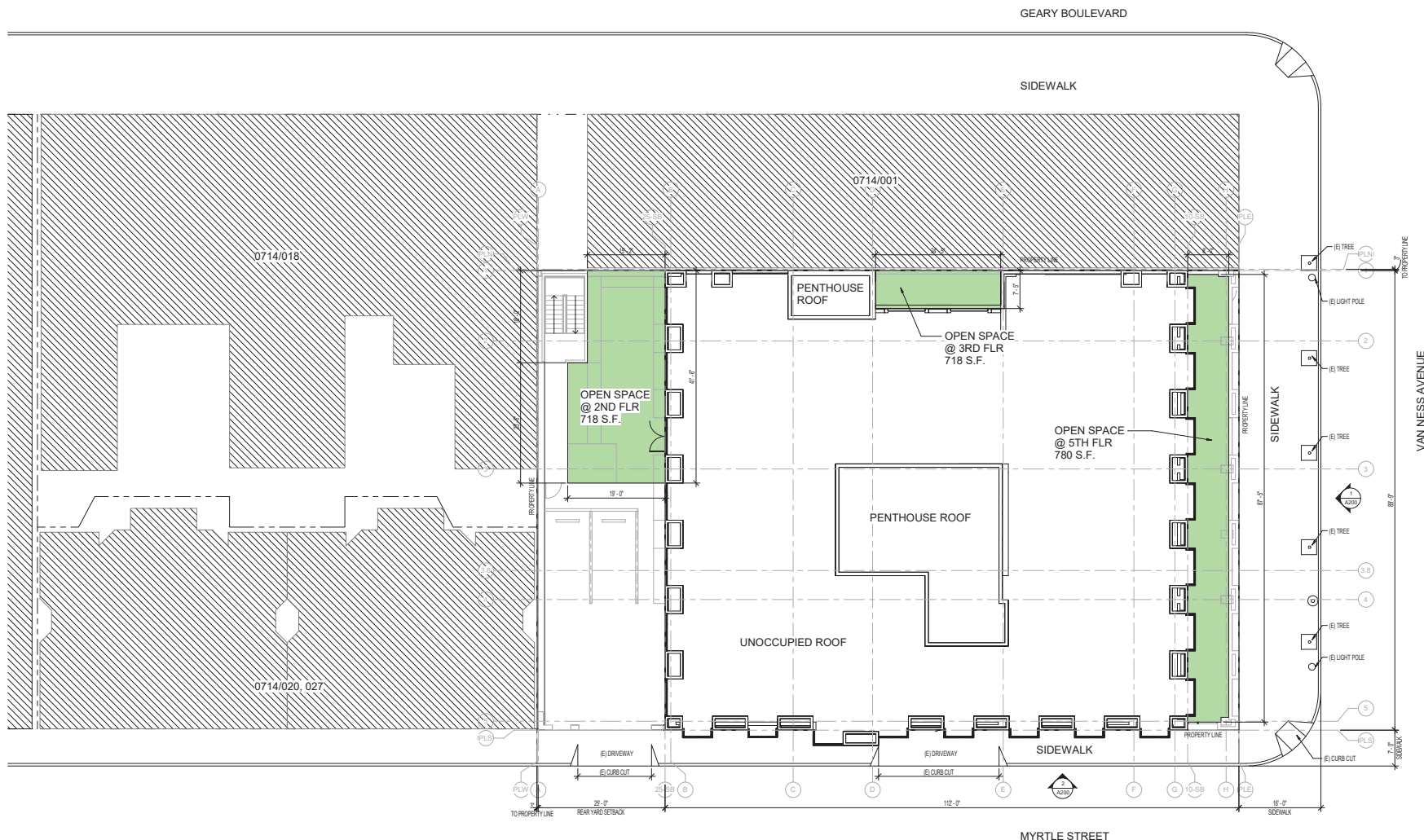
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PROJECT NO: 2506
PHASE: SD
SCALE: 1/8" = 1'-0"

SITE PLAN - PROPOSED

Sheet No.:

A100B

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NOTE:
NO MODIFICATION IS PROPOSED ON EXTERIOR OF BUILDING



FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (E) PARTITION TO REMAIN
- (N) PARTITION

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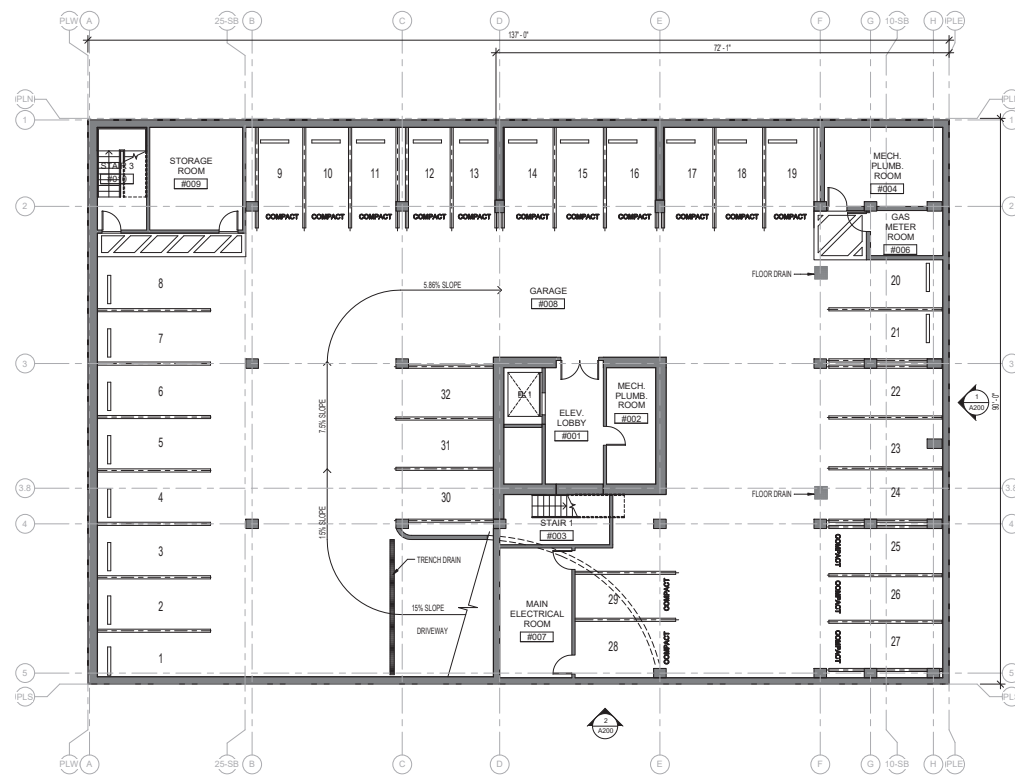
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AB 2182 APPLICATION
05.12.2025
No. Description Date

PLOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
BASEMENT FLOOR
PLAN - EXISTING

Sheet No.:
A110A
As Prepared Under License No. 2007



BASEMENT - EXISTING
SCALE: 1/8" = 1'-0"



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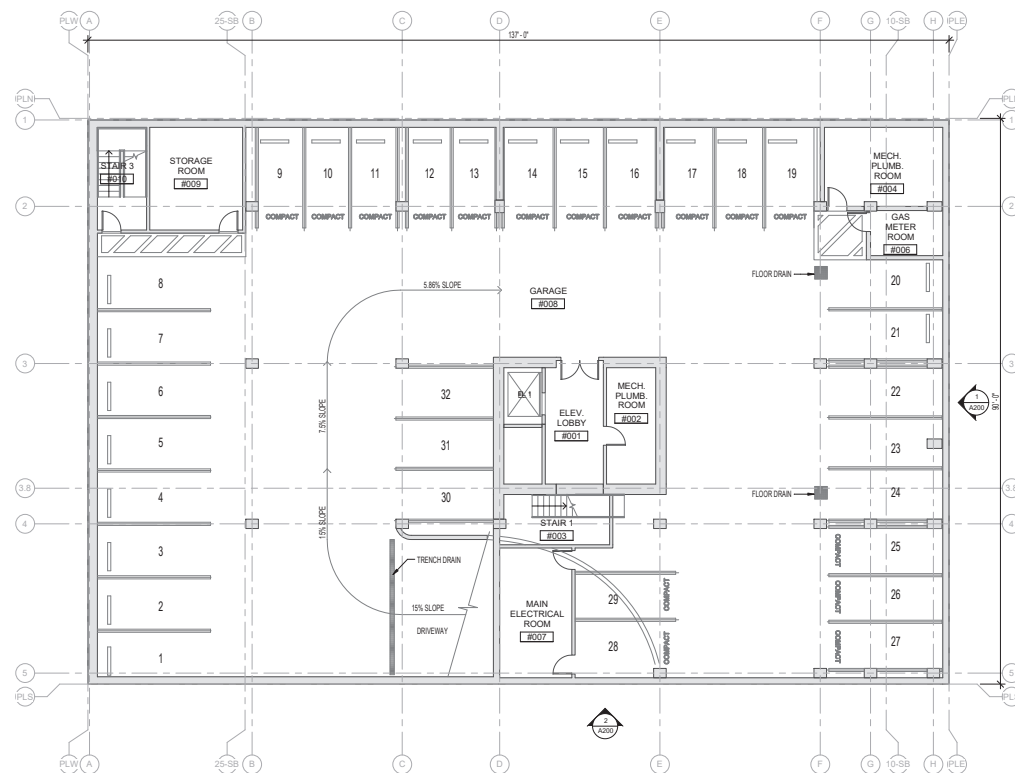
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Issued For:
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 05.12.2025

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 BASEMENT FLOOR
 PLAN - PROPOSED

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1 BASEMENT - PROPOSED
 A110B SCALE: 1/8" = 1'-0"



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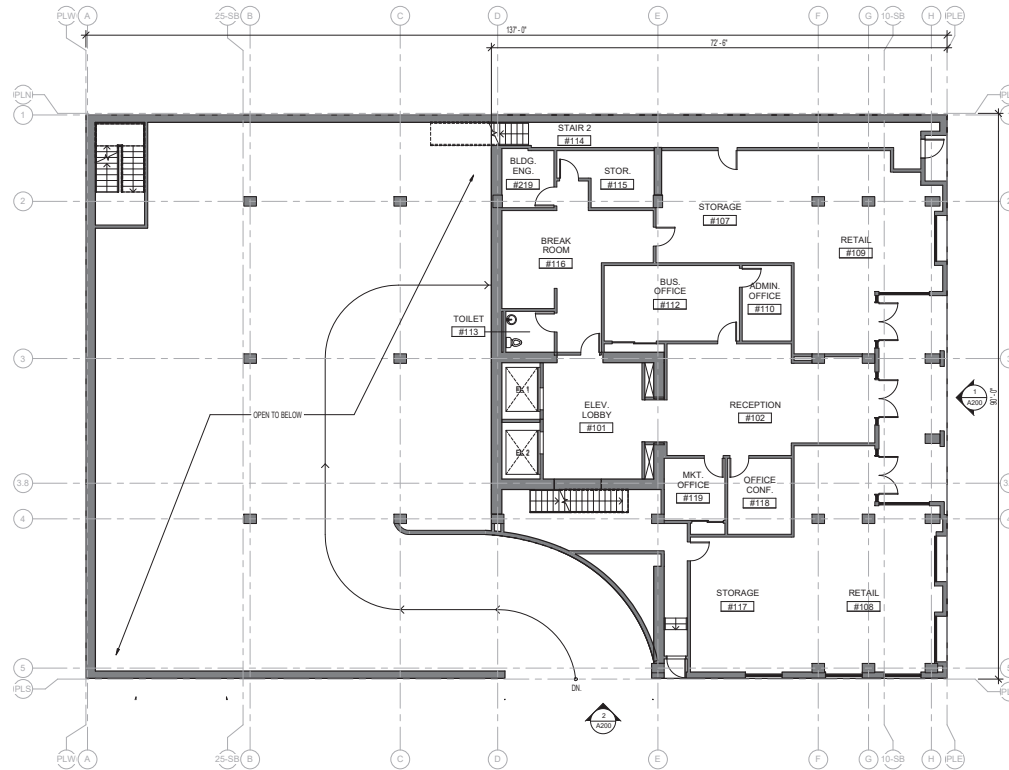
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PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
LEVEL 01 FLOOR PLAN
- EXISTING

Sheet No.:

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LEVEL 01 - EXISTING
SCALE: 1/8" = 1'-0"



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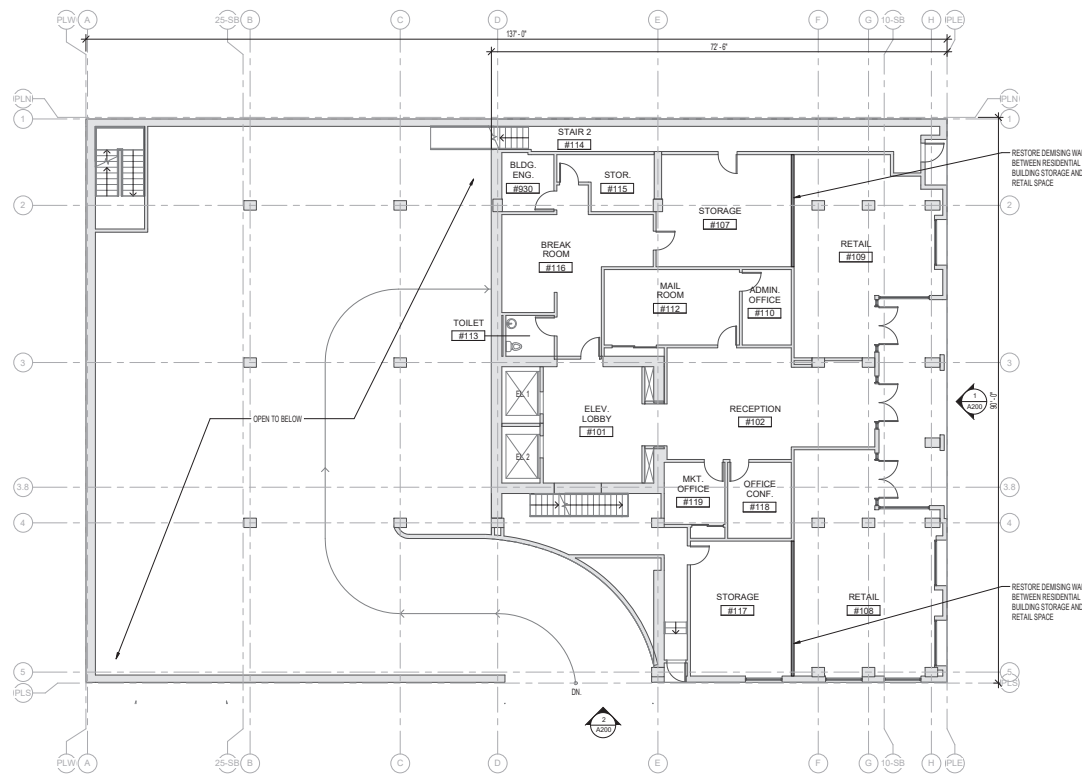
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 PHASE: SD
 SCALE: As indicated

Sheet Title:
 LEVEL 01 FLOOR PLAN
 - PROPOSED

Sheet No.:

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 A111B
 LEVEL 01 - PROPOSED
 SCALE: 1/8" = 1'-0"



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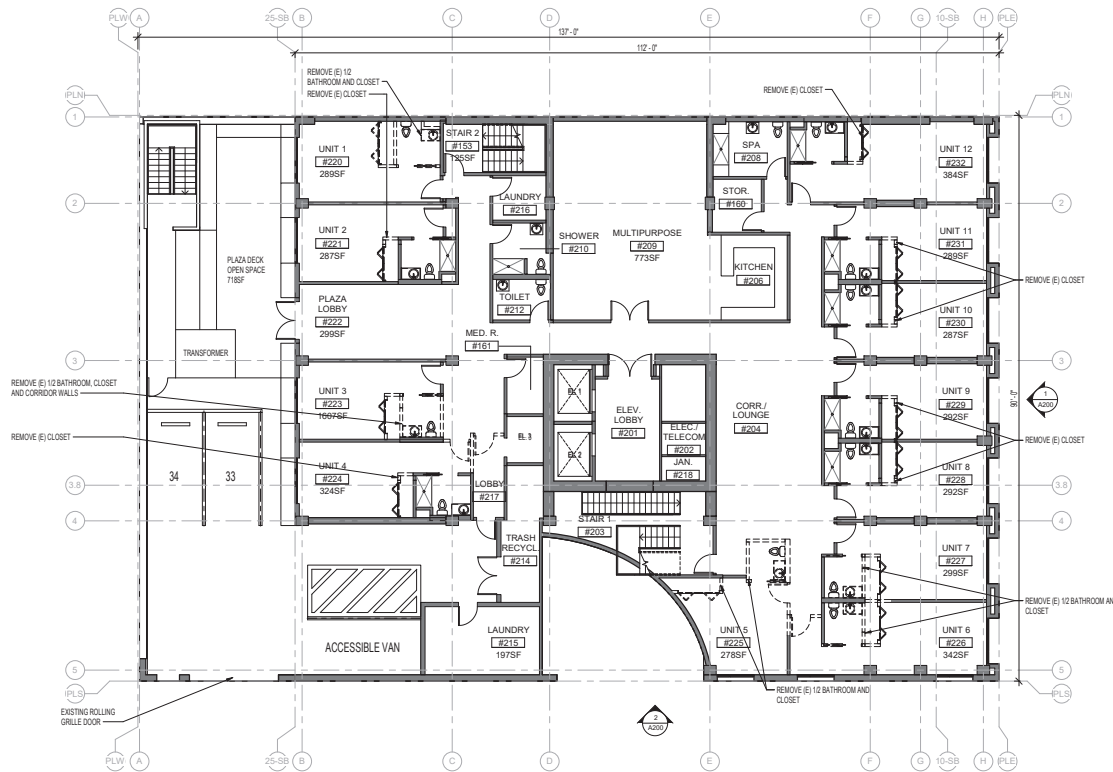
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PROJECT NO: 2506
PHASE: SD
SCALE: As Indicated

Sheet Title:
LEVEL 02 FLOOR PLAN
- EXISTING

Sheet No.:

A112A

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LEVEL 02 - EXISTING
SCALE: 1/8" = 1'-0"



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- (N) PARTITION

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 05.12.2025

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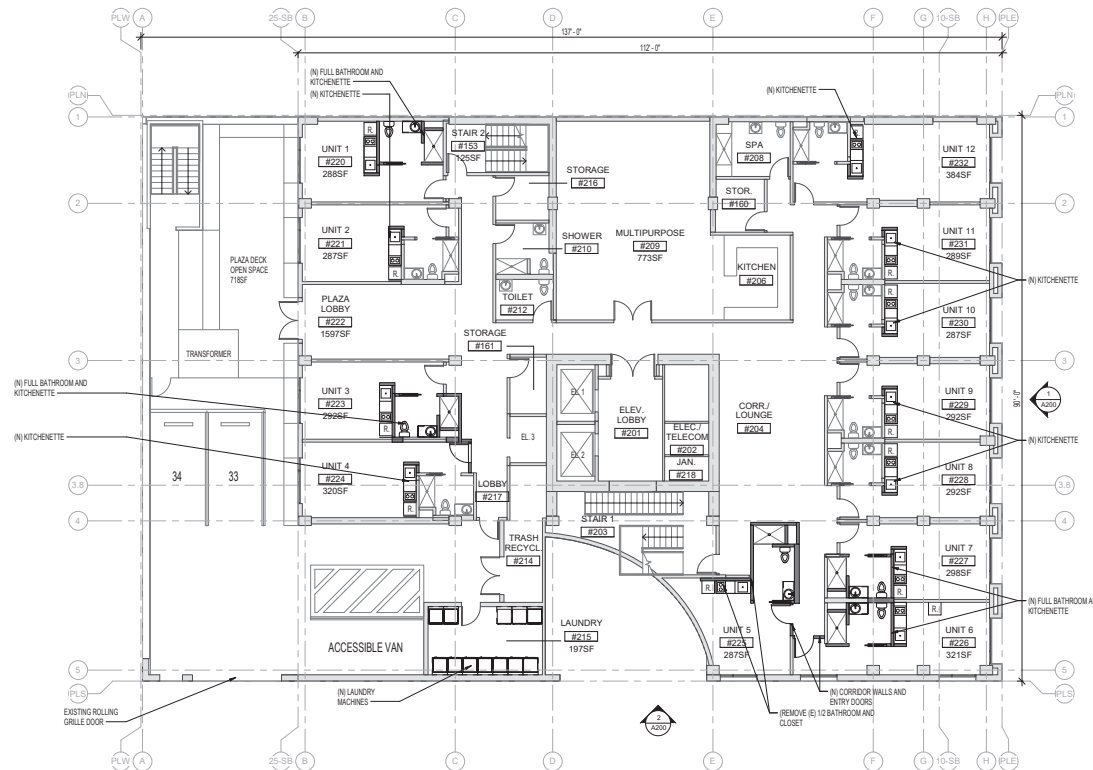
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LEVEL 02 FLOOR PLAN
 - PROPOSED

Sheet No.:

A112B

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1 LEVEL 02 - PROPOSED
 A112B SCALE: 1/8" = 1'-0"



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Project & Owner:

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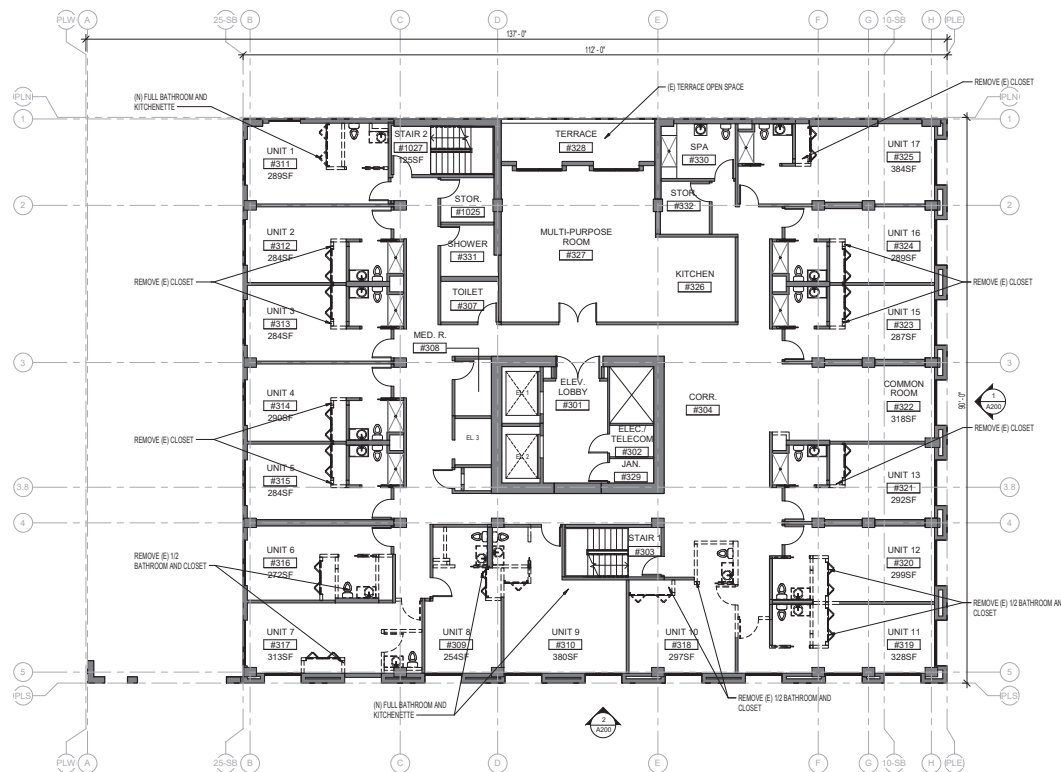
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 Project No: 2506
 Phase: SD
 Scale: As indicated

Sheet Title:
 LEVEL 03 FLOOR PLAN
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Sheet No.:

A113A

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 LEVEL 03 - EXISTING
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No. Description Date

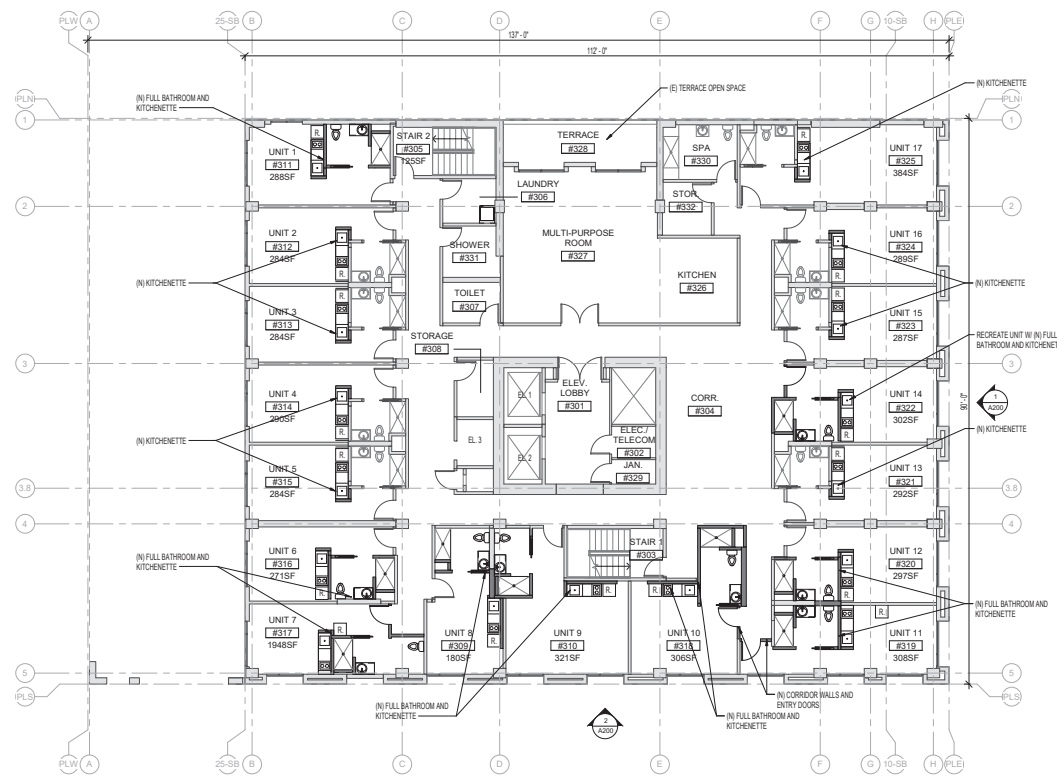
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PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
LEVEL 03 FLOOR PLAN
- PROPOSED

Sheet No.:

A113B

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LEVEL 03 - PROPOSED
SCALE: 1/8" = 1'-0"



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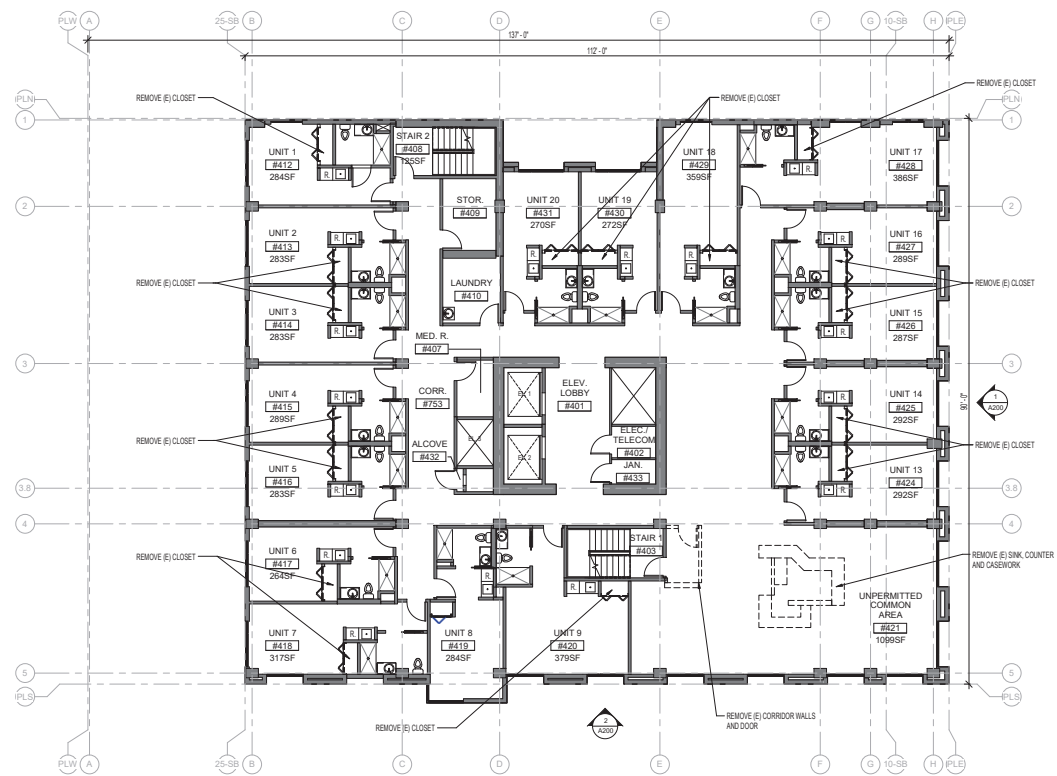
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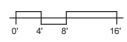
Plot Date: 05/12/25
Project No: 2506
Phase: SD
Scale: As indicated

Sheet Title:
LEVEL 04 FLOOR PLAN
- EXISTING

Sheet No.:
A114A
As Issued Date: 12/04/2025, Rev. 00/00



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A114A
LEVEL 04 - EXISTING
SCALE: 1/8" = 1'-0"



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- (E) PARTITION TO REMAIN
- (N) PARTITION

Architect:
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Studio + Sullivan Design Partners
12 GOUCH ST. SUITE 100
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Consultants:

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No. Description Date

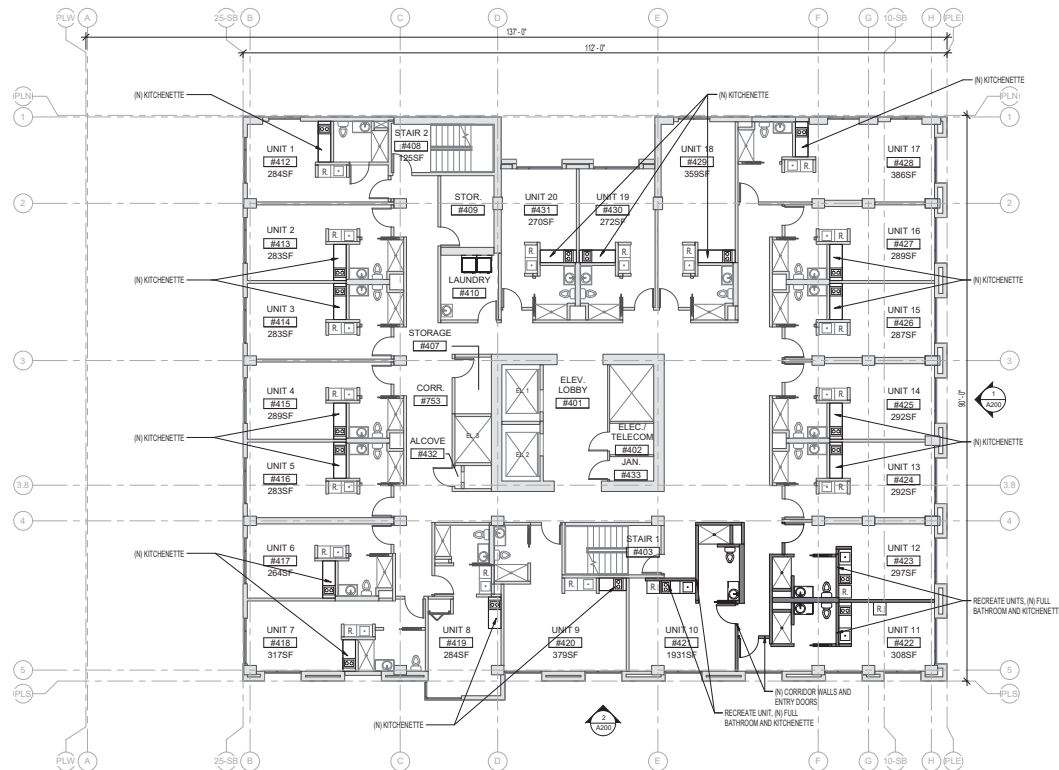
PILOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
LEVEL 04 FLOOR PLAN
- PROPOSED

Sheet No.:

A114B

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A114B LEVEL 04 - PROPOSED
SCALE: 1/8" = 1'-0"



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Architect:
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Consultants:

Project & Owner:

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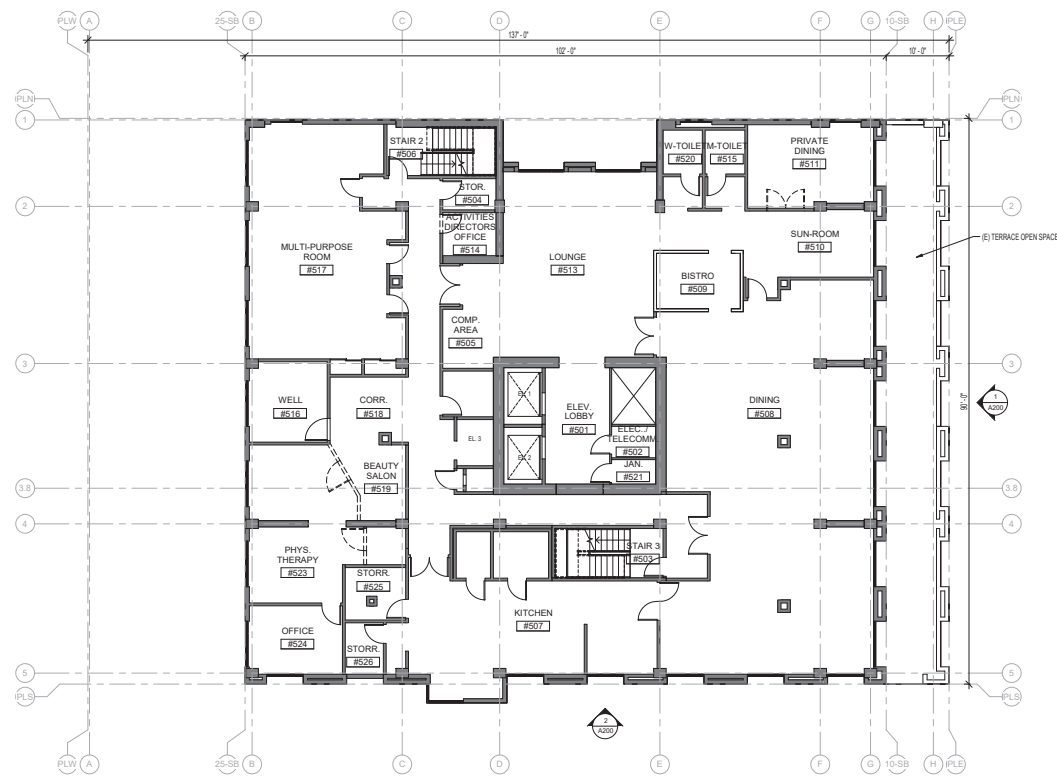
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 AB 2182 APPLICATION
 05.12.2025
 No. Description Date

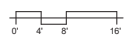
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 PROJECT NO: 2506
 PHASE: SD
 SCALE: As indicated

Sheet Title:
 LEVEL 05 FLOOR PLAN
 - EXISTING

Sheet No.:
A115A
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 LEVEL 05 - EXISTING
 SCALE: 1/8" = 1'-0"



FLOOR PLAN LEGEND:

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- (E) PARTITION TO REMAIN
- (N) PARTITION

SHEET NOTE

ENTIRE 5TH FLOOR IS DEVOTED TO SUPPORTIVE SERVICES

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Consultants

Project & Owner

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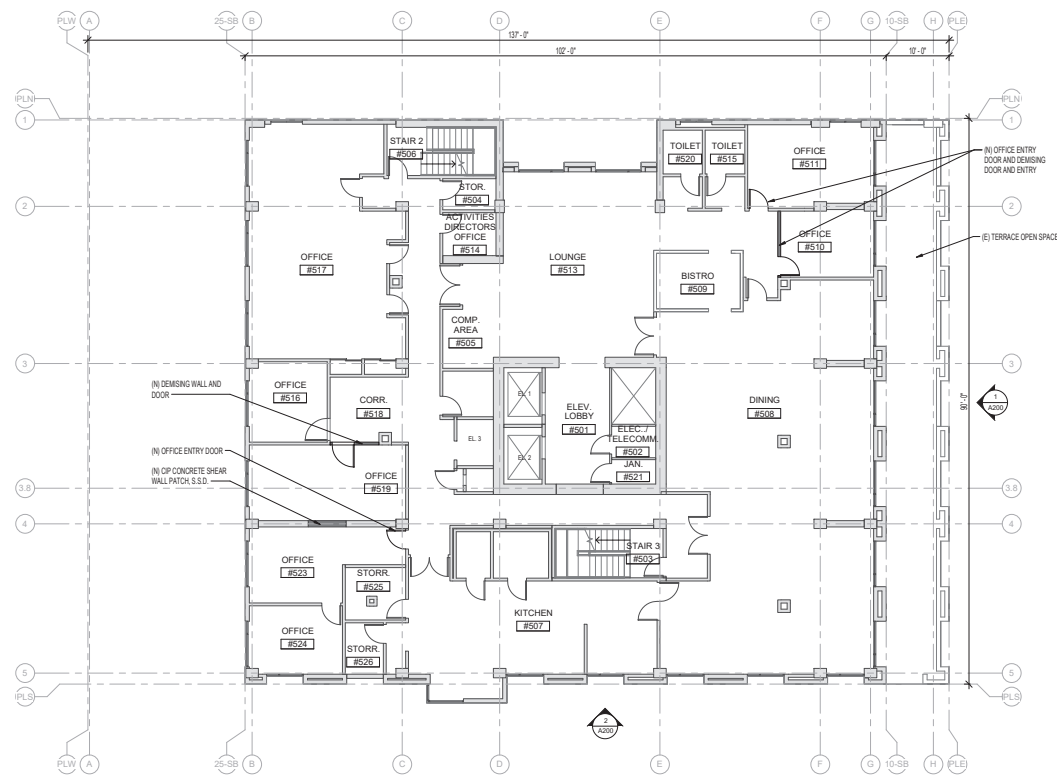
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No. Description Date

PLOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
LEVEL 05 FLOOR PLAN
- PROPOSED

Sheet No.:
A115B
As Issued Date / As Issued Date, No. 2025



LEVEL 05 - PROPOSED
SCALE: 1/8" = 1'-0"



FLOOR PLAN LEGEND:

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- (R) PARTITION TO REMAIN
- (N) PARTITION

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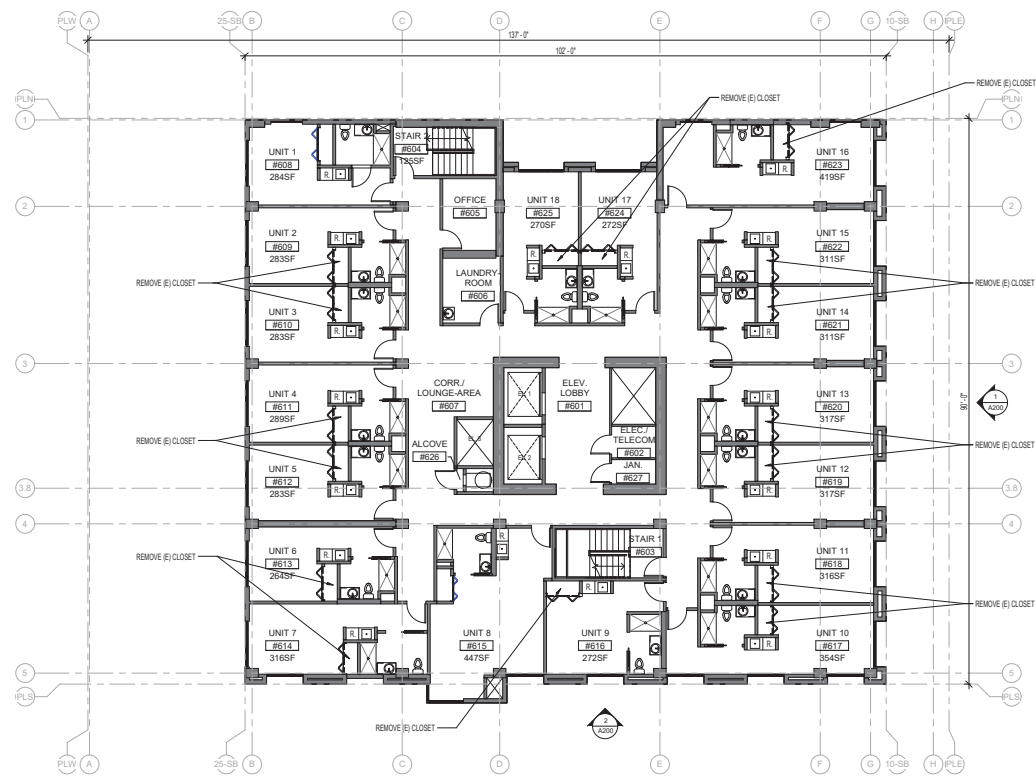
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05.12.2025

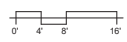
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PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
LEVEL 06 FLOOR PLAN
- EXISTING

Sheet No.:
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LEVEL 06 - EXISTING
SCALE: 1/8" = 1'-0"



FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (E) PARTITION TO REMAIN
- (N) PARTITION
- (N) PLUG-IN COOKTOP

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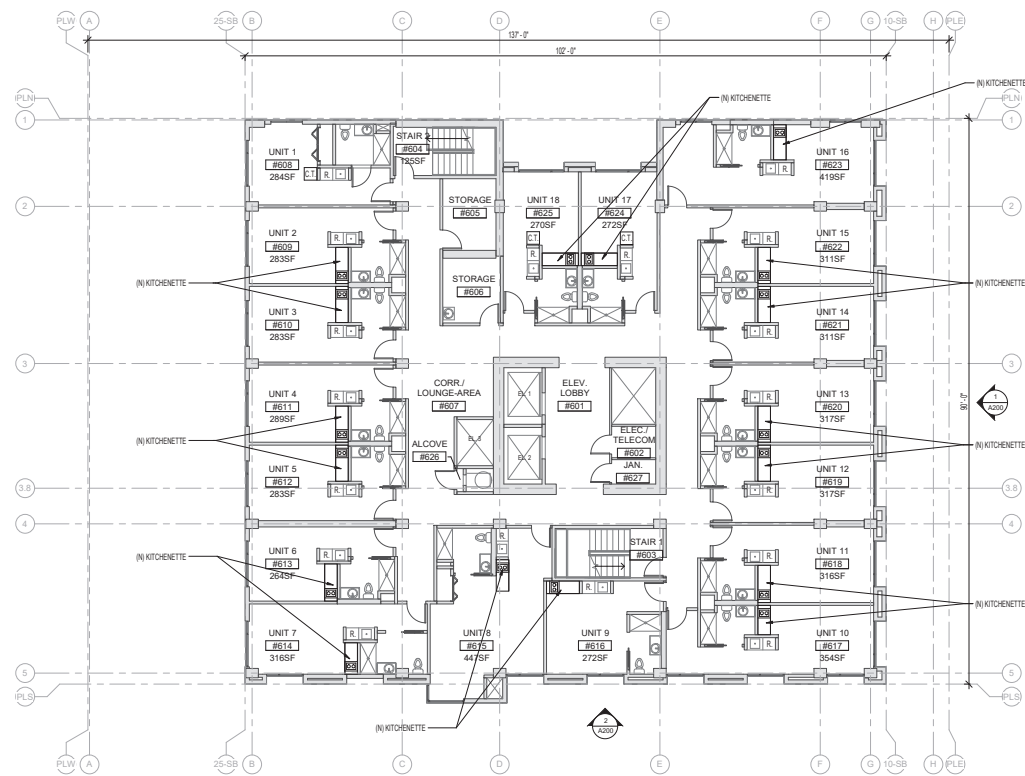
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PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
LEVEL 06 FLOOR PLAN
- PROPOSED

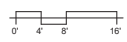
Sheet No.:

A116B

As Prepared Under License No. 2506



1
LEVEL 06 - PROPOSED
SCALE: 1/8" = 1'-0"



FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (E) PARTITION TO REMAIN
- (N) PARTITION

SSDP
Sasha V Sullivan Design Partners
12 GOUCH ST. SUITE 100
SAN FRANCISCO, CA 94103
T: 415.777.5991
F: 415.777.5992
www.ssdoullivian.com
Seal & Signature:



Consultants:

Project & Owner:

1035 VAN NESS HOUSING 1035 VAN NESS, SAN FRANCISCO, CA

NOT FOR
CONSTRUCTION

MAYOR ED 13-01
PRIORITY PERMIT
ISSUE INFORMATION

Issued For:
AB 2162 APPLICATION
05.12.2025
No. Description Date:

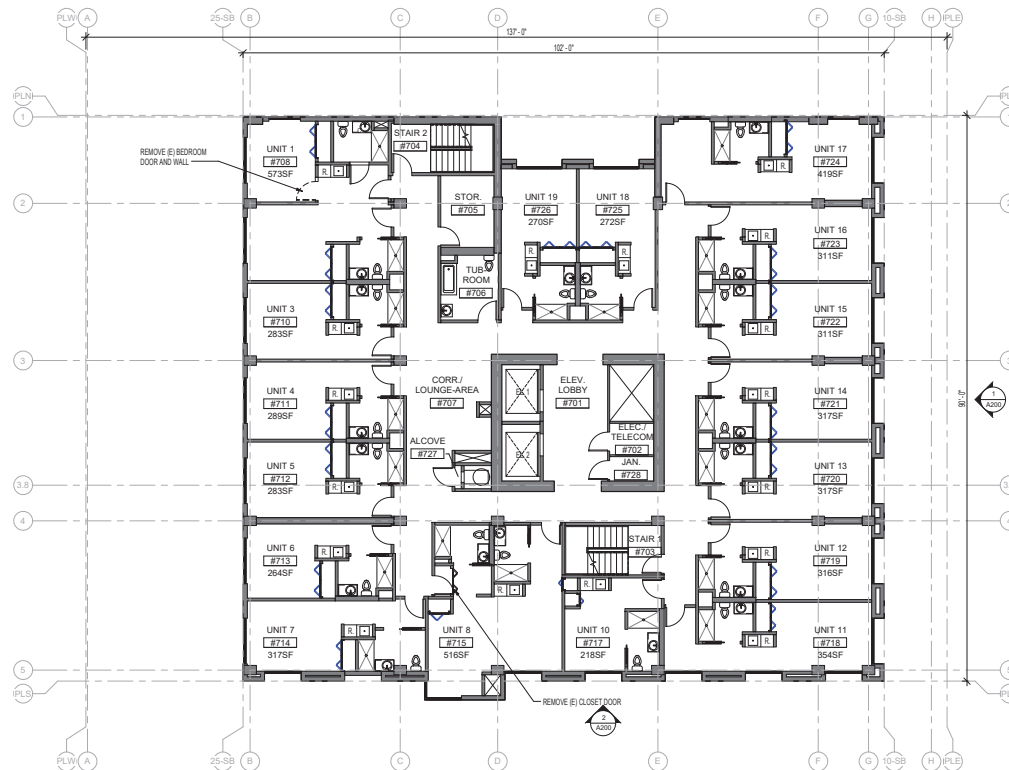
PLOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
LEVEL 07 FLOOR PLAN
- EXISTING

Sheet No.:

A117A

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1
A117A
LEVEL 07 - EXISTING
SCALE: 1/8" = 1'-0"



FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (E) PARTITION TO REMAIN
- (N) PARTITION
- (N) PLUG-IN CLOSET

SSDP
 State & Federal Design Professionals
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 www.ssdoullivian.com

Architect
 MICHELLE ANNE
 ELLMAN
 C-25853
 ARCHITECT
 CALIFORNIA

Project & Owner

1035 VAN NESS HOUSING 1035 VAN NESS, SAN FRANCISCO, CA

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 CONSTRUCTION

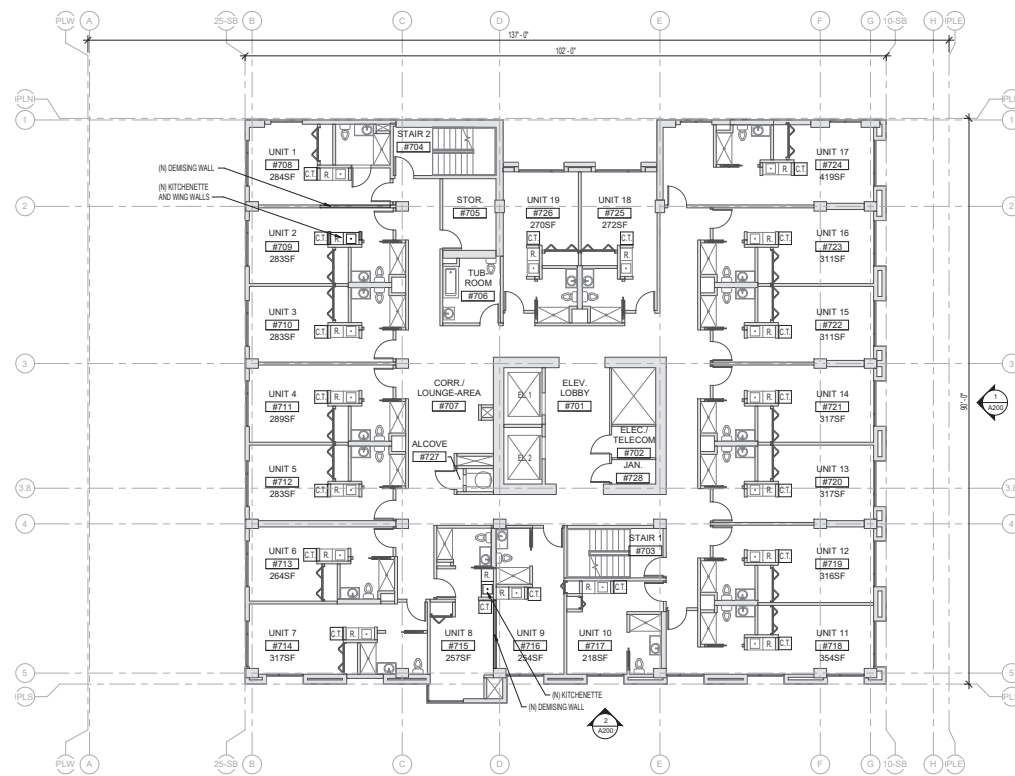
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 ISSUE INFORMATION

Issued For:
 AB 2162 APPLICATION
 05.12.2025

Plot Date: 05/12/25
 Project No: 2506
 Phase: SD
 Scale: As indicated

Level Title:
 LEVEL 07 FLOOR PLAN
 - PROPOSED

Sheet No.:
A117B

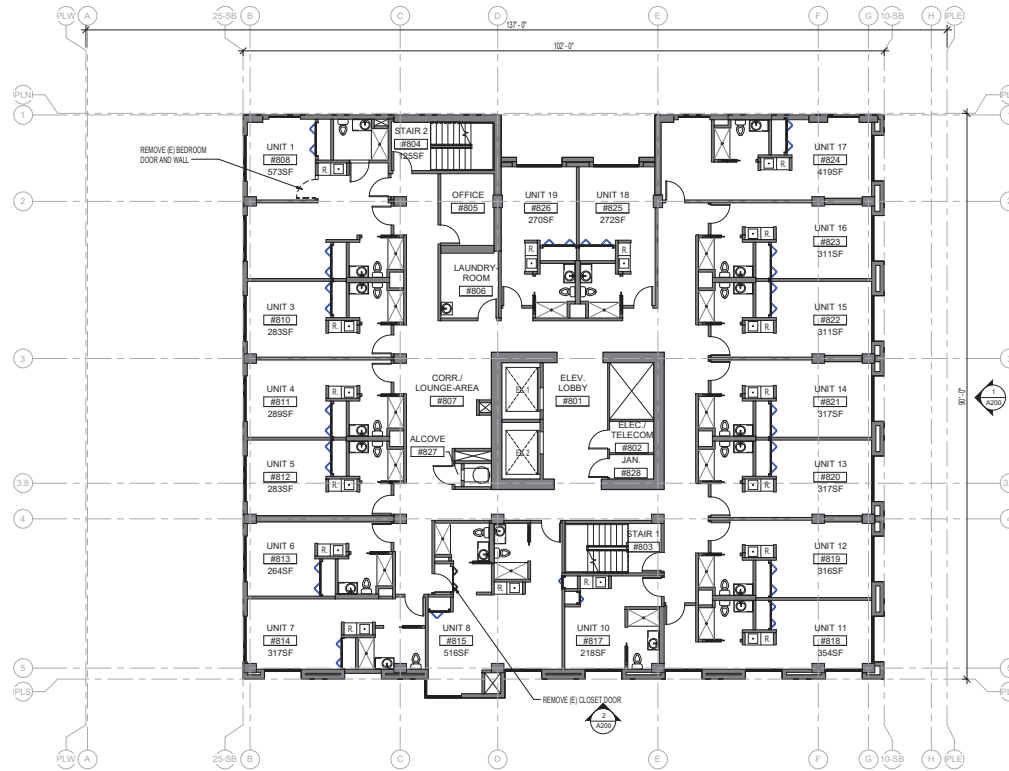


1
 A117B
 LEVEL 07 - PROPOSED
 SCALE: 1/8" = 1'-0"



FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (E) PARTITION TO REMAIN
- (N) PARTITION



1
A118A
LEVEL 08 - EXISTING
SCALE: 1/8" = 1'-0"



Architect
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Consultants:

Project & Owner:

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1035 VAN NESS,
SAN FRANCISCO, CA

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ISSUE INFORMATION

Issued For:
AB 2162 APPLICATION
05.12.2025

No. Description Date

PLOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
LEVEL 08 FLOOR PLAN
- EXISTING

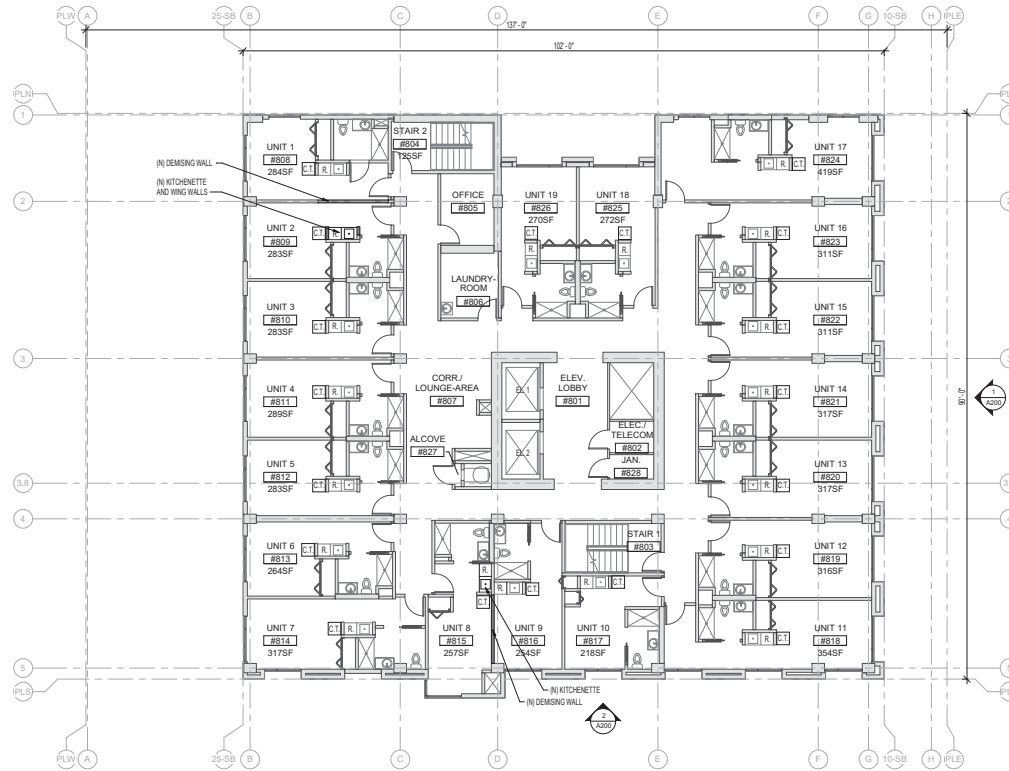
Sheet No.:

A118A

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FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (E) PARTITION TO REMAIN
- (N) PARTITION
- (C) PLUG-IN CLOSET



1
LEVEL 08 - PROPOSED
SCALE: 1/8" = 1'-0"



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Consultants

Project & Owner

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Issued For:
AB 2162 APPLICATION
05.12.2025

No. Description Date

PLOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:

LEVEL 08 FLOOR PLAN
- PROPOSED

Sheet No.:

A118B

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FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (R) PARTITION TO REMAIN
- (N) PARTITION

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Consultants

Project & Owner

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ISSUE INFORMATION

Project No:
AB 2162 APPLICATION
05.12.2025

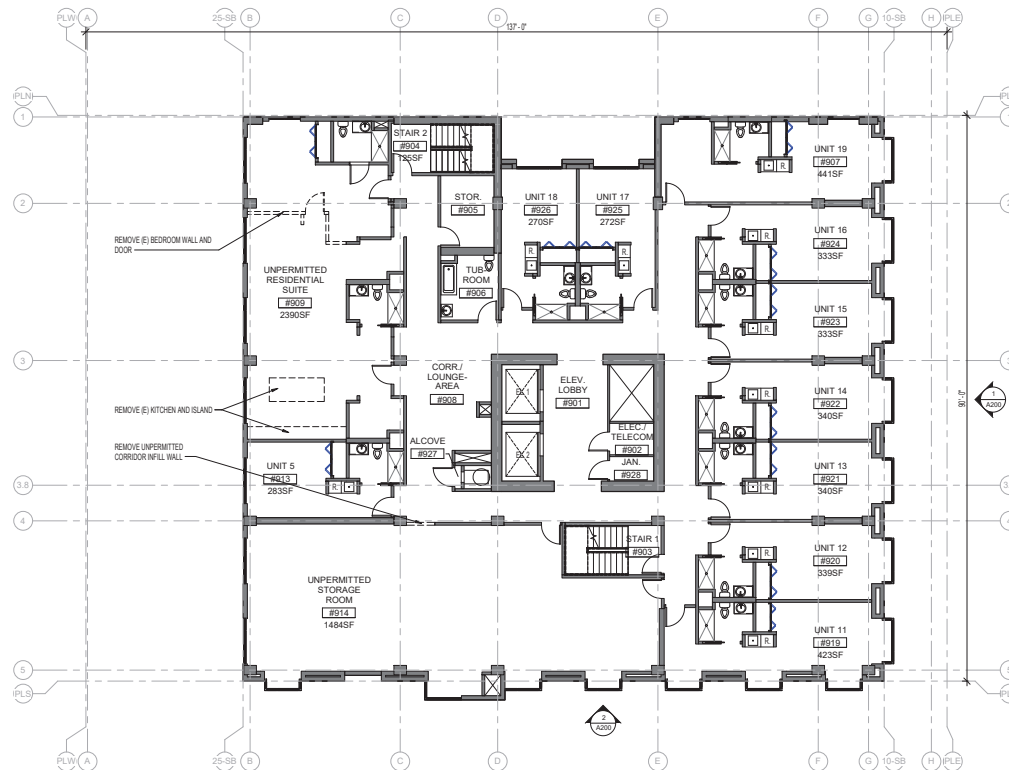
PLOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

Sheet Title:
LEVEL 09 FLOOR PLAN
- EXISTING

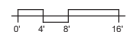
Sheet No.:

A119A

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1
A119A
LEVEL 09 - EXISTING
SCALE: 1/8" = 1'-0"



FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (R) PARTITION TO REMAIN
- (N) PARTITION
- (C) PLUG-IN CLOSET



Project & Owner

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CONSTRUCTION

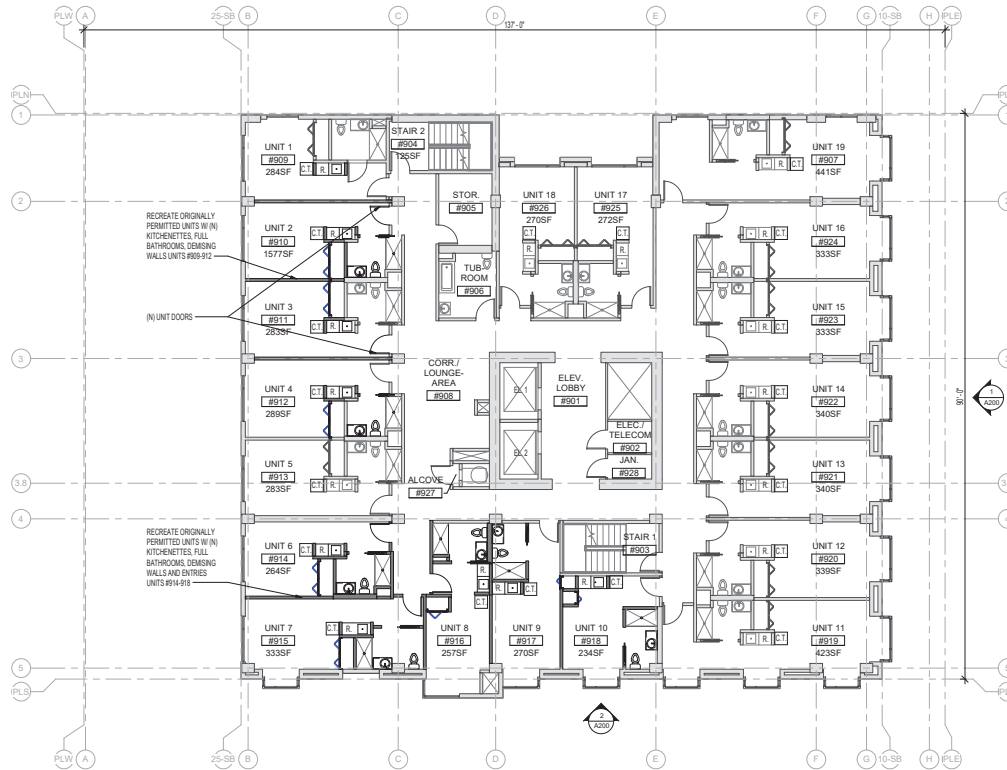
MAYOR ED 13-01
PRIORITY PERMIT
ISSUE INFORMATION

Project No.
AB 2162 APPLICATION
05.12.2025

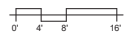
Plot Date: 05/12/25
Project No: 2506
Phase: SD
Scale: As indicated

Level 09 Floor Plan
- PROPOSED

Sheet No.:
A119B



1
A119B
LEVEL 09 - PROPOSED
SCALE: 1/8" = 1'-0"



FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (E) PARTITION TO REMAIN
- (N) PARTITION

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PRIORITY PERMIT
ISSUE INFORMATION

Project No.:
AB 2162 APPLICATION
05.12.2025

PLOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: As indicated

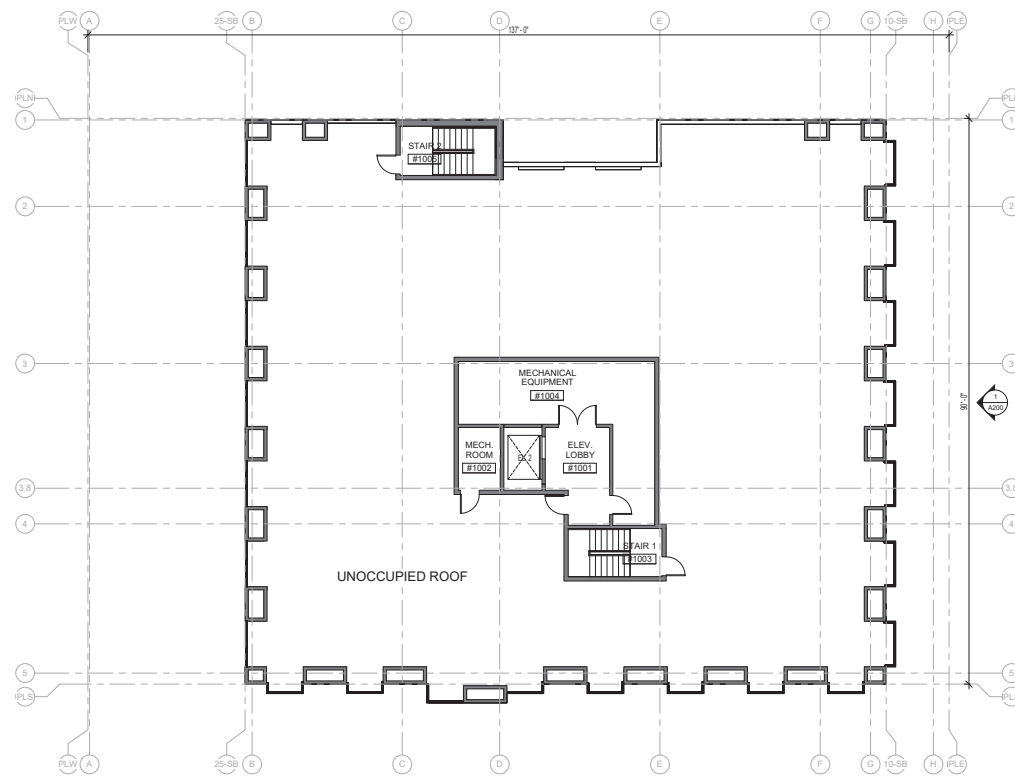
Sheet Title:

ROOF PLAN - EXISTING

Sheet No.:

A120A

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1
A120A
ROOF PLAN - EXISTING
SCALE: 1/8" = 1'-0"



FLOOR PLAN LEGEND:

- (E) PARTITION OR OTHER ELEMENT TO BE REMOVED
- (E) PARTITION TO REMAIN
- (N) PARTITION

SSDP
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12 GOUCH ST. SUITE 100
SAN FRANCISCO, CA 94103
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PRIORITY PERMIT
ISSUE INFORMATION

Issued For:
AB 2162 APPLICATION
05.12.2025
No. Description Date

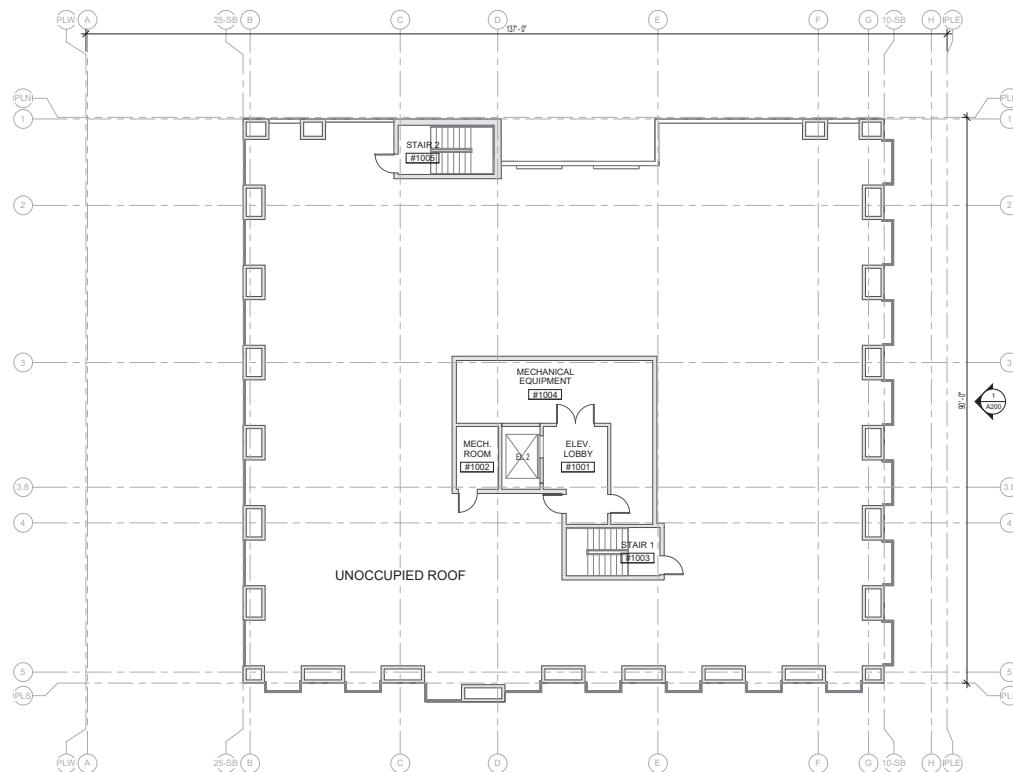
PLOT DATE: 05/12/25
PROJECT NO: 2506
PHASE: SD
SCALE: As Indicated

Sheet Title:
ROOF PLAN -
PROPOSED

Sheet No.:

A120B

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1
A120B
ROOF PLAN - PROPOSED
SCALE: 1/8" = 1'-0"



1035 VAN NESS HOUSING
 1035 VAN NESS,
 SAN FRANCISCO, CA

NOT FOR
 CONSTRUCTION

MAYOR ED 13-01
 PRIORITY PERMIT
 ISSUE INFORMATION

Issued For:
 AB 2162 APPLICATION
 05.12.2025
 No. Description Date

PLOT DATE: 05/12/25
 PROJECT NO: 2506
 PHASE: SD
 SCALE: 1/8" = 1'-0"

Sheet Title:
 BUILDING ELEVATIONS
 & SECTIONS

Sheet No.:
A200
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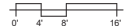
NOTE:
 NO MODIFICATION IS PROPOSED ON EXTERIOR OF BUILDING

2 MYRTLE ST. ELEVATION (SOUTH) - EXISTING AND PROPOSED
 SCALE: 1/8" = 1'-0"



NOTE:
 NO MODIFICATION IS PROPOSED ON EXTERIOR OF BUILDING

1 VAN NESS AVE. ELEVATION (EAST) - EXISTING AND PROPOSED
 SCALE: 1/8" = 1'-0"





San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 251147

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Omar Masry	6286525839
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Mayor's Office of Comm. Dev.	omar.masry@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 1035Vets LLC	TELEPHONE NUMBER 4152524788
STREET ADDRESS (including City, State and Zip Code) 1060 Howard Street, San Francisco, CA 94103	EMAIL steven.culbertson@stp-sf.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) 	ORIGINAL BID/RFP NUMBER 	FILE NUMBER (If applicable) 251147
DESCRIPTION OF AMOUNT OF CONTRACT \$11,000,000		
NATURE OF THE CONTRACT (Please describe) City Loan (\$8,000,000) and Grant Agreement (approximately \$3,000,000) to enable Swords to Plowshares Veterans Rights Organization (Swords), as sole member and manager of 1035Vets LLC, to rehabilitate the subject property at 1035 Van Ness Avenue, into 124 units of Permanent Supportive Housing for Veterans (Project Name: 1035 Van Ness). City Loan to be funded by Our City Our Home (OCOH) funds, and 2020 Health and Recovery General Obligation Bonds issued by the Department of Homelessness and Supportive Housing. City loan and Grant of Homekey+ Capital funds from State of California Department of Housing and Community Development (HCD) to be administered by Mayor's Office of Housing and Community Development.		

7. COMMENTS
Swords to Plowshares Veterans Rights Organization, as sole member and manager of 1035Vets LLC

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Garner/Swords	Tramecia	CEO
2	Kim/Swords	Elena	COO
3	Chen/Swords	Stephen	CFO
4	Corliss Murakami/Swords	Colleen	Other Principal Officer
5	Thiel/Swords	Michael	Board of Directors
6	Cane/Swords	Julie	Board of Directors
7	Saaveda/Swords	Barbara	Board of Directors
8	Adame/Swords	Chris	Board of Directors
9	Cox/Swords	Paul	Board of Directors
10	Dekshenieks/Swords	Michael	Board of Directors
11	Edwards/Swords	Erik	Board of Directors
12	Fassler/Swords	Michael	Board of Directors
13	Guy/Swords	Dottie	Board of Directors
14	McQuaid/Swords	John	Board of Directors
15	Ordona/Swords	Placido "Joe"	Board of Directors
16	Richardson/Swords	Kate	Board of Directors
17	Seymour/Swords	Deleano "Del"	Board of Directors
18	Steward/Swords	Seth	Board of Directors
19	Solit/Swords	Micah	Board of Directors

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Williamson/Swords	Diane	Board of Directors
21	Yeates-Rowe/Swords	Maile	Board of Directors
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
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33			
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35			
36			
37			
38			

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			

☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	

OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: Loan and Grant Agreement Not to Exceed \$11,000,000 – 1035Vets LLC – 1035 Van Ness Avenue
- 100% Affordable Veterans Permanent Supportive Housing
DATE: November 18, 2025

Resolution 1) approving and authorizing a Loan and Grant Agreement in an amount not to exceed \$[11,000,000], consisting of a loan in the amount of \$8,000,000 for a minimum term of 55 years and a grant in the amount of \$3,000,000, with 1035Vets LLC for the purpose of rehabilitating real property located at 1035 Van Ness Avenue ("1035 Van Ness") into 124 units of permanent supportive housing for veterans exiting homelessness under the Homekey+ Program administered by the California Department of Housing and Community Development (the "Project"); 2) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; 3) authorizing the Mayor and the Director of Mayor's Office of Housing and Community Development ("MOHCD") to execute the Loan and Grant Agreement, and make certain modifications to such agreements, as defined herein, and take certain actions in furtherance of this Resolution, as defined herein; and 4) authorizing the Director of MOHCD to enter into any additions, amendments, or other modifications to the Loan and Grant Agreement that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of this Resolution.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org