

BOARD of SUPERVISORS



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TDD/TTY No. (415) 554-5227

MEMORANDUM

HOMELESSNESS AND BEHAVIORAL HEALTH SELECT COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Hillary Ronen, Chair
Homelessness and Behavioral Health Select Committee

FROM: Stephanie Cabrera, Assistant Clerk

DATE: September 22, 2023

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, September 26, 2023

The following file should be presented as COMMITTEE REPORT at the regular Board meeting on Tuesday, September 26, 2023. This Resolution was acted upon at the Homelessness and Behavioral Health Select Committee meeting on Friday, September 22, 2023, at 10:00 a.m., by the votes indicated.

Item No. 24 File No. 230928

[Purchase of Real Property - Costanoan LLC - 42 Otis Street - Homelessness and Supportive Housing - Not to Exceed \$14,240,000]

Sponsor: Mayor; Ronen, Walton, an Mandelman

Resolution 1) approving and authorizing the Director of Property, on behalf of the Department of Homelessness and Supportive Housing, to acquire certain property located at 42 Otis Street ("Property") for \$14,200,000 plus an estimated \$40,000 for typical closing costs, for a total anticipated amount of \$14,240,000; 2) approving and authorizing an Agreement of Purchase and Sale for Real Estate for the acquisition of the Property from Costanoan LLC ("Purchase Agreement"), which includes a liquidated damages clause of up to \$420,000 in case of default by the City; 3) authorizing the Director of Property to execute the Purchase Agreement, make certain modifications, and take certain actions in furtherance of this Resolution and the Purchase Agreement, as defined herein; effective upon approval of this Resolution; 4) affirming the Planning Department's determination under the California Environmental Quality Act; and 5) adopting the Planning Department's findings that the Purchase Agreement, and the transaction contemplated therein, is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

(Fiscal Impact)

RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor Hillary Ronen - Aye
 Supervisor Rafael Mandelman - Aye
 Supervisor Shamann Walton - Aye

Cc: Board of Supervisors
 Angela Calvillo, Clerk of the Board
 Alisa Somera, Legislative Deputy
 Anne Pearson, Deputy City Attorney

File No. 230928

Committee Item No. 3

Board Item No. 24

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Homelessness and Behavioral Health Select Date: September 22, 2023

Board of Supervisors Meeting: _____ Date: September 26, 2023

Cmte Board

- | | | |
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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | MOU - FY2022-2024 - Clean |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU - FY2022-2024 - Redline |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Contract / DRAFT Mills Act Agreement |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>DRAFT Purchase and Sale Agmt</u> |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PLN Gen Pln Ref 072023</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>RED Ltr 082923</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>HSH PPT 092223</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Prepared by: Stephanie Cabrera

Date: September 14, 2023

Prepared by: Stephanie Cabrera

Date: September 22, 2023

Prepared by: _____

Date: _____

1 [Purchase of Real Property - Costanoan LLC - 42 Otis Street - Homelessness and
2 Supportive Housing - Not to Exceed \$14,240,000]

3 **Resolution 1) approving and authorizing the Director of Property, on behalf of the**
4 **Department of Homelessness and Supportive Housing, to acquire certain property**
5 **located at 42 Otis Street (“Property”) for \$14,200,000 plus an estimated \$40,000 for**
6 **typical closing costs, for a total anticipated amount of \$14,240,000; 2) approving and**
7 **authorizing an Agreement of Purchase and Sale for Real Estate for the acquisition of**
8 **the Property from Costanoan LLC (“Purchase Agreement”), which includes a**
9 **liquidated damages clause of up to \$420,000 in case of default by the City; 3)**
10 **authorizing the Director of Property to execute the Purchase Agreement, make**
11 **certain modifications, and take certain actions in furtherance of this Resolution and**
12 **the Purchase Agreement, as defined herein; effective upon approval of this**
13 **Resolution; 4) affirming the Planning Department’s determination under the**
14 **California Environmental Quality Act; and 5) adopting the Planning Department’s**
15 **findings that the Purchase Agreement, and the transaction contemplated therein, is**
16 **consistent with the General Plan, and the eight priority policies of Planning Code,**
17 **Section 101.1.**

18
19 WHEREAS, HSH’s The Department of Homelessness and Supportive Housing’s
20 (“HSH”) mission is to prevent homelessness when possible and to make homelessness a
21 rare, brief, and one-time experience in San Francisco through the provision of coordinated,
22 compassionate, and high-quality services; and

23 WHEREAS, With the enactment of Resolution No. 319-18 in October 2018, the
24 Board of Supervisors and Mayor London N. Breed declared a shelter crisis and affirmed

1 San Francisco’s commitment to combatting homelessness and creating or augmenting a
2 continuum of shelter and service options for those experiencing homelessness; and

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

8 WHEREAS, Permanent supportive housing is the most effective, evidence-based
9 solution to ending chronic homelessness and also prevents new incidents of homelessness
10 among highly vulnerable people with long experiences of homelessness; and

11 WHEREAS, In July 2020, Mayor Breed announced her Homelessness Recovery
12 Plan, which included the goal of adding 1,500 new units of permanent supportive housing
13 (“PSH”) over the next two years; and

14 WHEREAS, As of December 31, 2022, the City had more than doubled this goal
15 with 3,081 units of site-based and scattered site PSH that were active or under contract
16 with a non-profit provider since July 2020; and

17 WHEREAS, In April 2023, the city released the five-year strategic plan “Home by
18 the Bay: An Equity-Driven Plan to Prevent and End Homelessness in San Francisco” which
19 calls for 3,250 new units of permanent housing to meet the goals set out in the plan; and

20 WHEREAS, The OCOH Oversight Committee recommended in its 2021-2022
21 Investment Plan that the City use Prop C funds to acquire and develop new permanent
22 supportive housing units for adults, families, and transitional age youth; and

23 WHEREAS, The Property includes the real property and a 24-residential unit
24 building, plus five commercial condominiums (consisting of second floor office space and
25 ground floor commercial space), courtyard and roof terrace open space, as well as certain

1 improvements, appurtenances, personal property, and intangible property described in the
2 Purchase Agreement; and

3 WHEREAS, Upon acquisition of the Property, the City intends to use the Property
4 for permanent supportive housing for young adults exiting homelessness; and

5 WHEREAS, In accordance with California Health and Safety Code, Section
6 50675.1.3, the California Department of Housing and Community Development
7 (“Department”) issued a Notice of Funding Availability (“NOFA”) dated March 29, 2023, for
8 Round 3 of the Homekey Grant program; and

9 WHEREAS, HSH received authorization from the Board of Supervisors in July
10 2023 to submit an application to the Department for a total amount not to exceed
11 \$9,409,600, or the maximum award amount allowable under the NOFA for the Property; a
12 copy of the corresponding Resolution and NOFA are on file with the Clerk of the Board of
13 Supervisors in File No. 230741; and

14 WHEREAS, HSH anticipates using Prop C funding to supplement and match any
15 Project Homekey funding award, if applicable; and

16 WHEREAS, The City, through HSH and the Real Estate Division, and in consultation
17 with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the
18 Property from Costanoan LLC for \$14,200,000 (“Purchase Price”), plus an estimated \$40,000
19 for typical closing costs, and including a liquidated damages clause of up to \$420,000 in case
20 of default by the City, substantially in the form approved by the Director of Property and the
21 HSH Executive Director and on file with the Clerk of the Board of Supervisors in File No.
22 230928, incorporated herein by reference; and

23 WHEREAS, The Director of Property has determined the Purchase Price to be at or
24 below fair market value; and

1 WHEREAS, The Purchase Agreement will not become effective until the Board of
2 Supervisors and the Mayor approve this Resolution, in their sole and absolute discretion; and

3 WHEREAS, The Planning Department, by letter dated July 20, 2023, (“Planning
4 Letter”) has determined that the City’s proposed acquisition of the Property is not defined
5 as a project under the California Environmental Quality Act (“CEQA”) Guidelines, Sections
6 15378 and 15060(c)(2) (“CEQA Determination”), and is consistent, on balance, with the
7 General Plan, and the eight priority policies of Planning Code, Section 101.1 (“General
8 Plan Findings”), and a copy of said Planning Letter is on file with the Clerk of the Board of
9 Supervisors in File No.230928 and is incorporated herein by reference; now, therefore, be
10 it

11 RESOLVED, That in accordance with the recommendations of the HSH Executive
12 Director and the Director of Property, the Board of Supervisors approves the Purchase
13 Agreement presented to the Board, and authorizes the Director of Property to acquire the
14 Property; and, be it

15 FURTHER RESOLVED, That, in accordance with the recommendations of the
16 HSH Executive Director and the Director of Property, the Board of Supervisors approves
17 the Purchase Agreement, including the liquidated damages clause in case of default by
18 City, and approves and authorizes the HSH Executive Director and the Director of Property
19 to take all actions necessary or appropriate to acquire the Property and effectuate the
20 Purchase Agreement and this Resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors approves the Director of
22 Property (or the Director’s designees), in consultation with the HSH Executive Director and
23 the Office of the City Attorney, to enter into any additions, amendments, or other
24 modifications to the Purchase Agreement and any other documents or instruments
25 necessary in connection therewith (including but not limited to the exhibits and ancillary

1 agreements attached to the Purchase Agreement), that the Director of Property determines
2 are in the best interests of the City, do not materially decrease the benefits to the City with
3 respect to the Property, do not materially increase the obligations or liabilities of the City,
4 are necessary or advisable to complete the transaction contemplated in the Purchase
5 Agreement, and that effectuate the purpose and intent of this Resolution, such
6 determination to be conclusively evidenced by the execution and delivery by the Director of
7 Property of any such additions, amendments, or other modifications; and, be it

8 FURTHER RESOLVED, The Board of Supervisors affirms the Planning
9 Department's CEQA Determination and General Plan Findings, for the same reasons as
10 set forth in the Planning Letter, and hereby incorporates such findings by reference as
11 though fully set forth in this Resolution; and, be it

12 FURTHER RESOLVED, That approval of the Purchase Agreement shall not be
13 construed as approval of any change in use or new project on the Property; the City will
14 conduct environmental review of any new uses and/or project, following further design
15 development and study under CEQA, and retains absolute discretion to: 1) modify potential
16 future projects to mitigate significant adverse environmental impacts, 2) select feasible
17 alternatives which avoid significant adverse impacts, 3) require the implementation of
18 specific measures to mitigate the significant adverse environmental impacts, 4) reject
19 proposed projects if the economic and social benefits of said project do not outweigh
20 otherwise unavoidable significant adverse impacts of the project, or 5) approve future
21 projects upon a finding that the economic and social benefits of said project outweigh
22 otherwise unavoidable significant adverse impacts; and, be it

23 FURTHER RESOLVED, That within thirty (30) days after the Closing (as defined
24 in the Purchase Agreement), HSH shall provide any applicable final contracts to the Clerk
25 of the Board for inclusion into the official file.



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 #: 230928

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
Dylan R. Schneider	628652.7742
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
HSB Homelessness and Supportive Housing	dylan.schneider@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Costanoan LLC	TELEPHONE NUMBER 203-500-3766
STREET ADDRESS (including City, State and Zip Code) 2040 Webster Street, San Francisco, CA. 94103	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 230928
DESCRIPTION OF AMOUNT OF CONTRACT \$14,240,000		
NATURE OF THE CONTRACT (Please describe) Purchase of the property at 42 Otis Street.		

7. COMMENTS

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	Ozturk	Bora	Other Principal Officer
2	Ozturk	Yola	Other Principal Officer
3	Nikhil	Gera	Other Principal Officer
4	Kumar	Pritamdas Gera	Shareholder
5	Nalini	Kumar Gera	Shareholder
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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
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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
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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.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
---	---------------------------

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

COSTANOAN LLC, a Delaware limited liability company,

as Seller

and

CITY AND COUNTY OF SAN FRANCISCO,
as Buyer

For the purchase and sale of

42 Otis Street
San Francisco, California

_____, 2023

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LIST OF EXHIBITS

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EXHIBIT B Description of Accepted Personal Property
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EXHIBIT D Bill of Sale
EXHIBIT E Assignment of Contracts, Warranties and Guaranties, and Other Intangible
Property
EXHIBIT F Assignment of Leases
EXHIBIT G Tenant Estoppel Certificates
EXHIBIT H Certificate of Transferor Other Than An Individual (FIRPTA Affidavit)
EXHIBIT I Intentionally Omitted
EXHIBIT J Property Exemption Notice

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE
(42 Otis Street, San Francisco, CA)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this “**Agreement**”), dated for reference purposes only as of _____, 2023 (the “**Agreement Date**”), is by and between COSTANOAN LLC, a Delaware limited liability company (“**Seller**”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**Buyer**” or “**City**”).

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

1. PURCHASE AND SALE

1.1 Property Included in Sale

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

(a) the real property consisting of approximately 4,083 square feet of land, located in the City and County of San Francisco, commonly known as the Le Centre located at 42 Otis Street, Assessor Parcel Number Block 3505, Lots 054 through 082, and more particularly described in the attached Exhibit A (the “**Land**”);

(b) all improvements and fixtures located on the Land, including, without limitation, that certain building consisting of 24 studio condominiums, 5 commercial condominiums (which consists of second floor office space and ground floor commercial space), corridors, and courtyard and roof terrace open space, as well as all other buildings and structures located on the Land, all apparatus, equipment and appliances used in connection with the operation or occupancy of the Land and its improvements such as heating and air conditioning systems and facilities used to provide any utility, refrigeration, ventilation, garbage disposal or other services, and together with any and all on-site parking (currently 0 parking spaces) (collectively, the “**Improvements**”);

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

(d) the Leases (as defined in Section 5.2);

(e) all personal property owned by Seller, and accepted by City, located on or in or used in connection with the Land or Improvements as described in Exhibit B attached hereto (the “**Personal Property**”). If City requests that Seller remove any existing personal property owned by Seller located on or in or used in connection with the Land, Appurtenances, or Improvements, which request shall be made within a reasonable period of time prior to Closing, Seller shall remove such personal property prior to the Closing Date (as defined in

Section 6.2 (Closing Date)). Unless City has requested such removal, Seller shall not remove any Personal Property subsequent to the Effective Date; and

(f) any intangible personal property now or hereafter owned by Seller and used in the ownership, use or operation of the Land, Improvements, Appurtenances, or Personal Property, including, without limitation, the right to use the name “Le Centre” and any derivation thereof, and any other trade name now used in connection with the Land or Improvements, and, to the extent expressly approved by City pursuant to this Agreement, any contract rights or other agreements or rights relating to the ownership, use and operation of the Land, Improvements or Personal Property or any of the foregoing (collectively, the “**Intangible Property**”).

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

2. PURCHASE PRICE

2.1 Purchase Price

The total purchase price for the Property is Fourteen Million Two Hundred Thousand and no/100 Dollars (\$14,200,000.00) (the “**Purchase Price**”).

2.2 Deposit

Within ten (10) business days following the later to occur of the Effective Date (as defined in Section 11.18 (Effective Date) below) or the Homekey Award Date (as defined in Section 2.5 (Project Homekey) below), City will deliver to the Title Company (as defined in Section 3.2 (Title Insurance) below), as escrow agent, Four Hundred Twenty Thousand and no/100 Dollars (\$420,000.00) as an earnest money deposit applicable to the Purchase Price (the “**Deposit**”). The Title Company will deposit the Deposit into an interest-bearing account at a bank or financial institution approved by City in writing, and the term “Deposit” will include any interest earned thereon. Unless this Agreement is terminated and the Deposit disbursed as provided in this Agreement, the Deposit will be applied to the Purchase Price at Closing. If City terminates this Agreement for failure of any condition precedent under this Agreement, then City and Seller will equally share all title fees and escrow cancellation fees and Seller and City will instruct the Title Company to immediately return the Deposit to City. If the sale of the Property is not consummated because of a City default, then City will pay all title fees and escrow cancellation fees and Seller and City will instruct the Title Company to immediately release the Deposit to Seller in accordance with Section 6.8 (City Default and Liquidated Damages) below. If City terminates this Agreement due to a Seller default, then Seller will pay all title fees and escrow cancellation fees and, if City has made the Deposit pursuant to this Section 2.2, then Seller and Buyer will instruct the Title Company to immediately return the Deposit to City.

2.3 Payment

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

(b) Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under Sections 6.3(h) and 6.3(i) (Seller's Delivery of Documents),

City may be required to withhold a portion of the Purchase Price pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the “**Federal Tax Code**”), or Section 18662 of the California Revenue and Taxation Code (the “**State Tax Code**”). Any amount properly so withheld by City will be deemed to have been paid by City as part of the Purchase Price, and Seller's obligation to consummate the transaction contemplated herein will not be excused or otherwise affected thereby.

2.4 Funds

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

2.5 Project Homekey

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

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

3. TITLE TO THE PROPERTY

3.1 Conveyance of Title to the Property

At the Closing, Seller will convey to City, or its nominee, marketable and insurable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the “**Deed**”), subject to the Accepted Conditions of Title (as defined in the Due Diligence Agreement and Permit to Enter Property by and between Seller and City dated as of February 7, 2023 (the “**Due Diligence Agreement**”).

3.2 Title Insurance

City is in receipt of that certain preliminary Title Report issued by Stewart Title Guaranty Company Order No. 23000300232 dated April 6, 2023 (the “**Title Report**”). Delivery of title in accordance with the preceding Section will be evidenced by the commitment of Stewart Title Guaranty Company (the “**Title Company**”) to issue to City, or its nominee, an ALTA extended coverage owner's policy of title insurance (Form ALTA 2006 – updated 6/17/2006) (the “**Title**

Policy”) in the amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements in City, or its nominee, free of the liens of any and all deeds of trust, mortgages, assignments of rents, financing statements, rights of tenants or other occupants (except for the tenants under leases approved by City, provided such exception is limited to the interest of such tenants as tenants only without any rights or options to purchase any of the Property), subject only to the Accepted Conditions of Title (as defined in the Due Diligence Agreement). Seller will remove or cure the exceptions objected to by City (the **“Disapproved Exceptions”**) on or before the Closing. In the event that Seller fails to remove the Disapproved Exceptions from title before the Closing Date, and City is unwilling to take title to the Property subject to the Disapproved Exceptions, Seller will be in default under this Agreement and City will have the rights and remedies provided in this Agreement. The Title Policy must provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property, and contain an affirmative endorsement that there are no violations of restrictive covenants, if any, affecting the Property and such other special endorsements as City may reasonably request.

If an amendment or update to the Title Report is issued which reflects any new exceptions which were not disclosed in the Title Report prior to the Effective Date (**“New Exception”**), City shall have the right to object to any such New Exception by giving written notice to Seller of the New Exception(s) (**“New Exception Notice”**) to which City is objecting within ten (10) business days after the amendment to the Title Report reflecting such New Exception is delivered to City or the Closing Date, whichever is earlier. Seller shall have ten (10) business days after the issuance of a New Exception Notice to provide City with written notice of its election to cure or remove such New Exception prior to Closing (**“New Exception Response”**), in which event such New Exception shall be deemed a Disapproved Exception. If Seller fails to timely deliver a New Exception Response or delivers a New Exception Response electing not to cure or remove the New Exception(s), or Seller agrees to cure or remove the New Exception(s) and fails to do so before Closing, then City shall have ten (10) business days to elect, by delivery of written notice to Seller, to either (a) waive its objection to the New Exception(s) in which case such New Exception(s) shall be deemed an Accepted Condition to Title, or (b) terminate this Agreement, and if City has made the Deposit pursuant to Section 2.2 above, then the Deposit shall be promptly refunded to City. The Closing Date shall be extended as necessary to allow for the foregoing process to occur and to allow the parties to make applicable deliveries into escrow.

3.3 Bill of Sale

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

3.4 Assignment of Intangible Property

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

3.5 Assignment of Leases

At the Closing, Seller will transfer its title to the Leases (as defined in Section 5.2 below), if applicable, by an assignment of leases in the form attached hereto as Exhibit F (the “**Assignment of Leases**”), such title to be free of any liens, encumbrances or interests, except for the Accepted Conditions of Title (as defined in the Due Diligence Agreement).

4. BUYER'S DUE DILIGENCE INVESTIGATIONS

4.1 City's Due Diligence

As of the date hereof, Seller has given City and/or its Agents a full opportunity to investigate the Property as provided in the Due Diligence Agreement, and Seller has provided the Documents (as defined in the Due Diligence Agreement) to City and its Agents. City has received the Documents and hereby elects to proceed with the transaction contemplated herein subject to the terms and conditions of this Agreement.

5. ENTRY; CONDITIONS TO CLOSING

5.1 Entry

During the Due Diligence Period and at all times prior to the Closing Date, Seller shall afford City and its Agents commercially reasonable access to the Property during normal business hours and upon prior written notice to Seller and access to the Documents (as defined in the Due Diligence Agreement) for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the Conditions Precedent including, without limitation, the drilling of test wells and the taking of soil borings, as described in the Due Diligence Agreement.

5.2 City's Conditions to Closing

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

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

(b) No New Exception has arisen after the Effective Date, or to the extent a New Exception has arisen, City has not elected to terminate this Agreement pursuant to Section 3.2 above.

(c) There has been no material adverse change in the physical or environmental conditions of the Property from the Effective Date to the Closing Date.

(d) There are no material violations of applicable laws, regulations, permits, and approvals (“**Applicable Laws**”) relating to the Property as of the Closing Date.

(e) Intentionally Omitted.

(f) Seller is not in default in the performance of any covenant or agreement to be performed by Seller under this Agreement or the Due Diligence Agreement, and all of Seller's representations and warranties contained in or made pursuant to this Agreement are true and correct both when made and as of the Closing Date. At the Closing, Seller will deliver to City a

certificate certifying that each of Seller's representations and warranties contained in Section 8.1 (Representations and Warranties of Seller) below are true and correct as of the Closing Date.

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

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

(i) City has provided Seller prior to the Closing a schedule setting forth a list of all those contracts or agreements that City has elected that Seller will assign to City, and City will assume at Closing (the "**Assumed Contracts**"), together with true and accurate copies of all such documents, and Seller has not entered into or created any new contracts that City has not agreed to assume after delivery of the list of Assumed Contracts to Seller. At or before the Closing, Seller has terminated any contracts or agreements not to be assumed by City, without liability to City, provided City delivered to Seller notice of the contracts and agreements that City does not agree to assume within ten (10) business days prior to the Closing.

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

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

(l) Intentionally Omitted.

(m) City has reviewed and approved: (i) all existing and pending commercial and residential leases and any other occupancy agreements that City has elected that Seller will assign to City, and City will assume at Closing, as City has indicated to Seller no later than forty-five (45) days prior to Closing ("**Leases**"), (ii) tenant correspondence files, and (iii) a current rent roll for the Property, prepared by Seller and listing for each tenant the name, location of leased premises, rent, obligation for reimbursement of expenses, amount of security deposit and rent paid more than thirty (30) days in advance, lease commencement date, lease termination date, lease expansion or extension options, option rent, and cost of living or other rent escalation clauses, any free rent, operating expense abatements or other unexpired concessions, and a description of any uncured defaults. At or before the Closing, Seller has terminated any existing and pending leases and other occupancy agreements that City has not agreed to assume, without liability to City, provided City delivered to Seller notice of Leases it does not agree to assume within a reasonable time prior to the Closing.

(n) Seller has obtained and delivered to City, before the Closing Date, tenant estoppel certificates in form and substance satisfactory to City from any and all commercial and/or residential tenants occupying any portion of the Property. Such certificates shall be substantially in the forms attached hereto as Exhibit G and shall be dated no earlier than thirty (30) days prior to the Closing Date. Notwithstanding the foregoing, to the extent Seller is unable, despite its commercially reasonable efforts, to obtain estoppel certificates from all

tenants occupying any portion of the Property, City will have the right, in its sole (but good faith) discretion, to accept an estoppel certificate from Seller certifying the lease information, or to waive in writing this requirement for one or more tenants.

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

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

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

The City Conditions Precedent are solely for the benefit of City. If any City Condition Precedent is not satisfied, City will have the right in its sole discretion either to waive in writing the City Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement. The waiver of any City Condition Precedent will not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant, or agreement of Seller. If one or more City Condition Precedents has not been satisfied, but may be satisfied with additional time, then City may extend Closing Date, at City's option, for a reasonable period of time specified by City, but not to exceed thirty (30) days without Seller's written consent, to allow such City Conditions Precedent to be satisfied, subject to City's further right to terminate this Agreement upon the expiration of the period of any such extension if all City Conditions Precedent have not been satisfied.

5.3 Seller's Conditions to Closing

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

(a) City is not in default in the performance of any covenant or agreement to be performed by City under this Agreement or the Due Diligence Agreement, and all of City's representations and warranties contained in or made pursuant to this Agreement are true and correct both when made and as of the Closing Date.

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

The Seller's Conditions Precedent are solely for the benefit of Seller. If any Seller Conditions Precedent is not satisfied, Seller will have the right in its sole discretion either to waive in writing the Seller Condition Precedent in question and proceed with the sale, or in the alternative, terminate this Agreement. If one or more Seller Condition Precedent has not been satisfied, but may be satisfied with additional time, then Seller may extend the Closing Date, at Seller's option, for a reasonable period of time specified by Seller, but not to exceed thirty (30)

days without City's written consent, to allow such Seller Conditions Precedent to be satisfied, subject to Seller's further right to terminate this Agreement upon expiration of the period of any such extension if all Seller Conditions Precedent have not been satisfied.

5.4 Cooperation with City

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

5.5 Map Act Compliance

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

5.6 COPA

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

5.6 Leases

As of the Effective Date, and in recognition of the unique circumstances surrounding the Property, Seller will not enter into any new leases at the Property without City's express approval, except for Leases of individual residential units at the Property with individuals or households referred to Seller by City or by an organization that works with homeless individuals and/or individuals who are at risk of homelessness ("**Target Individuals**"). Within ten (10) days after entering into any new lease with any Target Individual, but in no event later than five (5) days prior to the Closing Date, Seller shall notify City of such new lease and provide a copy of the lease to the City. Seller acknowledges that Target Individuals are preferred by the City as tenants, as the City intends to lease units to Target Individuals after acquiring the Property, and Seller intends to focus its leasing efforts on Target Individuals.

6. ESCROW AND CLOSING

6.1 Opening of Escrow

Within three (3) days of the Effective Date, the parties will open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement will serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated under this Agreement. Seller and City will execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement will control.

6.2 Closing Date

The consummation of the purchase and sale contemplated under this Agreement (the “Closing”) is expected to be held, and delivery of all items to be made at the Closing under the terms of this Agreement will be made, at the offices of Title Company located at 100 Pine Street, Suite 450, San Francisco, CA 94111, ninety (90) days after the later of the Homekey Award Date or the Effective Date (“**Anticipated Closing Date**”) or on such other date as City and Seller may mutually agree in writing (the actual date of Closing, the “**Closing Date**”); provided, however, that City or Seller may extend the Closing Date (for any reason) for ninety (90) days upon written notice to the other party. Seller agrees that the timing requirements under Project Homekey, including an obligation to close escrow before a certain date, may accelerate or postpone the Closing Date. So long as the Deposit has been paid pursuant to Section 2.2 above, Seller agrees to reasonably cooperate with this process, subject to receiving sufficient advance notice in writing from Buyer to coordinate defeasance of Seller's existing financing.

Notwithstanding the foregoing, if the Homekey Award Date has not occurred by October 31, 2023 (“**Outside Homekey Award Date**”), Seller would have the right to terminate this Agreement without penalty. Notwithstanding, Seller and Buyer may agree in writing to extend the Outside Homekey Award Date.

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

6.3 Seller's Delivery of Documents

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

- (a) a duly executed and acknowledged Deed in the form attached hereto as Exhibit C;
- (b) a duly executed Bill of Sale for the Personal Property, if any, in the form attached hereto as Exhibit D;
- (c) a Certificate from the Secretary of State or other appropriate government official of the State of California indicating that, as of the Closing Date, there are no filings against Seller in the office of the Secretary of State or other government official under the Uniform Commercial Code of such State which would be a lien on any of the items specified in the Bill of Sale (other than such filings, if any, as are being released at the time of the Closing);
- (d) four (4) duly executed and acknowledged counterparts of the Assignment of Leases in the form attached hereto as Exhibit F;
- (e) duly executed tenant estoppel certificates as required pursuant to Section 5.1(m) hereof in the forms attached hereto as Exhibit G;
- (f) four (4) duly executed counterparts of the Assignment of Intangible

Property in the form attached hereto as Exhibit E;

(g) originals (or copies where originals are unavailable) of the Documents, Leases, and Assumed Contracts and any other items relating to the ownership or operation of the Property not previously delivered to City;

(h) a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit H, and on which City is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code;

(i) a properly executed California Franchise Tax Board Form 593C certifying that Seller is a California resident if Seller is an individual or Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or other evidence satisfactory to City that Seller is exempt from the withholding requirements of Section 18662 of the State Tax Code;

(j) such resolutions, authorizations, or other limited liability company documents or agreements relating to Seller and its members as the Title Company may reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated by this Agreement, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;

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

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

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

6.4 City's Delivery of Documents and Funds

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

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

(b) four (4) duly executed and acknowledged counterparts of the Assignment of Leases in the form attached hereto as Exhibit F;

(c) four (4) duly executed counterparts of the Assignment of Intangible Property in the form attached hereto as Exhibit E;

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

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

6.5 Other Documents; Tax Apportionment

Seller and City will each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms of this Agreement. On or before the Closing Date, City will deliver to the Title Company a statement for delivery to the County Tax Assessor in the form attached as Exhibit J (the “**Apportionment Notice**”). Upon Closing, the Title Company will insert the Closing Date in the Apportionment Notice and send the Apportionment Notice to the County Tax Assessor and County Auditor in the county in which the Property is located.

6.6 Title Company as Real Estate Reporting Person

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

6.7 Seller Default

If the sale of the Property is not consummated because of a Seller default under this Agreement or the Due Diligence Agreement, which such default Seller has not cured within ten (10) business days after receipt of written notice from the City, or if a City Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some affirmative act or grossly negligent omission, City may, at its sole election, either (1) terminate this Agreement by delivery of notice of termination to Seller, whereupon Seller will pay to City any title, escrow, legal and inspection fees reasonably incurred by City and any other expenses reasonably incurred by City in connection with the Due Diligence Agreement, not to exceed Fifty Thousand and 00/100 Dollars (\$50,000.00), and performance of its due diligence review of the Property, and neither party will have any further rights or obligations under this Agreement or the Due Diligence Agreement; or (2) continue this Agreement pending City's action for specific performance and/or damages hereunder, including, without limitation, City's costs and expenses incurred under this Agreement and the Due Diligence Agreement. In the event that City fails to file and serve an action for specific performance within one (1) year after written notice to Seller of a Seller default, City shall be deemed to have elected to terminate this Agreement.

AS A MATERIAL AND SUBSTANTIAL INDUCEMENT TO SELLER TO ENTER INTO THIS AGREEMENT, CITY HEREBY IRREVOCABLY WAIVES AND AGREES NOT TO CLAIM OR ASSERT ANY RIGHT WHICH BUYER MAY HAVE TO RECORD OR FILE A LIS PENDENS AFFECTING TITLE TO OR ANY INTEREST IN THE PROPERTY UNLESS SUCH LIS PENDENS IS RECORDED IN CONJUNCTION WITH THE FILING OF A LAWSUIT ASSERTING A CAUSE OF ACTION FOR SPECIFIC PERFORMANCE AND/OR DAMAGES. EXCEPT IN THE EVENT OF FRAUD OR INTENTIONAL

MISCONDUCT, SELLER'S DIRECT OR INDIRECT PARTNERS, SHAREHOLDERS, OWNERS, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, OR ANY AFFILIATE OR CONTROLLING PERSON THEREOF SHALL NOT HAVE ANY LIABILITY FOR ANY CLAIM, CAUSE OF ACTION OR OTHER LIABILITY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE PROPERTY, WHETHER BASED ON CONTRACT, COMMON LAW, STATUTE, EQUITY OR OTHERWISE. NOTHING IN THIS SECTION 6.7 SHALL LIMIT OR AFFECT THE OBLIGATIONS, LIABILITIES, OR REPRESENTATIONS OF SELLER SET FORTH IN THIS AGREEMENT, OR LIMIT POTENTIAL CITY CLAIMS TO DISREGARD SELLER'S CORPORATE ENTITY OR PIERCE SELLER'S CORPORATE VEIL.

6.8 City Default and Liquidated Damages

If the sale of the Property contemplated under this Agreement is not consummated solely because of a default under this Agreement by City, then City will pay the amount of the Deposit to Seller as liquidated damages. The parties have agreed that Seller's actual damages, in the event of a default by City, would be extremely difficult or impracticable to determine. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST CITY, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF CITY. NOTHING IN THIS SECTION 6.8 SHALL LIMIT OR AFFECT ANY APPLICABLE SURVIVING INDEMNITY OBLIGATIONS OF CITY SET FORTH IN SECTION 1.2(D) OF THE DUE DILIGENCE AGREEMENT.

INITIALS: Seller  City _____

7. EXPENSES AND TAXES

7.1 Rent and Other Apportionments

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

(a) Rent

Rent under the Leases shall be apportioned as of midnight on the Closing Date, regardless of whether or not such rent has been paid to Seller. With respect to any rent arrearage arising under the Leases, after the Closing, City shall pay to Seller any rent actually collected which is applicable to the period preceding the Closing Date; provided, however, that all rent collected by City shall be applied first to all unpaid rent accruing on and after the Closing Date, and then to unpaid rent accruing prior to the Closing Date. City shall not be obligated to take any steps to recover any rent arrearage, and Seller shall not be permitted to do so.

(b) Leasing Costs

Seller shall pay all leasing commissions and tenant improvement costs accrued in connection with any Lease executed on or before the Closing (including, without limitation, leasing commissions attributable to expansion or extension options which are not exercised until after the Closing), if applicable. City shall be entitled to a credit against the Purchase Price for

the total sum of all security deposits paid to Seller by tenants under any Leases, and any interest earned thereon, and to the extent applicable, any free rent, operating expense abatements, or other unexpired concessions under any Leases to the extent they apply to any period after the Closing.

(c) Other Tenant Charges

Where the Leases contain tenant obligations for taxes, common area expenses, operating expenses or additional charges of any other nature, and where Seller shall have collected any portion thereof in excess of amounts owed by Seller for such items for the period prior to the Closing Date, there shall be an adjustment and credit given to City on the Closing Date for such excess amounts collected. City shall apply all such excess amounts to the charges owed by City for such items for the period after the Closing Date and, if required by the Leases, shall rebate or credit tenants with any remainder. If it is determined that the amount collected during Seller's ownership period exceeded expenses incurred during the same period by more than the amount previously credited to City at Closing, then Seller shall pay the deficiency to City within five (5) days of City's written request.

(d) Utility Charges

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

(e) Other Apportionments

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

7.2 Closing Costs

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

7.3 Real Estate Taxes and Special Assessments

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

7.4 Preliminary Closing Adjustment

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

7.5 Sales and Use Taxes for Transferred Taxable Personal Property

Seller will promptly remit to the State of California the entire amount of any sales and use taxes triggered by the transfer of taxable personal property included in the sale of the Property, in accordance with the California law. Upon such payment of sales and use taxes, Seller will promptly provide City with confirmation of such payment to the State of California. Seller, on behalf of itself and its successors and assigns, will indemnify, defend and hold harmless City, its Agents and their respective successors and assigns, from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses (including, without limitation, reasonable attorneys' fees) relating to the sales and use taxes arising out of the transfer of taxable personal property included in the sale of the Property. The foregoing indemnity includes, without limitation, any applicable sales and use taxes that Seller fails to remit to the State of California. The indemnification provisions of this Section will survive beyond the Closing.

7.6 Post-Closing Reconciliation

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

7.7 Survival

The provisions of this Section will survive the Closing.

8. REPRESENTATIONS AND WARRANTIES; AS-IS SALE

8.1 Representations and Warranties of Seller

Except as set forth below, Seller represents and warrants to and covenants with City, as of the Agreement Date and as of the Closing, as follows:

(a) To the best of Seller's knowledge, and except as set forth in the Documents delivered to City prior to the Effective Date and pursuant to the Due Diligence Agreement, there are now, and at the time of the Closing will be, no material physical or mechanical defects of the Property, and no written violations of any laws, rules or regulations applicable to the Property, including, without limitation, any Environmental Laws (as defined below), earthquake, life safety and handicap laws (including, but not limited to, the Americans with Disabilities Act), except as set forth in Schedule 8.1(a) attached hereto.

(b) The Leases, Assumed Contracts, Documents, and other information furnished to City are all of the relevant documents and information pertaining to the condition and operation of the Property to the extent available to Seller and are, and at the time of Closing, will be, true, correct, and complete copies of the documents in Seller's files.

(c) To the best of Seller's knowledge, the Leases and Assumed Contracts are, and at the time of Closing will be, in full force and effect, without default by (or notice of default to) any party.

(d) No document or instrument furnished or to be furnished by the Seller to the City in connection with this Agreement contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement will have been made.

(e) Seller has not received written notice of any condemnation, either instituted or planned to be instituted by any governmental or quasi-governmental agency other than City, which could detrimentally affect the use, operation or value of the Property.

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

(g) To Seller's knowledge, all water, sewer, gas, electric, telephone, and drainage facilities and all other utilities required by law or by the normal use and operation of the Property are adequate to service the Property.

(h) There is no litigation pending or, to Seller's knowledge, threatened in writing, against Seller or the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or the ability of Seller to perform its obligations under this Agreement.

(i) To Seller's knowledge, Seller is the legal and equitable owner of the Property, with full right to convey the same, and without limiting the generality of the foregoing, Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any interest in any of the Property.

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

(k) Seller represents and warrants to City that it has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state, or local governmental agency. In the event Seller has been so suspended, disbarred, disciplined, or prohibited from contracting with any governmental agency, it will immediately notify the City of

and the reasons therefor together with any relevant facts or information requested by City. Any such suspension, debarment, discipline, or prohibition may result in the termination or suspension of this Agreement.

(l) To Seller's knowledge, Seller has not received written notice of any fact that would prevent City from the continued use and operation of the residential units in a residential manner after Closing.

(m) Except as described in Schedule 8.1(m) ("**Seller's Environmental Disclosure**") attached hereto, Seller hereby represents and warrants to and covenants with City that to Seller's knowledge the following statements are true and correct as of the Effective Date and will be true and correct as of the Closing Date: (i) neither the Property nor to the best of Seller's knowledge any real estate in the vicinity of the Property is in violation of any Environmental Laws; (ii) the Property is not now, nor to the best of Seller's knowledge has it ever been, used in any manner for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material; (iii) there has been no release and there is no threatened release of any Hazardous Material in, on, under or about the Property; (iv) during Seller's ownership of the Property, and to Seller's knowledge, prior to Seller's ownership of the Property, there have not been and there are not now any underground storage tanks, septic tanks or wells or any aboveground storage tanks at any time used to store Hazardous Material located in, on or under the Property, or if there have been or are any such tanks or wells located on the Property, their location, type, age and content has been specifically identified in Seller's Environmental Disclosure, they have been properly registered with all appropriate authorities, they are in full compliance with all applicable statutes, ordinances and regulations, and they have not resulted in the release or threatened release of any Hazardous Material into the environment; (v) the Property does not consist of any landfill or of any building materials that contain Hazardous Material; and (vi) the Property is not subject to any claim by any governmental regulatory agency or third party related to the release or threatened release of any Hazardous Material, and there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in, on, under or about the Property, or the migration of Hazardous Material from or to other property. As used herein, the following terms shall have the meanings below:

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

(ii) "**Hazardous Material**" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos

containing materials whether or not such materials are part of the structure of the Improvements or are naturally occurring substances on or about the Property; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

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

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

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

(p) There are no free rent, operating expense abatements, incomplete tenant improvements, rebates, allowances, or other unexpired concessions (collectively referred to as "Offsets") or any termination, extension, cancellation or expansion rights under any existing or pending Leases. Seller has paid in full any of landlord's leasing costs incurred by Seller in connection with any tenant improvements.

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

(r) The copies of the Leases delivered by Seller to City on or before the commencement of the Due Diligence Period contain all of the information pertaining to any rights of any parties to occupy the Property, including, without limitation, all information regarding any rent concessions, over-standard tenant improvement allowances or other inducements to lease. None of the tenants of the Property has indicated to Seller either orally or in writing its intent to terminate its respective Lease prior to expiration of the respective term of such Lease.

(s) Seller represents that it is fully compliant with the California Sales and Use Tax Law and warrants to City that Landlord that it will fulfill its use tax obligations, if any, under that law with respect to the subject transaction.

For the purposes of this Agreement, Seller's knowledge shall mean the actual current knowledge of Eduardo Sagues, but without any other duty of inquiry or investigation and without the imputation of any constructive knowledge. The representations and warranties of Seller are true and correct on and as of the Effective Date and shall be true and correct on and as of the Closing. If after the Effective Date, but prior to the Closing, City or Seller should learn, discover or

become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any material respect (collectively, the “**Representation Matter**”), then Seller shall promptly give written notice thereof to City. Seller shall have the right to cure such Representation Matter within thirty (30) days. Any Representation Matter that is not cured within such thirty (30) day period that is caused by Seller’s affirmative act or grossly negligent omission shall constitute a default by Seller, pursuant to Section 6.7 hereof. Regarding any other Representation Matter that is not cured within such thirty (30) day period, City shall have the right, in its sole discretion, to either (i) waive in writing and proceed to acquire the Property on the terms set forth in this Agreement, in which event the Representation Matter shall be qualified by such new item, fact or circumstance, or (ii) terminate this Agreement, and if the City has made the Deposit pursuant to Section 2.2 above, the Deposit shall be immediately returned to City. Upon such termination, neither party hereunder shall have any further obligations or liabilities under this Agreement except as specifically set forth herein.

8.2 Indemnity.

Seller, on behalf of itself and its successors and assigns, will indemnify, defend and hold harmless City, its Agents and their respective successors and assigns, from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses, including, without limitation, reasonable attorneys' and consultants' fees, resulting from any misrepresentation or breach of warranty or breach of covenant made by Seller in this Agreement or in any document, certificate, or exhibit given or delivered to City pursuant to or in connection with this Agreement or in any agreement between Seller and a third party relating to the Property and entered into prior to Closing. The foregoing indemnity includes, without limitation, costs incurred in connection with the investigation of site conditions and all activities required to locate, assess, evaluate, remediate, cleanup, remove, contain, treat, stabilize, monitor or otherwise control any Hazardous Material. Except for any claims caused by Seller’s intentional misrepresentation or fraud, the indemnification provisions of this Section will survive beyond the Closing for a period of twelve (12) months from and after the Closing Date, or, if title is not transferred pursuant to this Agreement, beyond any termination of this Agreement. In addition, if Closing occurs pursuant to this Agreement, Seller’s liability with respect to the indemnification provisions of this Section shall not exceed two percent (2%) of the Purchase Price, except for any claims caused by Seller’s intentional misrepresentation or fraud.

8.3 As-Is Sale.

(a) As provided in this Agreement and the Due Diligence Agreement, it is the intent of Seller and City that, by the Closing Date, City will have had the opportunity to perform a diligent and thorough inspection and investigation of the Property, either independently or through its Agents. CITY SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS CONVEYING AND CITY IS ACQUIRING SELLER’S INTEREST IN THE PROPERTY ON AN “AS IS WITH ALL FAULTS” BASIS. CITY IS RELYING SOLELY ON ITS INDEPENDENT INVESTIGATION AND, OTHER THAN THE REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT, NOT ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER OR ITS AGENTS AS TO ANY MATTERS CONCERNING THE PROPERTY, THE SUITABILITY FOR CITY’S INTENDED USES OR ANY OF THE PROPERTY CONDITIONS THEREOF. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 8.1 (REPRESENTATIONS AND WARRANTIES OF SELLER), SELLER DOES NOT WARRANT THE LEGAL, PHYSICAL, GEOLOGICAL,

ENVIRONMENTAL, ZONING, OR OTHER CONDITIONS OF THE PROPERTY, OR THE SUITABILITY FOR ANY USE, NOR DOES IT ASSUME ANY RESPONSIBILITY FOR THE COMPLIANCE OF THE PROPERTY OR ITS USE WITH ANY APPLICABLE LAWS. IT IS CITY'S SOLE RESPONSIBILITY TO DETERMINE ALL BUILDING, PLANNING, ZONING, AND OTHER REGULATIONS AND APPLICABLE LAWS RELATING TO THE PROPERTY AND THE USES TO WHICH IT MAY BE PUT.

(b) As part of its agreement to accept the Property and in its "as is and with all faults" condition, City as of the Closing Date, on behalf of itself and its successors and assigns, waives any right to recover from, and forever releases and discharges, Seller and its Agents, and their respective heirs, successors, legal representatives and assigns, from any and all Losses, whether direct or indirect, known or unknown, or foreseen or unforeseen, that may arise on account of or in any way be connected with (a) the use of the Property by City and its successors and assigns or (b) the physical, geological, or environmental condition of the Property. "Losses" means any and all claims, demands, losses, liabilities, damages (including foreseeable and unforeseeable consequential damages), liens, obligations, interest, injuries, penalties, fines, lawsuits and other proceedings, judgments, and awards and reasonable costs and expenses of whatever kind or nature, known or unknown, foreseen or unforeseen, or contingent or otherwise, including attorneys' fees and costs. In connection with the foregoing release, City, as of the Closing Date, expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

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

(c) NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE FOREGOING PROVISIONS OF THIS SECTION 8.3 WILL NOT SERVE TO RELEASE SELLER AND ITS AGENTS FROM, AND NO RELEASE IN THIS SECTION 8.3 APPLIES TO, AND CITY EXPRESSLY DOES NOT WAIVE ANY LOSSES TO THE EXTENT ARISING FROM (A) SELLER OR ITS AGENT'S FRAUD, (B) ANY MATERIAL BREACH OF ANY COVENANT OR EXPRESS REPRESENTATION OR WARRANTY MADE BY SELLER UNDER THIS AGREEMENT, OR (C) WITH RESPECT TO ANY CLAIM MADE BY ANY THIRD PARTY AGAINST CITY WITH RESPECT TO THE PROPERTY ARISING DURING SELLER'S OWNERSHIP, EXCEPT AS AND TO THE EXTENT CAUSED BY CITY.

9. RISK OF LOSS; POSSESSION

9.1 Risk of Loss

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

(a) If such damage or destruction is fully covered by Seller's insurance except for the deductible amount of up to Twenty Thousand and 00/100 Dollars (\$20,000.00) and the

insurer agrees to timely pay for the entire cost of such repair (except the deductible), and the entire cost of the damage or destruction would cost less than One Million and 00/100 Dollars (\$1,000,000.00) (the “**Threshold Damage Amount**”) to repair or restore, then this Agreement will remain in full force and effect and City may proceed to acquire the Property upon the terms and conditions set forth in this Agreement. In such event, City will receive a credit against the Purchase Price equal to the deductible amount, and Seller will assign to City at Closing all of Seller's right, title and interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City.

(b) If such damage or destruction is not fully covered by Seller's insurance, other than the above deductible amount, and would cost less than the Threshold Damage Amount to repair or restore, then the transaction contemplated by this Agreement will be consummated with City receiving a credit against the Purchase Price at the Closing in an amount reasonably determined by Seller and City (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction.

(c) If the cost of such damage or destruction would equal or exceed the Threshold Damage Amount, or if condemnation proceedings are commenced against any of the Property, then, City shall have the right, at its election, either to terminate this Agreement in its entirety, or only as to that portion of the Property damaged or destroyed or subject to condemnation proceedings (in which case there shall be an equitable adjustment to the Purchase Price), or to not terminate this Agreement and purchase the Property (or the portion not damaged or affected by condemnation, as the case may be). City shall have thirty (30) days after Seller notifies City that an event described in this Subsection (c) has occurred to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within such thirty (30)-day period shall be deemed City's election to terminate this Agreement in its entirety. If this Agreement is terminated in its entirety or in part pursuant to this Subsection (c) by City's delivery of notice of termination to Seller, then City and Seller shall each be released from all obligations hereunder pertaining to that portion of the Property affected by such termination. If City elects not to terminate this Agreement, Seller shall have the right to either (i) terminate this Agreement by providing written notice to City (“**Seller's Termination Notice**”), in which event City may proceed with the Closing (nullifying Seller's Termination Notice) and purchase the Property at the Purchase Price less any proceeds of insurance and condemnation awards, or (ii) notify City of Seller's intention to repair such damage or destruction, in which case this Agreement shall remain in full force and effect. Any repairs elected to be made by Seller pursuant to this Subsection shall be made within one hundred eighty (180) days following such damage or destruction and the Closing shall be extended until the repairs are substantially completed. As used in this Section, the cost to repair or restore shall include the cost of lost rental revenue, including additional rent and base rent.

(d) Notwithstanding the foregoing to the contrary, to the extent that the eminent domain proceedings are initiated by the City, then the risk of loss shall be borne entirely by the City and the transaction contemplated by this Agreement will be consummated without any adjustment to the Purchase Price or assignment of eminent domain proceeds.

9.2 Insurance

Through the Closing Date, Seller will maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of property insurance in the form acquired prior to the Effective Date and in amounts equal to the full replacement value of the Improvements and the Personal Property, insuring against all insurable risks, including, without limitation, fire, vandalism, malicious mischief, lightning, windstorm, water, earthquake, flood, and other perils customarily covered by casualty insurance and the costs of demolition and debris removal. Seller will furnish City with evidence of such insurance upon written request by City.

9.3 Possession

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

10. MAINTENANCE; CONSENT TO NEW CONTRACTS

10.1 Maintenance of the Property by Seller

Between the Effective Date and the Closing, Seller will maintain the Property in good order, condition and repair, reasonable wear and tear excepted, will perform all work required to be done by the landlord under the terms of any Lease, and will make all repairs, maintenance and replacements of the Improvements and any Personal Property and otherwise operate the Property in the same manner as before the making of this Agreement, as if Seller were retaining the Property.

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

After the Effective Date, Seller may not enter into any lease or contract, or any amendment thereof, or permit any tenant of the Property to enter into any sublease, assignment, or agreement pertaining to the Property, or waive any rights of Seller under any Lease or Assumed Contract, without in each instance obtaining City's prior written consent thereto. City agrees that it will not unreasonably withhold or delay any such consent. Seller will terminate prior to the Closing, at no cost or expense to City, any and all agreements, including any management agreements affecting the Property that City does not agree in writing prior to the Closing to assume.

11. GENERAL PROVISIONS

11.1 Notices

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

City:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: **42 Otis Street**
andrico.penick@sfgov.org

with copy to:

Jessie Alfaro-Cassella
Deputy City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Re: **42 Otis Street**
Email Address: jessie.cassella@sfcityatty.org

Seller:

Costanoan LLC
2040 Webster Street
San Francisco, CA 94115
Attn: Yola Ozturk
Email: yola@marchcapitalfund.com

with a copy to:

Jackson Tidus
2030 Main Street, 12th Floor
Irvine, CA 92614
Attn: Sonia Lister
Email: slister@jacksontidus.law

or to such other address as either party may from time to time specify in writing to the other upon five (5) days prior written notice in the manner provided above. For convenience of the parties, copies of notices may also be given by email to the email address listed above, or such other address as may be provided from time to time. However, neither party may give official or binding notice by email. The effective time of a notice will not be affected by the receipt, before receipt of the original, of an email copy of the notice.

11.2 Brokers and Finders

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

11.3 Successors and Assigns

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

11.4 Amendments

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

11.5 Continuation and Survival of Representations and Warranties

All representations and warranties by the respective parties in this Agreement or made in writing under this Agreement are intended to be, and must remain, true and correct as of the Closing, will be deemed to be material, and, together with all conditions, covenants, and indemnities made by the respective parties under this Agreement or made in writing in accordance with this Agreement (except as otherwise expressly limited or expanded by the terms

of this Agreement), will survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in conjunction with the transaction contemplated by this Agreement will constitute representations and warranties hereunder.

11.6 Governing Law

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

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.

11.7 Merger of Prior Agreements

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

11.8 Parties and Their Agents; Approvals

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

11.9 Interpretation of Agreement

The article, section, and other headings of this Agreement and the table of contents are for convenience of reference only and will not affect the meaning or interpretation of any provision of this Agreement. Whenever the context requires, the use of the singular will be deemed to include the plural and vice versa, and each gender reference will be deemed to include any gender. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation

of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement will be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

11.10 Reserved.

11.11 Seller Tax Obligations

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

11.12 Sunshine Ordinance

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

11.13 Conflicts of Interest

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

11.14 Notification of Prohibition on Contributions

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

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

11.15 Non-Liability of City Officials, Employees and Agents

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

11.16 Intentionally Omitted.

11.17 Counterparts

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

11.18 Effective Date

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

11.19 Severability

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

11.20 Agreement Not to Market Prior to Effective Date

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

11.21 Cooperative Drafting.

This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel.

No party will be considered the drafter of this Agreement, and no presumption or rule that an ambiguity will be construed against the party drafting the clause will apply to the interpretation or enforcement of this Agreement.

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

[SIGNATURES ON FOLLOWING PAGES]

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

SELLER:

Costanoan LLC,
a Delaware limited liability company

DocuSigned by:
By: Yola Ozturk
9C6P8497808E4CF
Yola Ozturk, Manager

Date: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

Date: _____

APPROVED AS TO FORM:

DAVID CHIU,
City Attorney

By: _____
Jessie Alfaro-Cassella
Deputy City Attorney

EXHIBIT A

REAL PROPERTY DESCRIPTION

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

Parcel A:

Parcel One:

Unit 102 (the "Unit") as shown and described in the Commercial Condominium Plan for 42 Otis Street, recorded on August 10, 2021 as [Document No. 2021129760](#), in the City and County of San Francisco, State of California (together with any amendments thereto, collectively, the "Plan"), comprising a portion of Lot 1 on "Final Map No. 10166", filed May 3, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#), inclusive, in the Office of the San Francisco County Recorder, State of California (the "Map").

Reserving therefrom, for the benefit of Granter and its successors in interest and assignees, together with the right to grant and transfer all or a portion of the same, nonexclusive easements for access, ingress, egress, encroachment, enforcement, support, completion, maintenance, drainage, use, enjoyment, repairs, public service use, and for the installation, maintenance and repair of utilities and similar facilities (including, but not limited to, electrical, telephone, gas, water and sewer lines, utility meters, storm drains, street lights, mail boxes, fire hydrants, monuments and signs), and for other purposes, all as may be shown on the plan and the map, and as described in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for 42 Otis Street Commercial Condominiums, recorded on August 10, 2021, as [Document No. 2021129756](#) (together with any amendments thereto, collectively, the "Declaration"), in Official Records. Capitalized terms used in this legal description shall have the meanings given them in the declaration, unless otherwise defined herein.

Also reserving therefrom, for the benefit of Grantor, its successors in interest, and assigns, the right to enter the Unit (i) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Commercial Project, (ii) for repair of Improvements, (iii) to accommodate grading or construction activities, (iv) to comply with requirements of applicable governmental agencies, and (v) as may be reasonably necessary to complete improvements on the unit (including relocation as necessary) as determined by grantor in its sole discretion. Granter shall provide reasonable notice to grantee before such entry, except for emergency situations which shall not require prior notice but shall require notice to grantee within Seven (7) days after such entry was made. For purposes hereof, an "emergency" is deemed to exist where there is an imminent threat of injury to persons or damage to property. If grantee does not comply with grantor's rights hereunder, grantor may enforce its rights in a court of law. The prevailing party in such dispute shall be entitled to all damages arising out of such failure to comply, including attorneys' fees and court costs. The term of this reservation of right of entry

shall automatically expire on the date that is Ten (10) years from the last Close of Escrow for the sale of a unit in the Commercial Project.

Further reserving therefrom, for the benefit of 42 Otis Commercial Condominium Association, a California nonprofit mutual benefit corporation, nonexclusive easements for ingress, egress, access, encroachment, support, maintenance, repairs, replacement, restoration, drainage, enforcement and all other purposes as set forth in the declaration.

Parcel Two

An undivided 59.1% fee simple interest as a tenant in common in the Commercial Common area in the Commercial Project appurtenant to the Unit and described in the plan. The Commercial Common Area is located above the real property described in the Plan.

Parcel Three

Nonexclusive easements for access, egress, ingress, use, enjoyment, drainage, encroachment support, maintenance, repairs and for other purposes, all as described and reserved in the Declaration, the Plan and the Map.

APN: 3505-054 (formerly 3505-020)

Parcel B:

Parcel One:

Unit 201 (the "Unit") as shown and described in the Commercial Condominium Plan for 42 Otis Street, recorded on August 10, 2021 as [Document No. 2021129760](#), in the City and County of San Francisco, State of California (together with any amendments thereto, collectively, the "Plan"), comprising a portion of Lot 1 on "Final Map No. 10166", filed May 3, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#), inclusive, in the Office of the San Francisco County Recorder, State of California (the "Map").

Reserving therefrom, for the benefit of Granter and its successors in interest and assignees, together with the right to grant and transfer all or a portion of the same, nonexclusive easements for access, ingress, egress, encroachment, enforcement, support, completion, maintenance, drainage, use, enjoyment, repairs, public service use, and for the installation, maintenance and repair of utilities and similar facilities (including, but not limited to, electrical, telephone, gas, water and sewer lines, utility meters, storm drains, street lights, mail boxes, fire hydrants, monuments and signs), and for other purposes, all as may be shown on the Plan and the Map, and as described in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for 42 Otis Street Commercial Condominiums, recorded on August 10, 2021, as [Document No. 2021129756](#) (together with any amendments thereto, collectively, the "Declaration"), in Official Records. Capitalized terms used in this legal description shall have the meanings given them in the Declaration, unless otherwise defined herein.

Also reserving therefrom, for the benefit of Grantor, its successors in interest, and assigns, the right to enter the Unit (i) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Commercial Project, (ii) for repair of Improvements, (iii) to accommodate grading or construction activities, (iv) to comply with requirements of applicable governmental agencies, and (v) as may be reasonably necessary to complete Improvements on the Unit (including relocation as necessary) as determined by Grantor in its sole discretion. Grantor shall provide reasonable notice to Grantee before such entry, except for emergency situations which shall not require prior notice but shall require notice to Grantee within seven (7) days after such entry was made. For purposes hereof, an "emergency" is deemed to exist where there is an imminent threat of injury to persons or damage to property. If Grantee does not comply with Grantor's rights hereunder, Grantor may enforce its rights in a court of law. The prevailing party in such dispute shall be entitled to all damages arising out of such failure to comply, including attorneys' fees and court costs. The term of this reservation of right of entry shall automatically expire on the date that is ten (10) years from the last Close of Escrow for the sale of a Unit in the Commercial Project.

Further reserving therefrom, for the benefit of 42 Otis Commercial Condominium Association, a California nonprofit mutual benefit corporation, nonexclusive easements for ingress, egress, access, encroachment, support, maintenance, repairs, replacement, restoration, drainage, enforcement and all other purposes as set forth in the Declaration.

Parcel Two

An undivided 9.7% fee simple interest as a tenant in common in the Commercial Common Area in the Commercial Project appurtenant to the Unit and described in the Plan. The Commercial Common Area is located above the real property described in the Plan.

Parcel Three

Nonexclusive easements for access, egress, ingress, use, enjoyment, drainage, encroachment support, maintenance, repairs and for other purposes, all as described and reserved in the Declaration, the Plan and the Map.

APN: 3505-055 (formerly 3505-020)

Parcel C:

Parcel One:

Unit 202 (the "Unit") as shown and described in the Commercial Condominium Plan for 42 Otis Street, recorded on August 10, 2021 as [Document No. 2021129760](#), in the City and County of San Francisco, State of California (together with any amendments thereto, collectively, the "Plan"), comprising a portion of Lot 1 on "Final Map No. 10166", filed May 3, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#), inclusive, in the Office of the San Francisco County Recorder, State of California (the "Map").

Reserving therefrom, for the benefit of Grantor and its successors in interest and assignees, together with the right to grant and transfer all or a portion of the same, nonexclusive easements for access, ingress, egress, encroachment, enforcement, support, completion, maintenance, drainage, use, enjoyment, repairs, public service use, and for the installation, maintenance and repair of utilities and similar facilities (including, but not limited to, electrical, telephone, gas, water and sewer lines, utility meters, storm drains, street lights, mail boxes, fire hydrants, monuments and signs), and for other purposes, all as may be shown on the Plan and the Map, and as described in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for 42 Otis Street Commercial Condominiums, recorded on August 10, 2021, as [Document No. 2021129756](#) (together with any amendments thereto, collectively, the "Declaration"), in Official Records. Capitalized terms used in this legal description shall have the meanings given them in the Declaration, unless otherwise defined herein.

Also reserving therefrom, for the benefit of Grantor, its successors in interest, and assigns, the right to enter the Unit (i) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Commercial Project, (ii) for repair of Improvements, (iii) to accommodate grading or construction activities, (iv) to comply with requirements of applicable governmental agencies, and (v) as may be reasonably necessary to complete Improvements on the Unit (including relocation as necessary) as determined by Grantor in its sole discretion. Grantor shall provide reasonable notice to Grantee before such entry, except for emergency situations which shall not require prior notice but shall require notice to Grantee within seven (7) days after such entry was made. For purposes hereof, an "emergency" is deemed to exist where there is an imminent threat of injury to persons or damage to property. If Grantee does not comply with Grantor's rights hereunder, Grantor may enforce its rights in a court of law. The prevailing party in such dispute shall be entitled to all damages arising out of such failure to comply, including attorneys' fees and court costs. The term of this reservation of right of entry shall automatically expire on the date that is ten (10) years from the last Close of Escrow for the sale of a Unit in the Commercial Project.

Further reserving therefrom, for the benefit of 42 Otis Commercial Condominium Association, a California nonprofit mutual benefit corporation, nonexclusive easements for ingress, egress, access, encroachment, support, maintenance, repairs, replacement, restoration, drainage, enforcement and all other purposes as set forth in the Declaration.

Parcel Two

An undivided 10.7% fee simple interest as a tenant in common in the Commercial Common Area in the Commercial Project appurtenant to the Unit and described in the Plan. The Commercial Common Area is located above the real property described in the Plan.

Parcel Three

Nonexclusive easements for access, egress, ingress, use, enjoyment, drainage, encroachment support, maintenance, repairs and for other purposes, all as described and reserved in the Declaration, the Plan and the Map.

APN: 3505-056 (formerly 3505-020)

Parcel D:

Parcel One:

Unit 203 (the "Unit") as shown and described in the Commercial Condominium Plan for 42 Otis Street, recorded on August 10, 2021 as [Document No. 2021129760](#), in the City and County of San Francisco, State of California (together with any amendments thereto, collectively, the "Plan"), comprising a portion of Lot 1 on "Final Map No. 10166", filed May 3, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#), inclusive, in the Office of the San Francisco County Recorder, State of California (the "Map").

Reserving therefrom, for the benefit of Grantor and its successors in interest and assignees, together with the right to grant and transfer all or a portion of the same, nonexclusive easements for access, ingress, egress, encroachment, enforcement, support, completion, maintenance, drainage, use, enjoyment, repairs, public service use, and for the installation, maintenance and repair of utilities and similar facilities (including, but not limited to, electrical, telephone, gas, water and sewer lines, utility meters, storm drains, street lights, mail boxes, fire hydrants, monuments and signs), and for other purposes, all as may be shown on the Plan and the Map, and as described in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for 42 Otis Street Commercial Condominiums, recorded on August 10, 2021, as [Document No. 2021129756](#) (together with any amendments thereto, collectively, the "Declaration"), in Official Records. Capitalized terms used in this legal description shall have the meanings given them in the Declaration, unless otherwise defined herein.

Also reserving therefrom, for the benefit of Grantor, its successors in interest, and assigns, the right to enter the Unit (i) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Commercial Project, (ii) for repair of Improvements, (iii) to accommodate grading or construction activities, (iv) to comply with requirements of applicable governmental agencies, and (v) as may be reasonably necessary to complete Improvements on the Unit (including relocation as necessary) as determined by Grantor in its sole discretion. Grantor shall provide reasonable notice to Grantee before such entry, except for emergency situations which shall not require prior notice but shall require notice to Grantee within seven (7) days after such entry was made. For purposes hereof, an "emergency" is deemed to exist where there is an imminent threat of injury to persons or damage to property. If Grantee does not comply with Grantor's rights hereunder, Grantor may enforce its rights in a court of law. The prevailing party in such dispute shall be entitled to all damages arising out of such failure to comply, including attorneys' fees and court costs. The term of this reservation of right of entry shall automatically expire on the date that is ten (10) years from the last Close of Escrow for the sale of a Unit in the Commercial Project.

Further reserving therefrom, for the benefit of 42 Otis Commercial Condominium Association, a California nonprofit mutual benefit corporation, nonexclusive easements for ingress, egress,

access, encroachment, support, maintenance, repairs, replacement, restoration, drainage, enforcement and all other purposes as set forth in the Declaration.

Parcel Two

An undivided 10.2% fee simple interest as a tenant in common in the Commercial Common Area in the Commercial Project appurtenant to the Unit and described in the Plan. The Commercial Common Area is located above the real property described in the Plan.

Parcel Three

Nonexclusive easements for access, egress, ingress, use, enjoyment, drainage, encroachment support, maintenance, repairs and for other purposes, all as described and reserved in the Declaration, the Plan and the Map. APN: 3505-057 (formerly 3505-020)

Parcel E:

Parcel One:

Condominium Unit 205, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No.](#)

[2021129759](#), Official Records (referred to herein as "The Plan") and being a subdivision of Lot 1 as shown on that certain

Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Reserving therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, reserving therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as designated on the plan and reserved by grantor to units for use as designated in the declaration; and

(b) Nonexclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

The exclusive easement to use the roof equipment area(s) designated E-205 on the plan.

(a) The exclusive easement to use the patio area(s) designated P-205 on the plan.

Parcel Four:

A nonexclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California civil code section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-059 (formerly 3505-020)

Parcel F:

Parcel One:

Condominium Unit 206, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Reserving therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, reserving therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as designated on the plan and reserved by grantor to units for use as designated in the declaration; and
- (b) Nonexclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-206 on the plan.
- (b) The exclusive easement to use the patio area(s) designated P-206 on the plan.

Parcel Four:

A nonexclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California civil code section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-060 (formerly 3505-020)

Parcel G:

Parcel One:

Condominium Unit 207, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a subdivision of Lot 1 as shown on that certain

Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Reserving therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.

(b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, reserving therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as designated on the plan and reserved by grantor to units for use as designated in the declaration; and
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-207 on the plan.
- (b) The exclusive easement to use the patio area(s) designated P-207 on the plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California civil code section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration.

APN: 3505-061 (formerly 3505-020)

Parcel H:

Parcel One:

Condominium Unit 301, Lot 62, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street residential condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, reserving therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as designated on the plan and reserved by grantor to units for use as designated in the declaration; and
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three: The exclusive easement to use the roof equipment area(s) designated E-301 on the plan.

- (a) The exclusive easement to use the patio area(s) designated P-207 on the plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California civil code section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-062 (formerly 3505-020)

Parcel I:

Parcel One:

Condominium Unit 302, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in

the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street residential condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-302 on the plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California civil code section 4505 (A).

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-063 (formerly 3505-020)

Parcel J:

Parcel One:

Condominium Unit 303, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No.](#)

[2021129759](#), Official Records (referred to herein as "The Plan") and being a subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street residential condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) Designated E-303 on the plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California civil code section 4505 (A).

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration.

APN: 3505-064 (formerly 3505-020)

Parcel K:

Parcel One:

Condominium Unit 304, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#),

Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain

Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said Unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the Plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to Units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-304 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-065 (formerly 3505-020)

Parcel L:

Parcel One:

Condominium Unit 305, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#),

Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain

Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-305 on the plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration.

APN: 3505-066 (formerly 3505-020)

Parcel M:

Parcel One:

Condominium Unit 306, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

(a) The exclusive easement to use the roof equipment area(s) designated E-306 on the plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration.

APN: 3505-067 (formerly 3505-020)

Parcel N:

Parcel One:

Condominium Unit 307, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.

(b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

(a) The exclusive easement to use the roof equipment area(s) designated E-307 on the plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-068 (formerly 3505-020)

Parcel O:

Parcel One:

Condominium Unit 401, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-401 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-069 (formerly 3505-020)

Parcel P:

Parcel One:

Condominium Unit 402, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-402 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-070 (formerly 3505-020)

Parcel Q:

Parcel One:

Condominium Unit 403, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.

(b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

(a) The exclusive easement to use the roof equipment area(s) designated E-403 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration.

APN: 3505-071 (formerly 3505-020)

Parcel R:

Parcel One:

Condominium Unit 404, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain

Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-404 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-072 (formerly 3505-020)

Parcel S:

Parcel One:

Condominium Unit 405, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of

Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-405 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-073 (formerly 3505-020)

Parcel T:

Parcel One:

Condominium Unit 406, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain

Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-406 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration.

APN: 3505-074 (formerly 3505-020)

Parcel U:

Parcel One:

Condominium Unit 407, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-407 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-075 (formerly 3505-020)

Parcel V:

Parcel One:

Condominium Unit 501, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-501 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-076 (formerly 3505-020)

Parcel W:

Parcel One:

Condominium Unit 502, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#),

Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain

Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-502 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-077 (formerly 3505-020)

Parcel X:

Parcel One:

Condominium Unit 503, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

(a) The exclusive easement to use the roof equipment area(s) designated E-503 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-078 (formerly 3505-020)

Parcel Y:

Parcel One:

Condominium Unit 504, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.

(b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

(a) The exclusive easement to use the roof equipment area(s) designated E-504 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions

of the declaration. APN: 3505-079 (formerly 3505-020)

Parcel Z:

Parcel One:

Condominium Unit 505, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No.](#)

[2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain

Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

(a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.

(b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-505 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration. APN: 3505-080 (formerly 3505-020)

Parcel AA:

Parcel One:

Condominium Unit 506, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No. 2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.
- (b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

- (a) The exclusive easement to use the roof equipment area(s) designated E-506 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A),

Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration.

APN: 3505-081 (formerly 3505-020)

Parcel AB: Parcel

One:

Condominium Unit 507, as shown upon the Condominium Plan recorded on August 10, 2021, as [Document No.](#)

[2021129759](#), Official Records (referred to herein as "The Plan") and being a Subdivision of Lot 1 as shown on that certain

Map entitled Final Map No.10166, recorded May 03, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#) inclusive, (referred to herein as "The Map"), and as further described and defined in the declaration of covenants, conditions and restrictions and reservation of easements for 42 Otis Street Residential Condominiums recorded August 10, 2021, as [Document No. 2021129757](#) of Official Records, City and County of San Francisco, State of California, (referred to herein as "the Declaration").

Excepting therefrom, any portion of the common area lying within said unit.

Also excepting therefrom:

- (a) Easements through said unit, appurtenant to the common area and all other units, for support and repair of the common area and all other units.

(b) Easements, appurtenant to the common area for encroachment upon the air space of the unit by those portions of the common area located within the unit.

Parcel Two:

An undivided 1/24 interest in and to the common area as shown and defined on the plan, excepting therefrom the following:

- (a) Exclusive easements, other than Parcel Three, as shown and reserved for use to units in the plan.
- (b) Non-exclusive easements appurtenant to all units for ingress and egress, support, repair and maintenance.

Parcel Three:

(a) The exclusive easement to use the roof equipment area(s) designated E-505 on the Plan.

Parcel Four:

A non-exclusive easement appurtenant to Parcel One above for support, repair and maintenance, and for ingress and egress through the common area in accordance with California Civil Code Section 4505 (A), Parcel Five:

Encroachment easements appurtenant to the unit in accordance with the provisions of the declaration.

APN: 3505-082 (formerly 3505-020)

Parcel AC:

Parcel One:

Unit 204 (the "Unit") as shown and described in the Commercial Condominium Plan for 42 Otis Street, recorded on August 10, 2021 as [Document No. 2021129760](#), in the City and County of San Francisco, State of California (together with any amendments thereto, collectively, the "Plan"), comprising a portion of Lot 1 on "Final Map No. 10166", filed May 3, 2021, in [Book 1 of Final Maps, at Pages 192 to 195](#), inclusive, in the Office of the San Francisco County Recorder, State of California (the "Map").

Reserving therefrom, for the benefit of Granter and its successors in interest and assignees, together with the right to grant and transfer all or a portion of the same, nonexclusive easements for access, ingress, egress, encroachment, enforcement, support, completion, maintenance, drainage, use, enjoyment, repairs, public service use, and for the installation, maintenance and repair of utilities and similar facilities (including, but not limited to, electrical, telephone, gas, water and sewer lines, utility meters, storm drains, street lights, mail boxes, fire hydrants, monuments and signs), and for other purposes, all as may be shown on the plan and the map, and

as described in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for 42 Otis Street Commercial Condominiums, recorded on August 10, 2021, as [Document No. 2021129756](#) (together with any amendments thereto, collectively, the "Declaration"), in Official Records. Capitalized terms used in this legal description shall have the meanings given them in the declaration, unless otherwise defined herein.

Also reserving therefrom, for the benefit of Grantor, its successors in interest, and assigns, the right to enter the Unit (i) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Commercial Project, (ii) for repair of Improvements, (iii) to accommodate grading or construction activities, (iv) to comply with requirements of applicable governmental agencies, and (v) as may be reasonably necessary to complete improvements on the unit (including relocation as necessary) as determined by grantor in its sole discretion. Grantor shall provide reasonable notice to grantee before such entry, except for emergency situations which shall not require prior notice but shall require notice to grantee within Seven (7) days after such entry was made. For purposes hereof, an "emergency" is deemed to exist where there is an imminent threat of injury to persons or damage to property. If grantee does not comply with grantor's rights hereunder, grantor may enforce its rights in a court of law. The prevailing party in such dispute shall be entitled to all damages arising out of such failure to comply, including attorneys' fees and court costs. The term of this reservation of right of entry shall automatically expire on the date that is Ten (10) years from the last Close of Escrow for the sale of a unit in the Commercial Project.

Further reserving therefrom, for the benefit of 42 Otis Commercial Condominium Association, a California nonprofit mutual benefit corporation, nonexclusive easements for ingress, egress, access, encroachment, support, maintenance, repairs, replacement, restoration, drainage, enforcement and all other purposes as set forth in the declaration.

Parcel Two

An undivided 10.3% fee simple interest as a tenant in common in the Commercial Common area in the Commercial Project appurtenant to the Unit and described in the plan. The Commercial Common Area is located above the real property described in the Plan.

Parcel Three

Nonexclusive easements for access, egress, ingress, use, enjoyment, drainage, encroachment support, maintenance, repairs and for other purposes, all as described and reserved in the Declaration, the Plan and the Map. APN: 3505-058 (formerly 3505-020)

APN: [Block 3505 Lot 020](#)

EXHIBIT B**DESCRIPTION OF ACCEPTED PERSONAL PROPERTY**

Unit #	Description
303	Forest green Rocking chair
303	Handmade Tufted Wool Rug
303	LED Task Floor Lamp
303	Glostad Sofa
303	Tension Curtain Rod x10
303	Night Stand x3
303	Key Lock Box
303	Small Round Dining Room Table
303	Side Chair
303	Silverware Set
303	Kitchen Utensils
303	Cutting Board
303	Microfiber towels
303	Non-stick cookware set
303	Cookware set
303	Bowls with Pour Spout
303	Dinnerware set
303	Knife Set
303	Coffee Maker
303	Area Rugs
303	Blue fabric Sofa
206	Bed Mattress
206	TV
206	Upholstered Bed frame
206	Outdoor Chair
206	Sofa
206	Night stand
402	Coffee Table
402	TV
402	Bed Mattress
402	Upholstered Bed frame
402	Night stand
402	Coffee Maker
402	amazon TV mount
402	soft linen 6 piece towl set
402	Knife set

402	utensil set
402	Cutting Board
402	Stainless Steel Silverware
402	Dinnerware Set
402	Cookware set
501	Wall art set x2
501	Artificial Leaf for decoration x6
501	Queen Pillow x6
501	Mattress Protector
501	Coffee Table
501	Pillow, High x6
501	Duvet Cover Pillow case x3
501	Bed Frame x3
501	night stand x3
501	Spring Mattress x3
501	Comforter x3
501	vase x3
501	Sheet Set x3
501	LED floor Lamp x3
507	Bed Mattress
507	Upholstered Bed frame
507	Night Stand
507	plastic cutting board
507	Cooking utensil set
507	Amazon Universal tv Mount
507	12 piece metalic knife set
507	Trash can
507	Silverware Set
507	6 piece towel set
507	Microfiber dish towel
507	Acrylic Drinking glass
507	Coffe Maker
507	Dinnerware set
507	Cookware set
507	Trash Waste Basket
Other	Glostad sofa
Other	Vikhammer Night stand x3
Other	Side Chair
Other	Area rug x2

Other	Fabric Sofa x2
Other	Ikea cups and Bedding for Furnished Units
Other	TVs x3
Other	Fabric Sofa x2
Other	Artificial Leaf for decoration x6
Other	Duvet Cover Pillow case x3
Other	Couch
Other	Curtains and office Chair
Other	Blue Fabric Couch
Other	Tv Mount
Other	Amazon Fire TV x2
Other	Furniture for Otis Rentals
Other	Amazon Fire TV x2
Other	2 seat Modular Sofa x2
Other	arm chair outdoor x2
Other	Back Cushion Outdoor x2
Other	Metal outdoor Round Table
Other	West Elm Roof Furniture
Other	Wayfair Upholstered Bench
Other	Wayfair Alwyn Home Cornwall 12" Mattress
Other	Bluedot Jibe Outdoor Right Sectional Sofa
Other	Bluedot Toohey Breezy Blue Dining Chair
Other	Target tension rod, shower rod, & quilted Sheet Set
Other	Crate and Barrell Granada Garden Stool
Other	Dorado Teal Lounge Chair
Other	Target Ottoman, accent table, accessories
Other	Designio ContentoCB2 Mirror for Mockup unit
Other	Designio Contento IKEA shelf for Otis
Other	Ikea swivel chair x 3
Other	Ikea Esgerth cushion cover x3
Other	Ikea Fjader x9
Other	Ikea Fjader x9
Other	Ikea Mattress protector

EXHIBIT C

GRANT DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

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

The undersigned hereby declares this instrument to be
exempt from Recording Fees (CA Govt. Code § 27383)
and Documentary Transfer Tax (CA Rev. & Tax Code
§ 11922 and S.F. Bus. & Tax Reg. Code § 1105)

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

GRANT DEED

(Assessor's Parcel No. _____)

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

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

[SIGNATURES ON FOLLOWING PAGE]

Executed as of this _____ day of _____, 2023.

_____, a _____

_____, By: _____
NAME

Its: _____

_____, By: _____
NAME

Its: _____

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

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property located at _____ conveyed by the foregoing Grant Deed dated _____ to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Board of Supervisors' Resolution No. 18110 Series of 1939, approved August 7, 1957, and Resolution No. _____, approved _____, 20____, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____

Andrico Q. Penick
Director of Property

EXHIBIT A

REAL PROPERTY DESCRIPTION

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

[LEGAL DESCRIPTION TO COME FROM PRELIMINARY REPORT]

EXHIBIT D

BILL OF SALE

For good and valuable consideration the receipt of which is acknowledged, COSTANOAN LLC, a Delaware limited liability company (“**Seller**”), does hereby sell, transfer and convey to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**Buyer**”), all personal property (“**Personal Property**”) owned by Seller and located on or in or used in connection with the Land and Improvements (as such terms are defined in that certain Agreement of Purchase and Sale of Real Estate dated as of _____, 2023, between Seller and Buyer (or Buyer's predecessor in interest), in its as-is condition, as described in the attached Schedule 1.

Seller hereby represents to Buyer that Seller is the lawful owner of such Personal Property, that such Personal Property is free and clear of all encumbrances, and that Seller has good right to sell such Personal Property and will warrant and defend the title thereto unto Buyer, its successors and assigns, against the claims and demands of all persons whomsoever. DATED _____, 2023.

SELLER:

COSTANOAN LLC, a Delaware limited liability company

By: _____
[NAME]

Its: _____

EXHIBIT E

**ASSIGNMENT OF CONTRACTS,
WARRANTIES AND GUARANTIES,
AND OTHER INTANGIBLE PROPERTY**

THIS ASSIGNMENT is made and entered into as of _____, 2023, by and between COSTANOAN LLC, a Delaware limited liability company (“**Assignor**”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**Assignee**”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is acknowledged, effective as of the Closing Date (as defined in the Purchase Agreement), Assignor assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under to the extent assignable:

A. the contracts listed in the attached Schedule 1 (the “**Contracts**”)

B. all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other improvement situated on, or comprising a part of any building or other improvement situated on, any part of that certain real property described in the attached Exhibit A including, without limitation, those warranties and guaranties listed in the attached Schedule 2 (collectively, “**Warranties**”);

C. any other Intangible Property (as defined in that certain Agreement of Purchase and Sale of Real Estate dated as of _____, 20____, between Assignor and Assignee (or Assignee's predecessor in interest) (the “**Purchase Agreement**”).

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor will indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Closing Date and arising out of the Assignor's obligations under the Contracts.

2. Except as otherwise set forth in the Purchase Agreement, effective as of the Closing Date, Assignee hereby assumes all of the owner's obligations under the Contracts and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating on or subsequent to the Closing Date and arising out of the Assignor's obligations under the Contracts.

3. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, reasonable attorneys' fees.

4. This Assignment will be binding on and inure to the benefit of the parties to this Assignment, their heirs, executors, administrators, successors in interest and assigns.

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

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

[SIGNATURES ON FOLLOWING PAGE]

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

ASSIGNOR:

COSTANOAN LLC, a Delaware limited liability company

By: _____
[NAME]

Its: _____

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Jessie Alfaro-Cassella
Deputy City Attorney

EXHIBIT A

REAL PROPERTY DESCRIPTION

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

[LEGAL DESCRIPTION TO COME FROM PRELIMINARY REPORT]

SCHEDULE 1
CONTRACTS

SCHEDULE 2

WARRANTIES

EXHIBIT F

ASSIGNMENT OF LEASES

THIS ASSIGNMENT is made and entered into as of _____, 20____, by and between COSTANOAN LLC, a Delaware limited liability company (“**Assignor**”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**Assignee**”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Closing Date (as defined in the Agreement for the Purchase and Sale of Real Property between Assignor, as Seller, and Assignee, as City, dated as of _____, 2023 (the “**Purchase Agreement**”)), Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under certain leases executed with respect to that certain real property commonly known as 42 Otis Street, San Francisco, and more fully described in Exhibit A to the Purchase Agreement (the “**Property**”) as more fully described in Schedule 1 attached hereto (collectively, the “**Leases**”). Initially capitalized terms used but not defined in this Assignment have the meanings given to them in the Purchase Agreement.

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor represents and warrants that, as of the Closing Date, the attached Schedule 1 includes all of the Leases and occupancy agreements affecting any of the Property. As of the Closing Date, there are no assignments of or agreements to assign the Leases to any other party.
2. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Closing Date and arising out of the landlord's obligations under the Leases.
3. Except as otherwise set forth in the Purchase Agreement, effective as of the Closing Date, Assignee hereby assumes all of the landlord's obligations under the Leases and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating on or subsequent to the Closing Date and arising out of the landlord's obligations under the Leases.
4. Any rental and other payments under the Leases will be prorated between the parties as provided in the Purchase Agreement.
5. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, reasonable attorneys' fees.
6. This Assignment will be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
7. This Assignment is governed by and will be construed in accordance with the laws of the State of California.

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

[SIGNATURES ON FOLLOWING PAGE]

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

COSTANOAN LLC,
a Delaware limited liability company

By: _____
[NAME]

Its: _____

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Jessie Alfaro-Cassella
Deputy City Attorney

SCHEDULE 1
LEASES

EXHIBIT G

COMMERCIAL TENANT'S ESTOPPEL CERTIFICATE

DATE: _____

TENANT: _____

PREMISES: _____

LEASE DATE: _____

COMMENCEMENT DATE: _____

EXPIRATION DATE: _____

TERM IN MONTHS: _____

DATE RENT AND OPERATING EXPENSE
PARKING: _____

PAYMENTS ARE DUE: _____

OPTIONS: Check if you have any of these
options or rights, and provide details in
Sections 5 or 9 below.

_____ Extension Option
_____ Termination Option
_____ Expansion Option
_____ Purchase Option

CURRENT MONTHLY PAYMENTS: _____

BASE RENTAL: _____

TAXES: _____

OP. EXP. CAP: _____

_____ Check here if you have rental escalations and provide details in Section 6 below:

SECURITY DEPOSIT: _____

THE UNDERSIGNED, AS TENANT OF THE ABOVE REFERENCED PREMISES
("PREMISES") UNDER THE LEASE DATED AS OF THE ABOVE-REFERENCED LEASE
DATE, BETWEEN _____
("LANDLORD") AND TENANT, HEREBY CERTIFIES, REPRESENTS AND WARRANTS

TO THE CITY AND COUNTY OF SAN FRANCISCO (“CITY”), AND ITS ASSIGNEES, AS FOLLOWS:

1. Accuracy. All of the information specified above and elsewhere in this Certificate is accurate as of the date hereof.

2. Lease. The copy of the Lease attached hereto as Exhibit A is a true and correct copy of the Lease. The Lease is valid and in full force and effect. The Lease contains all of the understandings and agreements between Landlord and Tenant and has not been amended, supplemented or changed by letter agreement or otherwise, except as follows (if none, indicate so by writing “NONE” below):

3. Premises. The Premises consist of _____, and Tenant does not have any options to expand the Premises except as follows (if none, indicate so by writing “NONE” below): _____

4. Acceptance of Premises. Tenant has accepted possession of the Premises and is currently occupying the Premises. There are no unreimbursed expenses due Tenant including, but not limited to, capital expense reimbursements.

5. Lease Term. The term of the Lease commenced and will expire on the dates specified above, subject to the following options to renew or rights to terminate the Lease (if none, indicate so by writing “NONE” below): _____

6. Rental Escalations. The current monthly base rental specified above is subject to the following escalation adjustments (if none, indicate so by writing “NONE” below): _____

7. No Defaults/Claims. Neither Tenant nor Landlord under the Lease is in default under any terms of the Lease nor has any event occurred which with the passage of time (after notice, if any, required under the Lease) would become an event of default under the Lease. Tenant has no claims, counterclaims, defenses or setoffs against Landlord arising from the Lease, nor is Tenant entitled to any concession, rebate, allowance or free rent for any period after this certification. Tenant has no complaints or disputes with Landlord regarding the overall operation and maintenance of the property within which the Premises are located (the “Property”), or otherwise.

8. No Advance Payments. No rent has been paid in advance by Tenant except for the current month's rent.

9. No Purchase Rights. Tenant has no option to purchase, or right of first refusal to purchase, the Premises, the Property or any interest therein (if none, indicate so by writing “NONE” below): _____

10. Notification by Tenant. From the date of this Certificate and continuing until, Tenant agrees to notify City immediately of the occurrence of any event or the discovery of any fact that would make any representation contained in this Certificate inaccurate as of the date hereof or as of any future date.

11. No Sublease/Assignment. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises.

12. No Notice. Tenant has not received notice of any assignment, hypothecation, mortgage, or pledge of Landlord's interest in the Lease or the rents or other payments payable

thereunder, except those listed below (if none, indicate so by writing "NONE" below):

13. Hazardous Materials. Tenant has not used, treated, stored, disposed of or released any Hazardous Materials on or about the Premises or the Property. Tenant does not have any permits, registrations or identification numbers issued by the United States Environmental Protection Agency or by any state, county, municipal or administrative agencies with respect to its operation on the Premises, except for any stated below, and except as stated below no such governmental permits, registrations or identification numbers are required with respect to Tenant's operations on the Premises. For the purposes of this Certificate, the term "Hazardous Material" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

14. No Relocation Assistance; Waiver of Claims. Tenant acknowledges that it will not be a displaced person at the time the Lease is terminated or expires by its own terms, and Tenant fully RELEASES AND DISCHARGES forever any and all claims against, and covenants not to sue, City, its departments, commissions, officers, directors, and employees, and all persons acting by, through or under each of them, under any legal requirements, including any and all claims for relocation benefits or assistance from City under federal and state relocation assistance legal requirements (including California Government Code Section 7260 et seq.).

15. Reliance. Tenant recognizes and acknowledges it is making these representations to City with the intent that City, and any of its assigns, will fully rely on Tenant's representations.

16. Binding. The provisions hereof shall be binding upon and inure to the benefit of the successors, assigns, personal representatives and heirs of Tenant and City.

17. Due Execution and Authorization. The undersigned, and the person(s) executing this Certificate on behalf of the undersigned, represent and warrant that they are duly authorized to execute this Certificate on behalf of Tenant and to bind Tenant hereto.

EXECUTED BY TENANT ON THE DATE FIRST WRITTEN ABOVE.

By:

[NAME]

[TITLE]

By:

[NAME]

[TITLE]

EXHIBIT A
COPY OF LEASE

RESIDENTIAL TENANT’S ESTOPPEL CERTIFICATE

I, _____ (insert name),
am a residential tenant and present occupant of 42 Otis, Unit # _____, San
Francisco, CA (“Premises”) under a lease with Costanoan LLC (“Landlord”) attached hereto as
Exhibit A. I have separately been informed that the City and County of San Francisco (“City”) intends to purchase the Premises and that no households will be required to move permanently from the property as a result of the City’s acquisition of the Premises.

I hereby certify, represent, and warrant to the City and its assignees as follows related to my lease with the Landlord:

Tenant Contact Information:

Phone Number: _____
Email Address: _____

Lease Start Date: _____

Lease Expiration Date: _____

Monthly Rent Amount: _____

Monthly Rent Due Date: _____

Rent Currently Paid Through: _____

Rent Escalations Included in Lease (if applicable):

Security Deposit Amount: _____

Any Concessions Included in Lease (if applicable):

Utilities Included in Rent (if applicable):

Utilities Not Included in Rent (if applicable):

Parking Space(s) Included in Rent (if applicable):

Onsite Laundry Access (if applicable)? _____

Any Pets (if applicable):

Any Reasonable Accommodations Granted by Landlord? (if you need more space, please provide a separate document as an attachment):

Any Current Oral Agreements with Landlord? (if you need more space, please provide a separate document as an attachment):

Any Existing Claims or Disputes with Landlord/Management? (if you need more space, please provide a separate document as an attachment):

1. Accuracy. All of the information specified above and elsewhere in this Estoppel Certificate is accurate as of the date signed.

2. Lease. A copy of my current lease, and any amendments thereto, is attached as Exhibit A and is a true and correct copy of my lease. The lease attached as Exhibit A is valid and in full force and effect under state and local law. The lease attached as Exhibit A contains all of the understandings and agreements between Landlord and myself, and has not been amended, supplemented, or changed by letter, agreement, or otherwise, except as described in Exhibit A. My only interest in the Premises is my lease.

3. Premises. I am currently leasing and occupying the Premises. Any work required to be performed by the Landlord under my lease has been completed in a safe and habitable manner and the result of such work is acceptable. There are no unreimbursed expenses due to me.

4. Rent. I have not paid any rent in advance under my lease except for the monthly rent that became due for the current month, and I have fully paid rent and all other amounts due under my lease through the date specified above.

5. Rent Payments After City Purchase. I will continue to pay my rent and any other payments required under my lease to the current property management agent, or to such other entity or address as the City or its agent directs in writing.

6. Rental Escalations. My lease provides that my current monthly rent rate specified above is subject to the rental escalation adjustments specified above, if any.

7. Security Deposit. Prior to my lease commencement, I paid the amount listed above to the Landlord as a security deposit. I understand that the Landlord will transfer my security deposit to the City upon the City's purchase of the Premises, unless I owe rent or any other payments to the Landlord pursuant to my lease, in which case such owed rent or other payments will be deducted from my security deposit and the balance (if any) of my security deposit will be transferred to the City as of the date of the City's purchase of the Premises.

8. No Defaults/Claims. Neither myself nor the Landlord is in default under any terms of my lease nor has any event occurred where the passage of time (after notice, if any, required under my lease) would become an event of default under my lease. I have no claims, counterclaims, defenses, or setoffs against Landlord arising from my lease, nor am I entitled to any concession, rebate, allowance, or free rent for any period after this certification. I have no complaints or disputes with Landlord regarding the overall operation and maintenance of the property located at 42 Otis Street, San Francisco, CA, except as noted above.

9. Offsets. I claim no offset, counterclaims, or credits against my rent, nor do I possess or assert any claims against the Landlord for any failure of performance of any of the terms of my lease, and the Landlord is not in default under my lease. Landlord has fulfilled all of its duties and obligations under my lease.

10. No Sublease/Assignment. I have not assigned or entered into any subleases of my lease. I have no notice of a prior assignment, hypothecation, or pledge of rents under my lease or of my lease.

11. Hazardous Materials. I have not used, treated, stored, disposed of, or released any hazardous materials on or about the Premises.

12. No Relocation Assistance; Waiver of Claims. I acknowledge that I will not be a displaced person at the time my lease is terminated or expires in accordance with its terms. I covenant not to sue and fully RELEASE AND DISCHARGE forever: any and all claims against the City, its departments, commissions, officers, directors, and employees, and all persons acting under any legal requirements by, through, or under each of them, including any and all claims for relocation benefits or assistance from the City under federal and state relocation assistance legal requirements (including California Government Code Section 7260 *et seq.*).

13. City Purchase. Upon Landlord's notice to me of the City's purchase of the Premises, I will be liable to, and recognize, the City as the landlord under my lease, and will be bound by and perform all of the obligations imposed by my lease on me, and the City will

succeed to all of the rights of the landlord under my lease. However, I acknowledge and agree that the City will not be liable for any act or omission of any person or party who may have been a landlord before the City's acquisition of the Premises, and the City will not be subject to any offset or defenses which I may have against any such prior landlord.

14. Notification by Tenant. I agree to immediately notify City of the occurrence of any event or the discovery of any fact that would make any representation contained in this Estoppel Certificate inaccurate as of the date signed and any future date therefrom.

15. Reliance. I recognize and acknowledge that I am making these representations to the City with the intent that the City, and any of its assigns, will fully rely on my representations.

16. Binding. I recognize and acknowledge that my representations and the provisions of this Estoppel Certificate shall be binding upon and inure to the benefit of the successors, assigns, personal representatives and heirs of myself and the City.

17. Due Execution and Authorization. The undersigned, and the person(s) executing this Estoppel Certificate on behalf of the Tenant, represent and warrant that they are duly authorized to execute this Estoppel Certificate on behalf of Tenant and to bind Tenant hereto.

18. Rental Assistance. If you need assistance with rent payments, there are resources available locally. Please visit the City and County of San Francisco's Mayor's Office of Housing and Community Development's rent relief resources page at: <https://sf.gov/information/rent-relief-resources> where you can find information on rent payment assistance, eviction defense, and housing counseling services.

[signature follows]

Tenant has signed this Estoppel Certificate as of _____, 2023.

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

**EXHIBIT A
COPY OF LEASE**

Attached.

EXHIBIT H

**CERTIFICATE OF TRANSFEROR
OTHER THAN AN INDIVIDUAL
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by _____

_____, a _____
("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. Transferor's U.S. employer identification number is _____; and

3. Transferor's office address is _____

_____.

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated: _____, 20____.

On behalf of:

_____,
[NAME]

a _____

By: _____
[NAME]

Its: _____

EXHIBIT I

Intentionally Omitted.

EXHIBIT J

**PROPERTY EXEMPTION NOTICE
California Revenue and Tax Code Section 5082**

[San Francisco Assessor-Recorder
1 Dr. Carlton B. Goodlett Place
City Hall, Room 190
San Francisco, CA 94102-4698]

Office of the Controller
Budget and Analysis Division – Property Tax Unit
1 Dr. Carlton B. Goodlett Place, Room 306
San Francisco, CA 94102
email: con.badproptax@sfgov.org

[insert date]

Re: City and County of San Francisco Acquisition of Property
Notice of Property Tax Exemption Under CA Revenue and Tax Code § 5082

Dear _____[insert name of County Assessor and County Auditor]:

We write this letter to inform you that the City and County of San Francisco acquired the property described in the attached deed (the “Property”) on _____[Title Company to insert Closing Date] (the “Apportionment Date”).

In accordance with California Revenue and Tax Code §5082, we are notifying you of this acquisition, and request that you cancel property taxes for the remaining portion of the fiscal year following the Apportionment Date.

Please do not hesitate to contact the City’s Director of Property at the following address if you have any questions or need any further information:

Director of Property
City and County of San Francisco
25 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
(p) 415-554-9860

Very truly yours,

Director of Property
City and County of San Francisco

Schedule 8.1(a)

List of Material and Physical Defects

None.

Schedule 8.1(m)

Seller's Environmental Disclosure

1. Phase I - 42 Otis May 2016
2. Limited Site Investigation - June 6, 2016
3. Phase I ESA Report 42 Otis SF CA – May 3, 2016
4. Site Mitigation Plan - May 23, 2019
5. Site Mitigation Plan Approval Letter DPH – July 23, 2019
6. Covenant and Environmental Restriction - Recorded May 5, 2022
7. No Further Action Letter – Department of Public Health - June 17, 2022

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

2020 W. El Camino Avenue, Suite 670
Sacramento, CA 95833
www.hcd.ca.gov



March 29, 2023

MEMORANDUM FOR: All Potential Applicants

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

SUBJECT: **Homekey Program
Notice of Funding Availability, Round 3**

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

The California Department of Housing and Community Development (HCD/Department) is pleased to announce the availability of approximately \$736 million of Homekey Program (Homekey) grant funding through this Round 3 Notice of Funding Availability (NOFA). Building on the success of both [Project Roomkey](#) and the first two rounds of Homekey, this significant investment continues a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or At Risk of Homelessness, and who are, thereby, disproportionately impacted by and at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.

Of the \$736 million in Homekey funding, \$435 million is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF) established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2) and \$301 million is State General Fund. The \$301 million in State General Fund money is intended to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites to promote Project feasibility. **This NOFA will be supplemented by a separate Homekey NOFA for approximately \$75 million for tribes, targeted for release later in 2023.** Projects receiving an award from the state's direct allocation of the federal ARPA must expend the funds within eight months of the date of award, pursuant to NOFA Section 204. The portion of a Project's award associated with State General Fund must be expended by June 30, 2026, pursuant to NOFA Section 204.

Due to the potential for program oversubscription, Eligible Applicants are encouraged to submit their completed application as soon as possible. The Department will be accepting the applications on a continuous, over-the-counter (OTC) basis from the release of the Homekey application on April 24, 2023 through July 28, 2023, or until the available funds are exhausted, whichever occurs first. Applicants must submit a complete application available on the Homekey [website](#).

To receive information on the upcoming Homekey NOFA webinar and other updates, please subscribe to the Department's Homelessness Prevention Programs listserv at <https://www.hcd.ca.gov/contact-us/email-signup>.

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

Homekey Program
Notice of Funding Availability, Round 3



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

Gustavo Velasquez, Director
California Department of Housing and Community Development

2020 West El Camino Avenue, Sacramento, CA 95833

Telephone: (916) 263-2771

Website: <https://www.hcd.ca.gov/grants-and-funding/homekey>

Homekey Program Email: Homekey@hcd.ca.gov

March 29, 2023

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Article I – Program Overview

Section 100. Notice of Funding Availability (NOFA)

The California Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$736 million in Homekey funding to sustain and rapidly expand the inventory of housing for people experiencing homelessness or At Risk of Homelessness and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. Before the COVID-19 pandemic, homelessness data showed Black, Indigenous, and People of Color (BIPOC) were overrepresented in the homelessness system. The pandemic made racial disparities more apparent, and communities are dealing with the additional disproportionate impact of illness and death among people experiencing homelessness. Homekey recognizes these impacts and encourages Eligible Applicants to examine disproportionate impacts in their own communities and to develop strategies to address these impacts.

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

Of the \$736 million in Homekey grant funds, \$435 million is derived from the state's direct allocation of the federal Coronavirus State Fiscal Recovery Fund (CSFRF), which was established by the American Rescue Plan Act of 2021 (ARPA) (Pub.L. No. 117-2). In addition, \$301 million is derived from the state's General Fund to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites.

Section 101. Authorizing Legislation and Applicable Law

Assembly Bill No.140 (2021-2022 Reg. Sess.) provided the statutory basis for Round 3 of the Homekey Program by adding section 50675.1.3 to the Health and Safety Code (HSC), and it exempted certain Round 3 Homekey Projects from the California Environmental Quality Act (CEQA) by adding section 50675.1.4 to the HSC. The statutory scheme includes new construction of dwelling units as an eligible use and establishes an allocation of funds for Projects serving Homeless Youth and Youth at Risk of Homelessness.

HSC section 50675.1.3, subdivision (e) states, “The Department of Housing and Community Development may adopt guidelines for the expenditure of the funds appropriated to the Department, and for the administration of 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.”

This NOFA serves as the Department’s guidelines for the expenditure of Homekey funds and the administration of the Homekey Program. As such, this NOFA establishes the terms, conditions, forms, procedures, and other mechanisms that the Department deems necessary to exercise its powers and to perform its duties pursuant to the Homekey Program. The matters set forth herein are regulatory mandates and are

adopted as regulations that have the dignity of statutes. (*Ramirez v. Yosemite Water Company, Inc.* (1999) 20 Cal. 4th 785, 799 [85 Cal.Rptr.2d 844].)

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

The MHP Final Guidelines (MHP Guidelines), effective March 30, 2022, and as subsequently amended, are hereby incorporated by reference. In the event of a conflict between any of this NOFA and the MHP Guidelines, the provisions of this NOFA are controlling.

The Uniform Multifamily Regulations (UMR) (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.

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

All other criteria and matters set forth within the NOFA shall also govern 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 (Stats.2019, c. 660), which is set forth in HSC section 50406, subdivision (p).

Section 102. Program Timeline

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

Table 1: Anticipated Timeline for Homekey Applications

NOFA release	March 29, 2023
Application release	April 24, 2023
Stakeholder webinar	mid-April, 2023
Final application due date	July 28, 2023, or until funds are exhausted, whichever occurs first
Award announcements	Continuous, with individual awards generally announced within 60 to 90 days of the Department’s receipt of a complete and accurate application and all required supplemental documentation
Standard Agreements issued	Continuous, after award announcement and the Department’s receipt of required information and documentation needed to execute the Standard Agreement
Disbursement of funds	Continuous after Standard Agreement execution, satisfaction of all conditions precedent to disbursement, and completion of a request for funds form.
Grantee Expenditure and Program Report due, annually for five years subsequent to contract execution	Annually by January 31

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

Article II – Program Requirements

Section 200. Eligible Applicants

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

Tribal Entities are encouraged to apply for Homekey via a forthcoming Homekey Tribal Entity NOFA of approximately \$75 million, to be released under separate cover later in 2023, that will be developed exclusively for and in consultation with tribes.

Each of the foregoing 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.

A special purpose entity may only have an ownership interest in a Homekey Project if it applied for that Project's Homekey funding as a Co-Applicant. Section 8313.2 of the UMRs is applicable to special purpose entities that participate in the Homekey program.

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

Section 201. Eligible Uses

Awarded funds must be used to provide housing for the Target Population of individuals and families experiencing Homelessness or who are At Risk of Homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. For Grantees utilizing HOME-ARP funds as match, the Target Population also includes individuals and families who are "Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking" and "Other Populations" as defined in HUD Community Planning and Development (CPD) Notice 21-10. With respect to the list of eligible uses below, an Eligible Applicant may choose to target Project Roomkey properties, or other, non-Project Roomkey properties. The list of eligible uses is as follows:

- i. Acquisition or Rehabilitation, or acquisition and Rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to Permanent Housing or Interim Housing, subject to any limitations set forth in this NOFA, including those provided in Section 301.
- ii. Master leasing of properties for non-congregate housing.
- iii. Conversion of units from nonresidential to residential.
- iv. New construction of dwelling units.

- v. The purchase of affordability covenants and restrictions for units.
- vi. Relocation costs for individuals who are being displaced as a result of the Homekey Project.
- vii. Capitalized operating subsidies for units purchased, converted, constructed, or altered with funds provided pursuant to HSC section 50675.1.3.

Section 202. Eligible Projects

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

- i. Conversion of nonresidential structures to residential dwelling units.
- ii. Conversion of commercially zoned structures, such as office or retail spaces, to residential dwelling units.
- iii. Adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses.
- iv. Multifamily rental housing Projects.
- v. Excess state-owned properties.
- vi. 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.
- vii. Shared housing in a structure shared by two or more households, where each household is in a separate private bedroom that can be locked.
- viii. Existing Homekey Assisted Units, previously awarded under Rounds 1 and 2 of Homekey funding, are ineligible for funding under this NOFA.
- ix. The Homekey program is intended to support the development of housing units and will not fund congregate shelter. Other funding sources should be considered for congregate shelter types of Interim Housing.

Section 203. Geographic Distribution and Allocations

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

To this end, the Department has divided the state into eight regions, as outlined in Table 2, below. The regions are largely aligned with the various Councils of Government

(COGs). As detailed in Table 3 below, each region has funding reserved. Each region's share of the Homekey allocation is calculated based on its proportionate share of persons experiencing homelessness as indicated by the sheltered and unsheltered 2021 Homeless Point-in-Time Counts (PIT), plus its proportionate share of Extremely Low Income (ELI) renter households that are paying more than 50 percent of their income for rent.

The Department will deploy unused funds from any undersubscribed region(s) to fund applications in the manner described in the Discretionary Reserve. The Department will also redeploy undersubscribed and unused funds, as specified at Section 400 of this NOFA.

Table 2: Homekey Geographic Distribution

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

Table 3: Estimated Homekey Geographic Allocations

Region	Severely Rent-	2022 PIT Count	Round 3 Allocation
Los Angeles	415,350	69,144	\$211,813,531
Bay Area	199,165	38,118	\$111,112,027
Southern CA	203,610	15,672	\$68,783,638
San Joaquin	105,430	12,085	\$43,252,159
Central Coast	37,165	8,113	\$22,657,376
Sacramento	70,340	12,379	\$37,158,338
San Diego	95,570	8,427	\$34,345,268
Balance of State	32,265	7,583	\$20,708,081
Totals	1,158,895	171,521	\$549,830,418

Allocations

The \$736 million in Homekey funds are allocated as follows:

Table 4: Homekey Funding Allocations

Total Homekey Round 3 NOFA	\$735,988,501
Total Geographic Allocation	\$549,830,418
Homeless Youth Allocation - 10% of NOFA	\$75,759,808
Discretionary Reserve - 10% of NOFA	\$73,598,850
Rural Target Allocation - 5% of NOFA	\$36,799,425

Homeless Youth Allocation

Pursuant to HSC section 50675.1.3, subdivision (c), the Department shall allocate not less than eight percent (8%) of the total 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. This NOFA allocates ten percent (10%) of the funding available in Round 3 to Homeless Youth Projects as set forth in Table 4.

Unless otherwise indicated, all scoring criteria and other NOFA provisions shall govern the allocation awards provided under this NOFA. Homekey Projects are not required to serve only Homeless Youth, or Youth at Risk of Homelessness. Homekey Projects proposing to serve Homeless Youth, or Youth at Risk of Homelessness, may also serve other qualifying members of the Target Population. At the close of the application period, any unused funds from this allocation shall be reallocated to the Discretionary Reserve and shall be subject to the prioritization methods therein.

Projects that meet the threshold requirements of Article III, as well as the following criteria, will be prioritized for Homeless Youth allocation funds:

- Have at least 25 percent (25%) of Assisted Units reserved for Homeless Youth or

Youth at Risk of Homelessness; (See Section 304, 3a for points awarded)

- Have jointly applied and/or partnered 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; and (see Section 304, 2a-c for points awarded)
- Provide Supportive Services for Youth Assisted Units using a Positive Youth Development (PYD) model and trauma-informed care. Services may include, but are not limited to, case management, income supports, educational and employment counseling, life skills, legal assistance, health and wellness, and family connection services.

The Department will also award up to two (2) additional points in the application scoring to Projects that meet the following criteria:

- Site is within a one-mile radius of youth-centered amenities, such as community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and community centers for youth (e.g., LGBTQ+ centers, drop-in youth centers). (See Section 304, 3e (viii) for potential points)

Rural Target Allocation

The Department will allocate five percent (5%) of the available Homekey Round 3 funding for Projects in Rural Area jurisdictions as set forth in HSC Section 50199.21. At the close of the application period, any unused funds from this allocation shall be reallocated to the Discretionary Reserve and shall be subject to the prioritization methods therein.

Discretionary Reserve

The Department will allocate ten percent (10%) of available funds for a Discretionary Reserve to address the following:

- 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. The Department may award up to \$30 million in aggregate for this purpose at any point during the open application period.
- Funding single family home-scattered site Projects with a limit of four Projects in this Project type, up to \$10 million each. The Department may make these awards at any point during the open application period. The \$40 million will remain available for this purpose for any application submitted by June 30, 2023.

- Funding high scoring Projects from oversubscribed regions. These awards will not be made until after the application period closes, to the extent funds are available.

Section 204. Program Deadlines

Homekey capital funds must be expended within eight months of the date of award. "Date of award" means the date on the award letter issued from the Department to the awardee. In order to account for the time between the award letter and fund disbursement, and the fact that Grantee payments to contractors are made in arrears, the Department may extend the eight (8) month expenditure deadline by up to seven (7) months, upon the request of the awardee. The request shall be submitted in electronic format on a form provided by the Department.

Awardees will be subject to the following deadlines:

1. Acquisition, Rehabilitation, and/or construction must be completed 12 months from the date of award letter;
2. Capital expenditure must be completed within eight (8) months, or up to 15 months from the date of award if requesting an expenditure deadline extension; and
3. Full occupancy must be achieved by 15 months from date of award letter.

The Department may, in its sole and absolute discretion, approve an extension of the acquisition, Rehabilitation, construction, and/or occupancy deadlines if the Grantee demonstrates, to the Department'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.

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

All operating funds must be fully disbursed by the Department by June 30, 2025, and fully expended by the Grantee by no later than June 30, 2026.

Section 205. Maximum Grant Amounts and Capital Funding Match

Homekey will fund a maximum grant amount per door, pursuant to the conditions of this section, which includes both the acquisition cost and any needed Rehabilitation or new construction. **The award will be the lower of the 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 the Department.** "Door" refers to units at the time of the acquisition, which may differ from the number of units that are available after a conversion

of the property. For those Projects that undergo a conversion, the number of units may need to be reduced in order to accommodate kitchenettes, additional bedrooms, space for Supportive Services and other amenities. For new construction and conversion of office, commercial, or other non-residential structures into residential dwelling units, Homekey will fund a maximum grant amount per completed Assisted Unit serving the Target Population, or an amount as supported by an appraisal, whichever is lower. "Assisted Unit" refers to units that are available after the construction or conversion of the property.

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

Unit Size -- Baseline Capital Amounts:

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

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

OR

Sub-Populations Served -- Baseline Capital Amounts:

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

Additional Contribution Amount – Local Match

Beyond the applicable baseline amount, the Eligible Applicant may leverage a 1:1 local match to provide up to \$100,000 in additional funds per door. For example, where the Applicant shows \$100,000 in matching funds, the Department will fund no more than \$250,000 for a 1-bedroom Assisted Unit, \$275,000 for a 2-bedroom Assisted Unit, \$300,000 for a 3+ bedroom Assisted Unit, \$300,000 for an Assisted Unit serving those experiencing Chronic Homelessness, and \$275,000 per door for an Assisted Unit serving Homeless Youth/Youth at Risk of Homelessness.

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

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

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

Section 206. Operating Awards and Match

- i. Where an operating award is requested, the total amount of operating award per Assisted Unit is limited as follows:
 - a. Assisted Units reserved for those experiencing Chronic Homelessness, for Homeless Youth, or for Youth at Risk of Homelessness shall not exceed \$1,400 per month; and
 - b. All other Assisted Units shall not exceed \$1,000 per month.
- ii. The total duration of the operating award (as described in i. above) is tied to the amount of the Applicant's matching funds, and is limited as follows:
 - a. If Projects can demonstrate a commitment of three years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for two years.
 - b. If Projects can demonstrate a commitment of four or more years of non-Homekey operating funds for Assisted Units, the Department will provide an operating award sized for three years.
- iii. Operating awards are determined based on need, exclusive of any debt service. The amounts and durations referenced in (i) and (ii) above represent maximums.
- iv. Operating awards may pay for a Project's necessary, recurring Operating Expenses in an amount approved by the Department. Qualifying expenses include utilities, maintenance, management fees, taxes, licenses, and Supportive Services costs, but not debt service or required reserve account deposits. Operating Expenses should be included in the Project's submitted budget.
- v. If requesting an operating award for a Permanent Housing Project, the Eligible Applicant must submit a letter of support from the applicable housing authority confirming the need for an operating award and

evidencing why other subsidies, such as Project-based vouchers (PBVs), are not available. A letter template and a list of potential Homekey complementary funding can be found on the Homekey [webpage](#).

- vi. The Homekey-funded portion of the operating award must be disbursed by the Department by June 30, 2025 and expended by the Grantee by June 30, 2026, with the Grantee establishing a capitalized operating subsidy reserve and disbursing the funds as outlined in this NOFA. No extensions will be granted on the Grantee's expenditure deadline for the operating award.
- vii. Eligible Applicants are required to demonstrate a minimum five-year commitment to provide operating funds for the proposed Project. The first two years of operating funds may include an award from Homekey. Operating match may be obtained from any source, including any federal, state, local, private, or philanthropic source. Applicants are encouraged to consider Project-based vouchers; Veterans Affairs Supportive Housing (HUD-VASH) Vouchers; Faircloth to Rental Assistance Demonstration (RAD) conversions; Homeless Housing Assistance and Prevention Program (HHAP) funding; Permanent Local Housing Allocation (PLHA) funding; and HOME-ARP funding. The preceding list of potential match sources is not exhaustive. Eligible Applicants will have an opportunity to discuss the match requirements and potential match sources during the pre-application consultation.

Additionally, the following requirements apply to operating match contributions:

- 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 the State General Funds are used to satisfy the matching requirements of another program, then funding from that program may not be used to fulfill the matching requirements of the Homekey program.

Section 207. Funding Limits

1. In addition to the capital funding limits and match requirements described in Section 205, and the Homekey operating award funding limits and match requirements described in Section 206, Round 3 will implement additional funding limits as follows:
 - a. Per Project Funding Limit: No more than \$35 million in total Department sources may be used per Project. This per Project cap applies to Homekey Round 3 capital and operating funds, and to all Department sources of permanent loans for onsite development costs and operating costs. Grants from other Department programs are excluded from this per Project cap.

- i. At the sole discretion of the Director of the Department or the Director's designee, per Project Funding Limit requests in excess of \$35 million may be approved as an exemption to the Project funding limits, if the Projects uniquely advance state policy priorities, are high scoring, are located in high or highest resource areas as identified in the [2023 Opportunity Maps – Adopted January 2023](#), and/or are located in high-cost regions. 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, 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 is available on the Homekey website.

If this exemption is approved, Applicants must submit documentation of Department approval with any subsequent applications for other Department funding, when requested.

- b. For single family home scattered-site Projects, the per Project funding limit is \$10 million total. The Department will fund up to four (4) Projects in this Project type in the manner described in Section 302.
2. The Department'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 Department funding sources in the Project are represented pursuant to the memo. Homekey awards shall not be layered with other Department funding sources in a manner that causes either the per unit or total Project funding to exceed the total development cost.

Section 208. Affordability Covenant

The Grantee shall duly encumber all Interim Housing-Projects with a 30-year Affordability Covenant that (a) is recorded in first position against the Project real property for the benefit of the Department, (b) restricts the use, operation, occupancy, and affordability of the Project in accordance with all applicable requirements of this NOFA and all other Homekey Program Requirements, (c) incorporates the Homekey Program Requirements by reference, and (d) is otherwise in form and substance acceptable to the Department.

The Grantee shall duly encumber all Permanent Housing Projects with a 55-year Affordability Covenant 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 the Department 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 the Department. Permanent Housing Projects located on tribal trust land shall be duly encumbered with Affordability Covenants 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 the Department's Affordability Covenant.

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 for Permanent Housing Projects (or 30 years for Interim Housing Projects) 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.

Article III – Threshold and Scoring Criteria

Section 300. Threshold Requirements

To be eligible to receive funding, all applications must meet the following requirements:

- i. Applications may be submitted independently by an Eligible Applicant, as defined in Section 200 and Article VII. Alternatively, each of the foregoing Eligible Applicants may apply jointly with a Co-Applicant, as specified. No additions of Co-Applicants or special purpose entities will be considered subsequent to the date of application.
- ii. Projects must serve persons qualifying as members of the Target Population.
- iii. 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 program requirements. The Department 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. Applications must include:
 - a. A description of the 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 services. Applicants must ensure that the Supportive Services are made available to Homekey tenants and participants in a manner that is voluntary, flexible and individualized, so Homekey tenants and participants 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 services or on sobriety. Adaptability in the level of services should support tenant and participant engagement and housing retention.

i. The following Supportive Services shall be made available to Homekey tenants and participants based on tenant/participant need. The lead service provider for the Project shall coordinate the provision of or referral to services needed by individual tenants and participants. The following required services can be provided onsite at the Project or offsite at another location easily accessible to tenants and participants:

1. Case management performed by a Case Manager, as defined in Article VIII. Definition below;
2. Peer support activities, including 24/7 telephone, online, or in-person support;
3. Mental health care, such as assessment, crisis counseling, individual and group therapy, and peer support groups;
4. Substance use services, such as treatment, relapse prevention, and peer support groups;
5. Support in linking to physical health care, including access to routine and preventive health and dental care, medication management, and wellness services;
6. Benefits counseling and advocacy, including assistance in accessing SSI/SSP, enrolling in Medi-Cal; and
7. Basic housing retention skills (such as unit maintenance and upkeep, cooking, laundry, and money management).

ii. The following Supportive Services are not required to be made available but are encouraged to be part of the Applicant's Supportive Services plan.

1. Supportive Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above;
2. Recreational and social activities, including peer-led groups and events;
3. Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable

accommodations in the education process;

4. 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
 5. Obtaining access to other needed services, such as civil legal services, or access to food and clothing.
- b. Description of the Target Population to be served, 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. A tenant and participant engagement plan (i.e., plan to encourage voluntary tenant and participant participation in services as well as in community building, such as resident councils or similar forums) including a description of tenant/participant outreach, engagement and retention strategies to be used;
 - d. For services provided off-site, the plan must describe what public or private transportation options will be available to tenants and participants in order to provide them reasonable access to these services. Reasonable access is access that does not require walking more than one-half mile;
 - e. Description of how the Supportive Services will be culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. This includes explaining how services will be provided to Homekey tenants and participants who do not speak English, or have other communication barriers, including sensory disabilities, and how communication among the services providers, the property manager and these tenants and participants will be facilitated;
 - f. A staffing plan with staffing levels sufficient to meet the needs of the Target Population. Where one or more of the Restricted Units are limited under Department Regulatory Agreements to occupancy by Chronically Homeless, services must be provided with a household to staffing ratio not exceeding 20 to 1. Where one or more of the Restricted Units are limited under Department Regulatory Agreements to occupancy by Homeless Youth, or Youth at Risk of Homelessness, services must be provided with a household to staffing ratio not exceeding 15 to 1. Where one or more of the Restricted Units are limited under Department Regulatory Agreements to occupancy by Homeless persons with disabilities, services must be provided with a household to staffing ratio not exceeding 25 to 1. Where one or more of the Restricted Units are limited under Department Regulatory

Agreements to occupancy by other special needs populations, services must be provided with a household to staffing ratio not exceeding 40 to 1.

- g. Estimated itemized budget, and sources of funding for services;
- h. 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 the Department; and
- i. Other information needed by the Department to evaluate the Supportive Services to be offered consistent with the Program.
- j. If a service provider has been selected, Commitment letter(s) or MOU(s) documenting how the complete development and management team (which may include the Applicant, developer, property manager, lead service provider, etc.) are connected and will work together on the Project. (See Section 304, 2.c. for potential points)
- k. Property management and tenant and participant selection policies submitted with the Homekey application will be evaluated for the following consistent with state Housing First requirements. These documents must identify, describe, and utilize Housing First and low-barrier tenant/participant selection processes that prioritizes those with the highest needs for available housing. The descriptions of the use of Housing First and tenant/participant selection in this Supportive Services plan must be consistent with the property management and tenant/participant selection policies. Applicants should review the recently passed Assembly Bill No. 1991 (Chapter 645, Statutes of 2022) to inform the Project's property management and tenant/participant selection policies. The property management and tenant/participant selection policies should address the following and be consistent with state Housing First requirements, as well as other Homekey Program Requirements:
 - ii. Applicant eligibility and screening standards
 - iii. Confidentiality
 - iv. Substance abuse policy
 - v. Communication between property manager and Supportive Services staff
 - vi. Eviction policies and eviction prevention procedures

- vii. Process for assisting tenants and participants to apply for different forms of cash and non-cash benefits to aid the household in retaining their housing, if needed
 - viii. How potential tenants and participants and in place tenants and participants will be assisted in making reasonable accommodation requests, in coordination with the services provider and persuasive to outside entities, such as Housing Authorities, to ensure that persons with disabilities have access to and can maintain housing
 - ix. Policies and practices to facilitate voluntary moving on strategies
 - x. Appeal and Grievance Procedures
- iv. Applicants shall provide a written non-discrimination policy that complies with the requirements in Section 505.
 - v. Applications must include an overview of the plan and timeline for any required entitlements, permits, and environmental clearances. Eligible Applicants will have an opportunity to discuss their land use and environmental clearance plans, and related statutory authorities during the pre-application consultation.
 - vi. Applications 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, including racial, ethnic and LGBTQ+ groups? The response shall reference the latest Continuum of Care (CoC) HMIS demographics data to explain.
 - vii. Applications must provide a concise and reasonably detailed answer to the following question: how did the Applicant engage or will engage with the Target Population to inform the design of the Project operations and Supportive Services?
 - viii. The Grantee shall have site control of the property at the time of application, and such control shall not be contingent on the approval of any other party. The status and nature of the Grantee's title and interest in the property shall be subject to the Department's approval. Site control may be evidenced by one of the following:
 - a. Fee title, evidenced by a current title report (within 90 days of application) 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 program requirements;

- c. A leasehold estate held by a Tribal Entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
- d. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;
- e. A sales contract, or other enforceable agreement for the acquisition of the property;
- f. A letter of intent, executed by a sufficiently authorized signatory of the Eligible Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Eligible Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Eligible Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow; or
- g. Other forms of site control that give the Department assurance (equivalent to items a. through f. above) that the Applicant will be able to complete the Project in a timely manner and in accordance with all the Program's objectives and requirements.
- h. For Applicants proposing sites that will require a use change for permanent housing, there should be a commitment and plan to facilitate or expedite those processes, so as to not delay expenditure and occupancy requirements.
- ix. A preliminary title report for each site, dated within 15 days of the application submittal.
- x. The Eligible Applicant or Co-Applicant applying for the Homekey funding is the entity that the Department relies upon for experience and capacity, and will control the Project during acquisition, development, and occupancy.
- xi. 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.
- xii. Assisted Units and other units of the Project must meet all applicable state

and local building standards pertaining to rental housing and manufactured housing, including but not limited to requirements for minimum square footage, and requirements related to maintaining the Project in a safe and sanitary condition.

- xiii. Applicants and Co-Applicants must be in good standing with the State of California and all agencies and departments thereof. By way of example and not limitation, an Applicant and Co-Applicant must be qualified to do business in the State of California and must be in good standing with the California Secretary of State and the California Franchise Tax Board. Applicants that are delinquent in meeting the material requirements of previous Department awards may, in the Department's reasonable discretion, fail threshold review.
- xiv. The Department will require Eligible Applicants to submit a complete application with all required documents. The Department reserves the right to request clarification of unclear or ambiguous statements made in an application and other supporting documents. The following items must be submitted with the application:
 - a. Completed application workbook with all worksheets and supplemental information completed;
 - b. Required documents from each Eligible Applicant and Co-Applicant as applicable, including but not limited to:
 - i. Executed resolutions 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;
 - ii. Payee Data Record or Taxpayer Identification Number (TIN) form;
 - iii. Evidence of tax-exempt status from the Internal Revenue Service (IRS) or Franchise Tax Board, if applicable;
 - iv. Signature block uploaded in Microsoft Word format;
 - v. Organizational chart that depicts the organizational structure of the entities in relation to the Applicants; and
 - vi. Organizational documents supporting the resolutions submitted with the application. The Department reserves the right to request additional documentation at any point to verify an entity's authority and/or organizational structure.

- xv. Appraisal for all conversion, acquisition, and new construction uses as defined in Section 201. The appraisal must be in compliance with the Homekey requirements outlined in the Homekey Appraisal Guidance document on the Homekey website: [Homekey 3.0 Appraisal Guidance](#).
- xvi. 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) prepared by a qualified independent third-party contractor;
- xvii. For Projects seeking funding for master leasing and purchase of affordability covenants, a market study prepared within the last year which conforms to TCAC guidelines, and/or a rent roll, and/or other supporting documentation noted in Section 205;
- xviii. All Projects seeking funding for Rehabilitation and new construction are required to submit a Phase I Environmental Site Assessment (ESA) which was prepared no earlier than 12 months prior to the application due date;
- xix. Relocation Assistance Narrative. Applicant shall submit a concise, sufficiently detailed narrative to demonstrate its consideration of, and early engagement with, applicable relocation assistance laws and requirements. This Relocation Assistance Narrative will be evaluated by the Department 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 504 for more information.

Applicant's Relocation Assistance Narrative shall include or identify the following:

- a. A diagrammatic sketch of the Project site.
- b. Clear, high-resolution photographs of the Project site and all improvements thereon (e.g., buildings, parking lots, billboards).
- c. The projected dates of any Homekey-funded acquisition, construction, Rehabilitation, demolition, or similar development activities at the Project site.
- d. A description of any persons, businesses, or farm operations that will or may be displaced from the Project site by the foregoing development activities. Applicant shall specify whether any such displacement will be permanent or temporary.

- i. If no such displacement will occur, Applicant shall conclude the narrative by expressly confirming that Applicant's eligible use(s) of the funds will not result in the displacement of any persons, businesses, or farm operations from the Project site.
 - ii. If such displacement will occur, Applicant shall further develop the narrative by including the additional elements set forth at (e) – (i) below.
 - e. A description and evidence of attempts made to maintain the tenure of existing residents that may qualify under the criteria for the Target Population.
 - f. A description of the aggregate relocation needs of the persons, businesses, or farm operations that will or may be displaced by the Homekey-funded activities.
 - g. A brief description of how those relocation needs will be met, as well as the Applicant's projected timeline for fully meeting those needs, including the dates of planned notices to displaced persons, businesses, or farm operations.
 - h. An identification of the Applicant's relocation consultant and/or relocation services provider in connection with the Project site. Applicant shall also submit legible copies of its services contract or letter of intent with or to the relocation consultant and/or relocation services provider.
 - i. Applicant's cost estimate (and associated funding strategy) for providing relocation assistance and benefits to the persons, businesses, or farm operations that will or may be displaced by the Homekey-funded activities.
- xx. Enforceable Funding Commitments to cover operations and service costs with specific funding sources, including federal, state, local, private, or philanthropic sources, for the proposed Project for the first five (5) years, and a funding plan covering operations and services costs for ten (10) years thereafter, for a total operating budget of fifteen (15) years from the recordation of the Affordability Covenant. (See Section 304 1 (b) for potential points)
- xxi. 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 or participant who qualifies as a member of the Target Population.

- b. The property manager and Supportive Services provider shall have three or more years of experience serving persons of the Target Population. If a property manager or Supportive Services provider is not yet selected for the proposed Project, the Eligible Applicant shall certify that this requirement will be reflected in any future solicitation or memorandum of understanding.
- c. Experience administering a Project in accordance with the core components of Housing First (Welfare & Institutions Code § 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 capacity must be reasonably acceptable to the Department in form and substance.

xxii. 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 and participants.
- c. If the target site is going to be demolished before any occupancy by the Target Population, no one-for-one replacement commitment needs to be provided. The unit mix will be evaluated based on the Project proposal.
- d. The application shall include a site map indicating the original target housing location and all proposed housing location(s). If all proposed housing will be located within the neighborhood, no additional documentation is necessary. If replacement housing is proposed outside the target neighborhood, the application must also include a justification explaining why it is necessary to locate this replacement

housing outside the target neighborhood (i.e., offsite) and how doing so supports and enables the Target Population to maintain housing.

Section 301. Interim Housing Requirements

1. The Department will only consider an Interim Housing Project application if the Applicant demonstrates a need for Interim Housing in its Homekey application. The Department in its sole discretion may fail on threshold any Interim Housing Project application that does not sufficiently demonstrate a need, as described in this Section 301.

In addition to Section 300, Interim Housing Projects will also be evaluated on a demonstration of need for Interim Housing based on the following requirements:

- i. The Eligible Applicant shall provide the following data:
 - a. The number of available shelter beds in Applicant's jurisdiction.
 - b. The number of people experiencing unsheltered homelessness in the homeless PIT.
 - c. Shelter vacancy rate in the summer and winter months.
 - d. Percentage of exits from emergency shelters to Permanent Housing.
 - e. A plan to connect participants to Permanent Housing, describing the number and type of Permanent Housing opportunities, how the Project will leverage Supportive Services staff to navigate to Permanent Housing, and the funding plan to make connections to Permanent Housing.
- ii. If the Eligible Applicant is entitled to apply directly to the HHAP program, then the Eligible Applicant shall provide a description of how the proposed Homekey Interim Housing Project aligns with the Local Homelessness Action Plan it submitted pursuant to HHAP Round 4, including the extent to which HHAP funding does not fully meet the need for Interim Housing.
- iii. If the Eligible Applicant did not receive a direct funding allocation under HHAP, the Eligible Applicant shall describe how it has worked with HHAP recipients in the region and the Continuum of Care (CoC) to coordinate and align the proposed Homekey Project with the Local Homelessness Action Plan goals and strategies.
- iv. If the Eligible Applicant is entitled to apply directly to the HHAP program, the Homekey application must also include the Eligible Applicant's approved Local Homelessness Action Plan pursuant to HHAP Round 4, which clearly states the need for Interim Housing.

2. Interim Housing Projects awarded Homekey funding pursuant to this NOFA may apply to convert to Permanent Housing in accordance with this section. Approval to convert an Interim Housing Project to a Permanent Housing Project shall be within the Department's sole and reasonable discretion. Grantees shall meet the following requirements in order to convert Interim Housing Projects to Permanent Housing Projects:
- i. The Project shall operate as an Interim Housing Project for a minimum of five (5) full years following the recordation of the Affordability Covenant referenced in Section 208 of this NOFA and prior to relocating participants to begin conversion to Permanent Housing.
 - ii. Any new special purpose entity with a proposed ownership interest in the converted Homekey Project must be already formed and approved by the Department.
 - iii. Submission of a Department-approved conversion plan, which must include the following:
 - a. Brief overview of conversion strategy, including the details of the Rehabilitation or construction (e.g., whether the conversion will involve an occupied Rehabilitation or a phased conversion),
 - b. Timeline for conversion, including estimated start and completion dates,
 - c. An identification of the supplemental sources of funding being used to complete the Rehabilitation or construction,
 - d. An identification of the Target Population to be served. If the Project was awarded additional points to serve specific subsets of the Target Population (such as Chronically Homeless, Homeless, Homeless Youth, or Youth at Risk of Homelessness), then the specific Target Population and count must be maintained unless otherwise approved by the Department.
 - e. Planned number of units and amenities after conversion.
 1. The number of post-conversion units must be greater than or equal to the number of pre-conversion units, or the post-conversion living space square footage must be greater than or equal to the pre-conversion living space square footage.
 2. Post-conversion amenities must be greater than or equal to pre-conversion amenities (both in quality and in number).

- f. An acknowledgement of all applicable federal, state, and local relocation law.

Section 302. Single-Family Scattered Site Housing Requirements

As described in Section 203 and Section 207(1)(c), the Department may conditionally award up to four (4) single-family home scattered site housing Projects up to \$10 million each to a single Applicant. Applicants for this Project type must meet all requirements identified in Section 300, and submit all documents required in the Application Upload Checklist with the following exceptions:

- i. Eligible Projects under this Project type must meet the following threshold requirement, sixty (60) days from the date of the conditional award. Failure to meet this requirement will rescind the conditional award.
 - a. Evidence of site control, as defined in Section 300.
- ii. Eligible Projects under this Project type must meet the following threshold requirements, ninety (90) days from the date of the conditional award. Failure to meet these requirements will rescind the conditional award.
 - a. Relocation narrative, as defined in Section 300;
 - b. Appraisal, as noted in the Application Upload Checklist;
 - c. PNA or equivalent evidence of Rehabilitation costs, as noted in the Application Upload Checklist; and
 - d. Phase 1 ESA or equivalent, as noted in the Application Upload Checklist.

Section 303. Other 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 given Project, Applicants must identify committed sources for the non-Homekey units. The non-Homekey units are not required to serve the Homekey Target Population and may therefore be restricted at higher AMI levels, which may help promote Project feasibility.
 - a. 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. 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.

- ii. At year 15 from the recordation of the Affordability Covenant, in circumstances where the Grantee has exhausted available operating funding and demonstrated to the Department that the Project is no longer feasible, the Department may approve an increase in income levels, to the minimum extent required for fiscal integrity, in five percent increments of Assisted Units up to 50 percent AMI.
- iii. The Department reserves the right to set restrictions on the unit mix, rent levels, and other factors deemed necessary. To the maximum extent possible, these changes shall minimize the impact on the lowest income Project residents and shall be phased in as gradually as possible. If, following any increase in rents and income limits, or modification of Target Population occupancy requirements, new resources become available, or market demand changes, allowing reversion to the former income and rent limits or Target Population occupancy requirements, the Department may re-impose these income limits and rent limits or Target Population occupancy requirements, in whole or in part, subject to an analysis of Project feasibility.
- iv. In addition to Section 300 above, Applicants purchasing affordability covenants and restrictions will also be evaluated on the following requirements:
 - a. The Grantees that purchase affordability covenants and restrictions for existing residential units shall restrict those units to individuals and families who are Homeless or who are At Risk of Homelessness, as defined in 24 CFR part 578.3. Such restriction shall run for 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. The Grantee shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

Section 304. Application Scoring Criteria

In addition to meeting the other minimum program requirements outlined in Article III,

Applicants must score a **minimum of 100 points to be eligible for funding**. Scores will be based on the following:

Table 5: Homekey Application Scoring Criteria

Categories and Maximum Point Scores	Evaluation Criteria
<p>1. Ability to secure site and demonstration of sustained operating leverage</p> <p>(Up to 70 Points)</p>	<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/leasehold (20 points) - Option agreement/sales contract (20 points) - Exclusive negotiating agreement (15 points) - Letter of intent (15 points) <p>b. Documented commitment of non-Homekey rental or operating subsidies that will be used to maintain the ongoing affordability of the Project. (up to 40 Points)</p> <p>i. Applicant contribution of non-Homekey Enforceable Funding Commitments for operating subsidies, including, but not limited to, Project-based vouchers, VASH vouchers, Faircloth to RAD conversions, tenant-based vouchers, or locally funded rental assistance.</p> <ul style="list-style-type: none"> - One point five (1.5) points for each 5 percent increment of non-Homekey operating subsidies covering Operating Expenses in the first 5 years of Project operations. (up to 30 points) <p>ii. The length and strength of non-Homekey operating funding leveraged to cover operating costs committed beyond the required five years of initial Project operations. Score is based on weighted commitment type, percentage of costs covered, and length of commitment.</p> <ul style="list-style-type: none"> - One (1) point for each year beyond the first five (5) years through year fifteen (15) of Project operations. (up to 10 points)

Categories and Maximum Point Scores	Evaluation Criteria								
	<table border="1" data-bbox="425 243 1412 399"> <thead> <tr> <th colspan="2" data-bbox="425 243 1412 281">Weighted Point Value by Type</th> </tr> </thead> <tbody> <tr> <td data-bbox="425 281 1203 319">Sustained source</td> <td data-bbox="1203 281 1412 319">1</td> </tr> <tr> <td data-bbox="425 319 1203 357">Subsidy carried by the tenant or participant</td> <td data-bbox="1203 319 1412 357">0.5</td> </tr> <tr> <td data-bbox="425 357 1203 399">Intent to pursue funding</td> <td data-bbox="1203 357 1412 399">0.25</td> </tr> </tbody> </table> <p data-bbox="425 436 1412 583">c. For any Project where the average total cost per Assisted Unit is below the minimum baseline per door, one (1) point will be assigned for every \$10,000 under the baseline amount. (up to 10 points)</p> <p data-bbox="678 982 1149 1020" style="text-align: center;">This section is intentionally blank.</p>	Weighted Point Value by Type		Sustained source	1	Subsidy carried by the tenant or participant	0.5	Intent to pursue funding	0.25
Weighted Point Value by Type									
Sustained source	1								
Subsidy carried by the tenant or participant	0.5								
Intent to pursue funding	0.25								

Categories and Maximum Point Scores	Evaluation Criteria
<p>2. 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. Demonstration of service provider’s experience helping persons address barriers to housing stability and providing other support services, not necessarily within a housing Project. Service provider may be Applicant, or a member of the development team described in Applicant’s response to point category 2.c., below. Service provider experience must be with the specific population(s) housed within the Homekey units to count toward points in this section (e.g., families, singles, Homeless Youth, Chronically Homeless) and must describe how the Supportive Services are culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, and gender expressions. NOTE: Sections 300-303 of this NOFA further outline threshold experience requirements.</p> <ul style="list-style-type: none"> - 1 point awarded for each year of service experience, after 3 years. (up to 10 points) <p>c. Commitment letter(s) or MOU(s) documenting how the complete development and management team (which may include Applicant, developer, property manager, lead service provider, etc.) are connected and will work together on the Project. Applicants are encouraged to complete due diligence checklists to ensure all members of the team are aware of roles and responsibilities. (up to 15 Points)</p>

Categories and Maximum Point Scores	Evaluation Criteria
<p>3. Community impact and site selection (Up to 76 points)</p>	<p>a. The Project serves specific sub-populations (20 points)</p> <ul style="list-style-type: none"> - 25% or more of Assisted Units are reserved for those experiencing Chronic Homelessness (20 points); OR - 50% or more of Assisted Units are reserved for those experiencing Homelessness (20 points); OR - 25% or more of Assisted Units are reserved for Homeless Youth or Youth at Risk of Homelessness (20 points); <p>b. Assisted Units include units for large family housing types (10 points)</p> <ul style="list-style-type: none"> - At least twenty-five percent (25%) of the Assisted Units in the Project shall be three-bedroom or larger units, AND - At least an additional twenty-five percent (25%) of the Assisted Units in the Project shall be two-bedroom or larger units, consistent with TCAC Regulations (4 CCR § 10325(g)(1)(A-I)), (10 points) <p>c. If proposed Project is Permanent, Applicant waives any potential accommodation by the Department to increase income limits at year 15 from the recordation of the Affordability Covenant, as described in Section 303 (ii). (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>d. 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 505, specifically providing a minimum of 15 percent of units with features accessible to persons with mobility disabilities, as defined in 24 C.F.R. Section 8.22 and the parallel ADAAG 2010 and CBC provisions; (5 points) - A minimum of 10 percent of units with features accessible to persons with hearing or vision disabilities, as defined in 24 CFR Part 8.22 and the parallel ADAAG 2010 and CBC Chapter 11B provisions. (5 points) <p>e. Site Selection (Up to 12 points; Up to 16 points for Rural Projects; Up to 15 Points for Youth Projects)</p>

Categories and Maximum Point Scores	Evaluation Criteria
	<p>i. 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 and participants or a regular schedule is provided. (4 points)</p> <p>The Project site is in proximity to essential services:</p> <p>ii. 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>iii. Health facility – a medical clinic with a physician, physician’s assistant, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (not merely a private doctor’s office). (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>iv. 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)

Categories and Maximum Point Scores	Evaluation Criteria
	<p>v. 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>vi. 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>vii. 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 participants, 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 point - 3 points for rural Projects <p>viii. 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>4. Relocation Impacts (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)

Categories and Maximum Point Scores	Evaluation Criteria
	<ul style="list-style-type: none"> - Applicants lose one point (up to an additional 15 points) for each additional percentage point of households displaced out of total units.
5. Negative Points	a. Negative Points assessed by the Department to the Applicant

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

Negative Points Policy

The Department’s [Negative Points Policy](#) (Administrative Notice Number 2022-01), dated March 30, 2022 or as amended and in effect prior to the established application due date as published on the Department’s [website](#) and as updated herein, is hereby incorporated by this reference to the Homekey Round 3 NOFA as if set forth in full herein, and shall apply with equal force as all other provisions set forth herein. The Department shall implement the Negative Points Policy with reasonable and necessary discretion to advance Homekey policy and funding goals.

As a reminder, if an Applicant receives points in any of the scoring categories and subsequently fails to meet the deliverable, the Applicant may be subject to future negative points.

If the Applicant is subject to a negative points assessment based on the criteria outlined in the Department’s [Negative Points Policy](#), the Department shall notify the Applicant in writing in an initial point score letter, and will provide an opportunity to appeal that negative points assessment pursuant to the appeals process as set forth in this NOFA.

Article IV. Application Submission, Review, and Award Process

Section 400. Application Process and Submission

For OTC funding, applications will be accepted and evaluated on a first-come, first-served basis at any time from the release of the application until July 28, 2023, or until the available funds are exhausted, whichever occurs first. Funds are awarded to those Applicants that meet the minimum threshold criteria, including the minimum point score.

Homekey Round 3 application materials must be submitted electronically to the Department’s [website](#).

Electronic Submission - Requirements for uploading the Homekey Round 3 application and required supporting documentation, including naming conventions, are described in

the Homekey Round 3 application instructions/checklist tab. Applicants must upload all complete application materials to the Department's website no later than 5:00 p.m. Pacific Daylight Time on Friday July 28, 2023, to the extent that funds remain available at that time.

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

- i. Applications will be prioritized as described in Section 203.
- ii. The Department will evaluate applications for compliance with the minimum program requirements set forth in this NOFA.
- iii. After each Applicant has been certified to meet the minimum program requirements, each Project must receive a minimum overall score of 100 points, as outlined in Section 304, to be considered for a funding award.
- iv. Each Applicant and Co-Applicant shall submit an authorizing resolution that, in the Department's reasonable determination, materially comports with the Program's requirements and is legally sufficient. In addition, each Co-Applicant shall submit a complete set of its organizational documents (including any amendments thereto). The Department will not execute the Standard Agreement until it receives the foregoing documentation, as specified.
- v. Applicant shall provide documentation of its ability to obtain the insurance coverages outlined in Article VIII of this NOFA.
- vi. The application is a public record, which is available for public review pursuant to the California Public Records Act (CPRA) (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code). After final Homekey awards have been issued, the Department may disclose any materials provided by the Applicant to any person making a request under the CPRA. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.
- vii. The Department reserves the right to do the following:
 - a. Score an application as submitted even if information is missing from the application;
 - b. Request clarification of unclear or ambiguous statements made in an application or request additional clarifying documentation or information; and

- c. 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. The Department 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, the Department may re-evaluate the Project's score, reduce the grant amount, or assign negative points to the Applicant.

Section 401. Pre-Application Consultation and Technical Assistance

The Department requires all Applicants to engage in a pre-application Project survey prior to applying. The survey 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; the CEQA, land use and land entitlements; CoC coordination and services partnerships; and long-term financing approaches. Based on the information provided in the pre-application survey, the Department may require a pre-application consultation to further discuss the details of the Project. Applicants will also be able to request a pre-application consultation using the pre-application survey if they would like to meet with Homekey program staff to consult prior to applying. Information on when pre-application consultations will be available will be posted on the Homekey [website](#).

Section 402. Award Process

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

Please see Section 102 for further details on Standard Agreement and fund disbursement timelines.

The Department may issue Homekey acquisition funds directly to an escrow company that has been approved by the Department if the full award is toward acquisition. The Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by the Department.

Section 403. Appeals

1. Basis of Appeals.
 - i. Applicants may appeal the Department's written determination that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an award.
 - ii. No Applicant shall have the right to appeal a decision of the Department

relating to another Applicant's application (e.g., eligibility, award).

- iii. Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with this NOFA. All decisions rendered shall be made by the Director or his/her designee. The decision shall be final, binding, and conclusive, and shall constitute the final action of the Department.
- iv. The appeal process provided herein applies solely to decisions of the Department made pursuant to this NOFA.

2. Appeal Process and Deadlines.

- i. Process: To file an appeal, Applicants must submit to the Department, 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 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 the Department, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to the Department at homekeyappeals@hcd.ca.gov according to the deadline set forth in the Department's review letter.
- ii. Filing Deadline: Appeals must be received by the Department no later than five (5) business days from the date of the Department's threshold review, or initial score letter, as applicable, representing the Department's decision in response to the application.

3. Decision.

Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with this NOFA. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department.

Article V – Other Program Requirements

Section 500. Article XXXIV

Per HSC Section 37001, subdivision (h)(5), article XXXIV, section 1 of the California Constitution (Article XXXIV) is not applicable to development that consists of the acquisition, Rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using moneys received from the CSFRF established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2). As such, Article XXXIV is not applicable to Homekey-funded development.

Section 501. Housing First

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

Section 502. Tenant and Participant Selection

Referrals to Homekey Assisted Units shall be made through the local Coordinated Entry System (CES) or another comparable prioritization system based on greatest need. All referral protocols for Homekey Assisted Units must be developed in collaboration with the local CoC and implemented consistent with the requirements set forth in this NOFA. CoC collaboration in Project and Supportive Services design is also strongly encouraged to help target and serve greatest need populations. If referrals will be made using a prioritization system other than CES, the Applicant must describe the plan for tenant and participant selection, and it shall be reasonably detailed and comprehensive, as determined by the Department in its sole and absolute discretion. For Grantees utilizing HOME-ARP funds as match, this includes descriptions of any systems that are consistent with HOME-ARP referral methods as described in HUD Community Planning and Development (CPD) Notice 21-10.

Section 503. Participation in Statewide HDIS/HMIS

Pursuant to Assembly Bill 977 (Statutes of 2021-22), Grantees who have been awarded Department 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 Projects that will have completed permanent conversion of Department funds effective January 1, 2023, and later.

Section 504. Relocation

In addition to the Relocation Assistance Narrative required in Section 300 xiii. submitted at the time of application, before the Homekey award will be disbursed, Grantee must submit either:

- a. A Department-approved relocation plan; or
- b. A Department-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement (certificate of no-relocation), which has been duly executed and approved by the Department.

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.

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

Section 505. Accessibility and Non-Discrimination

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

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

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

Section 506. Prevailing Wages

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

the general contractor(s) and the Grantee.

Section 507. Environmental Clearances

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

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

Applicants must provide National Environmental Clearance 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)

The Department does not determine which Projects will require NEPA clearance. Applicants shall provide the Department a status of any required NEPA review at the time of application.

For more information, visit the [HUD Exchange](#), review [the Department's CDBG-DR Environmental Review guidance](#), or contact the Department's Environmental Services Team at NEPA@hcd.ca.gov.

Section 508. Land Use

Pursuant to HSC section 50675.1.3, subdivision (i), Homekey Projects “shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and any applicable coastal plan, local or otherwise, and allowed as a permitted use, within the zone in which the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or any other discretionary reviews or approvals.”

Section 509. 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 510. 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 the Department 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 – Program Operations

Section 600. Program Oversight

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

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

Section 601. Reporting

Grantees shall submit an annual Homekey program and expenditure report to the Department for five years following Standard Agreement execution. The report will be due no later than January 31 for the prior calendar year of January 1 to December 31. The report shall be in such form and contain such information as required by the Department in its sole and absolute discretion. At minimum, the report shall include the following data:

- i. The amount of funds expended for the Project.
- ii. The location of any properties for which the funds are used.
- iii. The number and bed size of habitable housing units produced, or planned to be produced, using the funds.
- iv. The number and demographics of individuals housed, or likely to be housed, using the funds.
- v. The racial and ethnic composition of the tenants and participants assisted.
- vi. The number of units, and the location of those units, for which operating subsidies have been, or are planned to be, capitalized using the funds.
- vii. Detail of Supportive Services offered to tenants and participants.
- viii. The number and demographics of tenants and participants who moved out of the Project and whether the move was voluntary or involuntary. The data shall detail the reason for the move and include returns to homelessness and engagement with voluntary moving on strategies.
- ix. Any lessons learned from the use of the funds.
- x. The proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the long-term affordability of the Project.
- xi. The progress and status in securing any required entitlements, permits, environmental clearances.
- xii. The proposed timeline for the completion of the Project.

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 the Department such periodic

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

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

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

Section 602. Disbursement of Grant Funds

Pursuant to 31 CFR part 35.5, the Department may disburse funds to cover Homekey-critical expenditures that were incurred beginning March 3, 2021. Homekey program funds will be disbursed to the Grantee after the Department has approved the relocation plan or issued a certificate of no-relocation, received a request for funds from the Grantee and a Standard Agreement between the Grantee and the Department is fully executed. The Standard Agreement will set forth the general conditions of disbursement, any conditions precedent to disbursements (e.g., documentation requirements for pre-Standard Agreement expenditures or conditional performance measures), and the Department's remedies upon an event of default. The Standard Agreement will also identify the payee.

Where Co-Grantees wish to receive the grant award outside of escrow, they must identify, and memorialize in the Standard Agreement, which Grantee will serve as the designated payee for all award amounts. 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.

To avoid any disbursement delays, funds may be issued directly to an escrow company after the transaction has been approved by the Department, for the portion of the grant awarded acquisition. The Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by the Department.

Section 603. Legal Documents

Upon the award of Homekey funds to a Project, the Department 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 the Department in the event of a failure to meet such milestones or metrics;
- v. Provisions governing the manner, timing, and conditions of the disbursement of the program grant;
- vi. Special conditions imposed as part of the Department's approval of the Project;
- vii. Terms and conditions required by federal and state law;
- viii. Requirements for reporting to the Department;
- ix. Remedies available to the Department in the event of a violation, breach, or default of the agreement; and
- x. Provisions regarding Grantee liability. Specifically, the Grantee will remain liable to the Department for compliance with and the performance of all Program requirements regardless of any Department-approved transfer or assignment of interest. Likewise, each co-Grantee will remain jointly and severally liable to the Department for compliance with and the performance of all Program requirements regardless of any Department-approved transfer or assignment of interest, and notwithstanding the co-Grantees' identification of a designated payee.

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

Section 604. Sales, Transfers, and Encumbrances

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

- i. The objectives and requirements of the Homekey program cannot be met, and the implementation of the Project cannot proceed in a timely fashion in accordance with the timeframes established in the Standard Agreement or the regulatory agreement.
- ii. In the event of a breach or violation by the Grantee, the Department may give written notice to the Grantee to cure the breach or violation. If the

breach or violation is not cured to the satisfaction of the Department within a reasonable time period, the Department, at its option, may declare a default under the relevant document and may seek legal remedies for the default including the following:

- a. The Department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete the Project in accordance with Homekey Program Requirements; and
- b. The Department may seek such other remedies as may be available under the relevant agreement or at law, or in equity.

Article VII – Definitions

Below are the definitions for purposes of the Homekey program:

- i. “Affordability Covenant” means the legally binding instrument which (a) is recorded in first position against Project real property in consideration for the Homekey Program Award to the Grantee; (b) imposes use, operation, occupancy, and affordability restrictions on the real property and improvements; and (c) incorporates the Homekey Program Requirements by reference. 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.
- 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. “Application Upload Checklist” is a form in the application to be completed by the Applicant prior to submission to verify that required documents are submitted pursuant to this NOFA.
- iv. "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or the Department.
- v. "Assisted Unit" means a Homekey-funded residential dwelling unit that is subject to rent, income, occupancy, or other restrictions associated with Homekey requirements. See also “Youth Assisted Unit.”
- vi. "At Risk of Homelessness" has the same meaning as defined in Title 24 CFR Part 578.3.

- vii. "Case Manager" is a social worker or other qualified person who assists in individualized service planning, and the assessment, coordination, monitoring, referral, and advocacy of services to meet tenants' and participants' Supportive Services needs, including, but not limited to, access to medical and mental health services, substance abuse services, vocational training, employment, home and community-based services and crisis management and interventions. Resident service coordinators are not Case Managers.
- viii. "Chronic Homelessness" means a person who is chronically homeless, as defined in Title 24 CFR Part 578.3.
- ix. "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.
- x. "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.
- xi. "Continuum of Care" means the same as defined by Title 24 CFR Part 578.3.
- xii. "Department" means the California Department of Housing and Community Development.
- xiii. "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.
- xiv. "Enforceable Funding Commitment" (EFC) means a letter or other document, in form and substance satisfactory to the Department, which evidences an enforceable commitment of funds or a reservation of funds by a Project funding source, and which contains the following:
 - a. The name of the Applicant;
 - b. The Project name;

- c. The Project site address, assessor's parcel number, or legal description; and
- d. The amount, interest rate (if any), and terms of the funding source.

The Enforceable Funding Commitment may be conditioned on certain standard underwriting criteria, such as appraisals, but may not be generally conditional. Examples of unacceptable general conditions include phrases such as "subject to senior management approval," or a statement that omits the word "commitment," but instead indicates the lender's "willingness to process an application" or indicates that financing is subject to loan committee approval of the Project.

Contingencies in commitment documents based upon the receipt of tax-exempt bonds or low-income housing tax credits will not disqualify a source from being counted as committed.

Where local sources may be dependent upon future budget allocations or are in the process of being allocated, 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 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.
- xv. "Extremely Low Income" or "ELI" has the same meaning as in Title 24 CFR Part 93.2.
- xvi. "Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking" has the same meaning as defined in HUD Community Planning and Development Notice 21-10, issued September 13, 2021.
- xvii. "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.

- xviii. "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.
- xix. "HDIS" means the statewide Homeless Data Integration System.
- xx. "Homekey Program Requirements" means the following, all as amended and in effect from time to time:
- a. the Homekey Program Notice of Funding Availability and Guidelines, Round 3;
 - b. Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code;
 - c. ARPA and related federal guidance;
 - d. the Grantee's application for Homekey Round 3 funding;
 - e. the Project report prepared by the Department in reliance on the representations and descriptions included in the Grantee's application for Homekey Round 3 funding;
 - f. the award letter issued by the Department to the Grantee;
 - g. the relevant STD 213, Standard Agreement for the Homekey Round 3 funding; and
 - h. all other applicable law.
- xxi. "Homeless" has the same meaning as defined in Title 24 CFR Part 578.3.
- xxii. "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.
- xxiii. "Housing First" has the same meaning as in Welfare and Institutions Code section 8255, including all of the core components listed therein.
- xxiv. "HUD" means the U.S. Department of Housing and Urban Development.
- xxv. "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.

- xxvi. "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.
- xxvii. "NOFA" means a Notice of Funding Availability.
- xxviii. "Operating Expenses" means the amount approved by the Department that is necessary to pay for the recurring expenses of the Project, such as utilities, maintenance, management fees, taxes, licenses, and Supportive Services costs, but not including debt service or required reserve account deposits.
- xxix. "Other Populations" has the same meaning as defined in HUD Community Planning and Development Notice 21-10, issued September 13, 2021.
- xxx. "Permanent Housing" means a housing unit where the landlord does not limit length of stay in the housing unit, the landlord does not restrict the movements of the tenant, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- xxxi. "Permanent Supportive Housing" 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 HSC section 50675.14, subdivision (b)(2), except that "Permanent Supportive Housing" shall include associated facilities if used to provide services to housing residents.
- xxxii. "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.
- xxxiii. "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.

- xxxiv. "Program Award" means the portion of program funds available for a Grantee to expend toward eligible program uses.
- xxxv. "Project" means a structure or set of structures providing housing or shelter with common financing, ownership, and management.
- xxxvi. "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.
- xxxvii. "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 the Department 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. The Department 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 the Department. 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.
- xxxviii. "Standard Agreement" means the STD 213, Standard Agreement, and all exhibits thereto.

- xxxix. “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 and families who are experiencing homelessness or who are At Risk of Homelessness, as defined at HSC section 50675.1.3, subdivision (l), and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. For Grantees utilizing HOME-ARP funding as match, the “Target Population” also includes individuals and families who are “Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking” and “Other Populations” as defined in HUD Community Planning and Development (CPD) Notice 21-10.

- 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.

- xlii. "Unit" means a residential unit that is used as a primary residence by its occupants, including individual units within the Project.

- xliii. “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.

- xliv. “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.

Article VIII – Insurance Requirements

Section 800. Insurance Requirements

i. Commercial General Liability

Applicants shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the Applicant's limit of liability. The policy must name the State of California and the 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

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. The Department reserves the right to request proof at any time.

iii. Workers' Compensation and Employer's Liability

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

iv. Builder's Risk/Installation Floater

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

v. Property Insurance

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

vi. Self-Insured

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

evidence of self-insurance from other Eligible Applicants in its sole and absolute discretion.

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APPENDIX A: Capital Contributions to Projects*

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

Assisted Unit, 1:1 Match	Homekey Capital Contributions		
	Total Cost Per Door *	Maximum Homekey Contribution	Applicant Contribution
Experiencing Chronic Homelessness	\$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+
Homeless Youth or Youth At Risk of Homelessness	\$155,000	\$155,000	\$0
	\$175,000	\$175,000	\$0
	\$195,000	\$185,000	\$10,000
	\$215,000	\$195,000	\$20,000
	\$235,000	\$205,000	\$30,000
	\$255,000	\$215,000	\$40,000
	\$275,000	\$225,000	\$50,000
	\$295,000	\$235,000	\$60,000
	\$315,000	\$245,000	\$70,000
	\$335,000	\$255,000	\$80,000
	\$355,000	\$265,000	\$90,000
\$375,000+	\$275,000	\$100,000+	

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



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Proposed Acquisition: 42 Otis Street

Homelessness and Behavioral Health Committee | September 22, 2023



Acquisition Resolution

- Authorizes HSH to **acquire** the property at 42 Otis Street for a total not-to-exceed amount of **\$14,240,000**.
 - Purchase price of **\$14,200,000** determined to be **at or below fair market rate**.
 - Estimated closing costs of **\$40,000**.
- Funding:
 - **Homekey** application submitted in July 2023 for up to **\$8,868,761**, or the maximum award available, with notification anticipated by fall 2023.
 - **Prop C youth housing acquisition funds** to supplement award.

Property Overview

Site located at 42 Otis Street.

Proposed use: 24 units of supportive housing with services for young adults exiting homelessness.

New construction (2021) with individual bathrooms and kitchens, onsite laundry, community space, an elevator, and easy access to transit.

- Includes **four office spaces** and **1 ground floor retail space**.



Youth Homelessness in San Francisco

- 2022 PIT Count estimates **~1,000 youth ages 18 to 24** are unhoused on any given night in San Francisco
 - ~400 stay in District 6
 - 50% are in school or employed
 - 38% are LGBTQ+
- **Tenth PSH acquisition** since 2020.
 - Of nine sites already acquired – 1,029 units acquired with 119 serving youth.

All HSH Housing*

- **13,237** total units/slots
- **9,109** site-based PSH units

Youth Housing*

- **830** total units/slots
- **299** site-based PSH units

**Does not include 42 units at recently acquired 1174 Folsom or proposed 24 units at 42 Otis.*



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Questions?


Thank you.



GENERAL PLAN REFERRAL

July 20, 2023

Case No.: 2023-006108GPR
Block/Lot No.: 3505/054-082
Project Sponsor: City and County of San Francisco Department of Homelessness and Supportive Housing
Applicant: Daniel Adams, Office of Mayor London Breed
Dan.Adams@sfgov.org
1 Dr Carlton B Goodlett Place
San Francisco, CA 94102
Staff Contact: Amnon Ben-Pazi – (628) 652-7428
Amnon.Ben-Pazi@sfgov.org

Recommended By: 
Joshua Switzky, Acting Director of Citywide Policy for
Rich Hillis, Director of Planning

Recommendation: Finding the project, on balance, is **in conformity** with the General Plan

Project Description

The City and County of San Francisco Department of Homelessness and Supportive Housing proposes to purchase the property at 42 Otis Street for use as permanently affordable supportive housing for formerly homeless households. The building includes 24 studio housing units and ground-floor commercial space.

Section 2A.53 of the San Francisco Administrative Code requires a written report from the Planning Department to the Board of Supervisors on the consistency of the proposed acquisition with the General Plan.

Environmental Review

The proposed Project is a real estate transaction only. It is not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

General Plan Compliance and Basis for Recommendation

As described below, the proposed 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

OBJECTIVE 1.A

ENSURE HOUSING STABILITY AND HEALTHY HOMES.

OBJECTIVE 1.B

ADVANCE EQUITABLE HOUSING ACCESS.

OBJECTIVE 1.C

ELIMINATE HOMELESSNESS.

OBJECTIVE 4.A

SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW- TO MODERATE-INCOME HOUSEHOLDS.

Policy 3

Acquire and rehabilitate privately-owned housing as permanently affordable to better serve residents and areas vulnerable to displacement with unmet affordable housing needs.

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.

The Project is the acquisition of an existing privately-owned predominantly residential building to provide supportive housing for formerly homeless households. It would expand the City's supply of permanently affordable and supportive housing.

MARKET AND OCTAVIA AREA PLAN**OBJECTIVE 2.4****PROVIDE INCREASED HOUSING OPPORTUNITIES AFFORDABLE TO HOUSEHOLDS AT VARYING INCOME LEVELS.****Policy 2.4.3**

Encourage innovative programs to increase housing rental and ownership opportunities and housing affordability.

The Project is the acquisition of an existing predominantly residential building to provide supportive housing for formerly homeless households. It would increase the City's supply of rental housing affordable to these households.

Planning Code Section 101 Findings

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The Project would not negatively impact existing or future neighborhood-serving retail uses. The building to be purchased includes ground-floor retail space which is currently vacant and would be preserved for future use.

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 conserve and protect existing housing. It would protect neighborhood character by allowing San Francisco households that have experienced homelessness to continue living in the City, thus preserving the neighborhood's cultural and economic diversity.

3. That the City's supply of affordable housing be preserved and enhanced;

The Project would enhance the City's supply of affordable housing. The Project is the acquisition of an existing privately-owned predominantly residential building to provide affordable supportive housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The Project is the acquisition of an existing building. It would not result in commuter traffic impeding MUNI transit service or overburdening streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from

displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The Project is the acquisition of a predominantly residential building with vacant ground-floor retail space which would be retained. The Project would thus not cause displacement of businesses in the industrial or service sectors and will have no impact on future opportunities for resident employment or ownership in these sectors.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The Project is the acquisition of an existing recently built structure which was constructed according to all applicable safety standards. It would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The Project is the acquisition of an existing building which is not a landmark nor historic. It would have no impact on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The Project is the acquisition of an existing building. It would have no impact on the City's parks and open space and their access to sunlight and vistas.

Recommendation: Finding the project, on balance, is in conformity with the General Plan

City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

August 29, 2023

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: City's Purchase of Real Property – 42 Otis Street – Permanent Supportive Housing

Dear Honorable Board Members:

Attached for your consideration is a Resolution authorizing the execution of a Purchase and Sale Agreement for the acquisition of the property located at 42 Otis Street (the "Property") for \$14,200,000 (the "Purchase Price") plus an estimated \$40,000 for typical closing costs for a total aggregate amount not to exceed \$14,240,000. The Property includes the real property and a 24-residential unit building which will be converted into permanent supportive housing to serve young adults exiting homelessness.

In July 2020, Mayor London N. Breed announced her Homelessness Recovery Plan that included the goal of acquiring and operating 1,500 new units of Permanent Supportive Housing over the next two years. As of December 2022, the City had more than doubled this goal. In April 2023, HSH released the five-year strategic plan "Home by the Bay: An Equity-Driven Plan to Prevent and End Homelessness in San Francisco", which calls for 3,250 new units of permanent supportive housing to meet the goals set out in the plan. The proposed purchase of the Property supports this goal.

The City, through the Department of Homelessness and Supportive Housing ("HSH") and the Real Estate Division, in consultation with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the property from Costanoan LLC. The Director of Property has determined the purchase price of \$14,200,000 to be at or below fair market value.

Along with the recommendation of RED's Director, HSH recommends approval of the proposed resolution authorizing the purchase. If you have questions regarding the proposed use of the property, please contact Dylan Schneider of HSH at 628.652.7742 or Dylan.schneider@sfgov.org; if you have questions regarding the Purchase Agreement, please contact me at 415.554.9850 or Andrico.penick@sfgov.org.

Respectfully,

Andrico Q. Penick
Director of Property