

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

651 BANNON STREET, 8th FLOOR, SACRAMENTO, CA 95811
 P.O. BOX 952054, SACRAMENTO, CA 94252-2054
 (916) 263-2771
www.hcd.ca.gov



August 23, 2024

Elizabeth Kuwada, Vice President
 Mercy Housing California
 1256 Market Street
 San Francisco, CA 94102

Sara Amaral, Director of Housing Development
 City and County of San Francisco
 1 South Van Ness Avenue, 5th Floor
 San Francisco, CA 94103

Dear Elizabeth Kuwada and Sara Amaral:

**RE: Conditional Award Commitment and Acceptance of Terms and Conditions
 Affordable Housing and Sustainable Communities (AHSC)
 Notice of Funding Availability, Fiscal Year 2023/2024, Round 8
 Mercy Housing California and City and County of San Francisco – Sunnydale Block 7
 Contract No. 24-AHSC-18435 and 24-AHSC-18434**

The California Department of Housing and Community Development (“**Department**” or “**HCD**”) issued an AHSC Round 8, Notice of Funding Availability on January 19, 2024. The Department is now pleased to inform you of this conditional award to Mercy Housing California and City and County of San Francisco (“**Awardees**”). This conditional award is a loan and grant in the amount of \$29,745,053 (the “**Conditional Award**”) for the above-referenced project (the “**Project**”) and includes the following:

AHSC Program Award Components	Award Amount	Contract Number
AHSC Program Loan Award	\$18,500,000	24-AHSC-18434
AHSC Program Grant Award	\$11,245,053	24-AHSC-18435

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

Affordable Housing and Sustainable Communities Round 8, Conditional Award Commitment
Mercy Housing California and City and County of San Francisco – *Sunnydale Block 7*
Contract No. 24-AHSC-18435 and 24-AHSC-18434
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I. Applicant Representations – Basis of Conditional Award

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

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

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

II. Terms and Conditions of Conditional Award

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

The Department may rescind this Conditional Award if any of the terms and conditions enumerated in this Section II (the “**Terms and Conditions of Conditional Award**”) are not timely satisfied. The Terms and Conditions of this Conditional Award and their corresponding timelines are described below.

If the Terms and Conditions of this Conditional Award are timely satisfied, the Department will **(i)** promptly provide a written notification to the Awardee(s) via electronic mail; and **(ii)** circulate an executed copy of an STD 213, Standard Agreement, for all appropriate signatures and approvals in accordance with the timeline specified in Section III of this Conditional Award Commitment.

All timelines shall be calculated in calendar days. Any deadline falling on a weekend or State of California holiday shall be extended to the next business day.

A. Timely Execution of Acceptance of Terms and Conditions of Conditional Award Form

The Awardee(s) shall execute and deliver a copy of the enclosed Acceptance of Terms and Conditions of Conditional Award to the Department within ten (10) calendar days of the date of this Conditional Award Commitment. The Department will deem this condition to be unsatisfied if it receives an executed Acceptance of Terms and Conditions of Conditional Award that has been substantively modified, altered, or amended in any way. The signed Acceptance of Terms and Conditions of Conditional Award form must be submitted to AHSC@hcd.ca.gov.

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B. Timely Delivery of Authorization and Organizational Documents.

If not provided at the time of application, the Awardee(s) shall deliver to the Department, within sixty (60) calendar days of the date upon this Conditional Award Commitment, a legally sufficient set of Authorization and Organizational Documents, as further described and specified below. Specifically, the Awardee(s) shall deliver a duly adopted authorizing resolution, as well as a complete and duly filed or adopted set of organizational documents and all amendments (the “**Authorization and Organizational Documents**”), for each of the following entities as applicable: each Awardee entity; the ultimate borrower of the Conditional Award funds (the

“**Borrower**”); and each separate legal entity that is part of the Awardee’s or Borrower’s organizational structure. Each entity’s resolution must constitute, to the Department’s reasonable satisfaction, an unconditional, duly adopted, and legally binding authorization of the entity to accept the total amount of these Conditional Award funds, to fully participate in the relevant Department program, and to be legally bound by the requirements of the Department program. The Department may agree to an extension of fifteen (15) calendar days based on the Awardee’s demonstration of necessity.

Note: Local Public Entities, as defined in the above-mentioned NOFA and/or Final Program Guidelines, are not required to submit a complete and duly filed or adopted set of organizational documents and amendments. Both the Conditional Award and this Conditional Award Commitment are subject to Health and Safety Code section 50406, subdivision (p), as subsequently amended (“**AB 1010**”).

The Department has posted resolution templates on its website as informational guidance. Please note that use of the resolution templates is not compulsory. However, use of the provided templates will assist in the timely review and approval of the Standard Agreement. While entities may choose to use modified language in their resolutions, Sponsors should be aware that this may delay preparation of the Standard Agreement or, if deemed insufficient, may result in the need to submit a revised resolution.

At any point prior to disbursement, the Department may also require the Awardee(s) to resubmit Authorization and Organizational Documents if the original submittals were determined to be inaccurate or incomplete.

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III. Delivery of Standard Agreement

In an effort to be responsive to each Awardee's closing needs and to ensure timely commitment of funds, the Department commits to delivering an executed copy of the Standard Agreement relative to this Conditional Award within ninety (90) calendar days of receiving all required documents, including all legally sufficient Authorization and Organizational Documents, in connection with this Project and as applicable.

Please be advised that the form of the Standard Agreement, Exhibits A through D, were posted on the Department's website and will not be circulated for public comment or otherwise subject to change or negotiation except as may be required to achieve compatibility with the requirements of other governmental programs and third-party lenders.

Your contract is assigned to a Single Point of Contact (SPOC), Flavio Cordero, Housing and Community Development Representative II, at (916) 695-6389 or Flavio.Cordero@hcd.ca.gov, which will serve as your contact for any and all inquiries related to the development and execution of the Standard Agreement. If this project has previously received funding from HCD, this new award will be referred to the same contact as your previous award so as to minimize the points of contact from within HCD. You will receive an email from your SPOC within 48 hours of receipt of your signed Acceptance of Terms and Conditions of Conditional Award.

Among the responsibilities of the SPOC will be to maintain contact throughout the next several months as you work to secure all necessary funding sources to begin construction. Your SPOC will be reaching out to you monthly to inquire on status and progress. In the meantime, should you have any changes to the status or make up of your project we ask that you communicate these changes as soon as possible to your assigned SPOC.

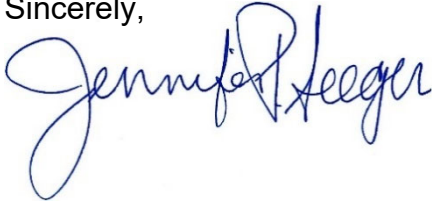
IV. Deadline to Secure Permanent Financing

Please note, that the Awardee must secure all permanent financing, including tax credits and bond allocations, within 24 months of the date of the first Department funding award to the Project, consistent with the Department's Disencumbrance Policy ([Administrative Notice Number 2022-02: Disencumbrance Policy](#)). Sponsors must demonstrate that all permanent financing is in place allowing the project to commence construction. Failure to meet this requirement shall result in the withdrawal or recapture of this Conditional Award and any other prior or subsequent funds awarded to the Project.

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Congratulations on your successful Application. For further information, please contact your SPOC as outlined in Section III above.

Sincerely,

A handwritten signature in blue ink that reads "Jennifer Seeger". The signature is fluid and cursive, with the first name being more prominent.

Jennifer Seeger
Deputy Director
Division of State Financial Assistance

Enclosure: Acceptance of Terms and Conditions of Conditional Award form

California Department of Housing and Community Development

**Affordable Housing and Sustainable Communities
Acceptance of Terms and Conditions of Conditional Award**

Mercy Housing California and City and County of San Francisco (“**Awardees**”)
Sunnydale Block 7 (“**Project**”)

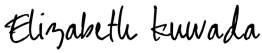
Affordable Housing and Sustainable Communities award totaling \$29,745,053 (“**Conditional Award**”), as detailed below:

AHSC Program Award Components	Award Amount	Contract Number
Loan Award	\$18,500,000	24-AHSC-18434
Grant Award	\$11,245,053	24-AHSC-18435
HRI component	\$0	
STI component	\$9,038,445	
TRA component	\$1,500,000	
PGM component	\$706,608	

By signing this Acceptance of Terms and Conditions of Conditional Award, the Awardee acknowledges having read and fully understood the terms and conditions of the Conditional Award Commitment, dated August 23, 2024, in connection with the Project.

In addition, the Awardee acknowledges having read and fully understood all of the Department’s requirements relative to the Conditional Award, including the requirements set forth in Administrative Notice Number 2022-22: Disencumbrance Policy, and the Awardee agrees to abide by and comply with those requirements.

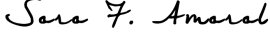
In addition, the Awardee(s) must acknowledge that it has reviewed and verified the accuracy of the project report prepared by the Department no later than 7 business days of receipt.

Signed by:

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9/3/2024 | 4:09 PM PDT

Elizabeth Kuwada, Director of Housing Development
Mercy Housing California

Date


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9/3/2024 | 4:14 PM PDT

Sara Amaral, Director of Housing Development
City and County of San Francisco

Date

**** For HCD Use Only ****

Authorized Representatives Verified

All Parties Signed

Date Received: _____