



EXECUTIVE SUMMARY

MEETING DATE: November 7, 2025

HCR25-075

SUBJECT: Approve a Revised Resolution Authorizing the San Diego Housing Commission to Apply for State of California Department of Housing and Community Development Homekey+ Program Grant Funds – 7798 Starling Dr.

COUNCIL DISTRICT: 7

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Robert “Buddy” Bohrer (619) 578-7524

REQUESTED ACTION:

Approve a revised resolution authorizing and directing the San Diego Housing Commission (SDHC) to submit an application to the State of California Department of Housing and Community Development (Department) Homekey+ program for grant funds in an amount not to exceed \$35,000,000 in accordance with the November 26, 2024, Notice of Funding Availability and to enter into, execute, and deliver a Standard Agreement in a total amount up to \$35,000,000 and any and all other documents required or deemed necessary or appropriate to secure the Homekey+ Program funds, as more specifically set forth within the report, for the property at 7798 Starling Dr., San Diego, CA 92123.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On April 25, 2025, the SDHC Board voted 7-0 to authorize SDHC to enter into a Purchase and Sale Agreement for the property at 7798 Starling Dr., San Diego, CA 92123, and to submit an application to the Department for Homekey+ Program grant funds in an amount up to \$35,000,000 in accordance with the November 26, 2024, NOFA for the Homekey+ Program.
- SDHC entered into the Purchase and Sale Agreement for the Starling Drive property and submitted an application to the Department.
- On October 16, 2025, the Department announced the award of \$32,411,744 to SDHC for the Starling Drive project.
- SDHC has committed 40 Veterans Affairs Supportive Housing (VASH) Project-Based Vouchers (PBVs) to assist veterans at the property to pay their rent.
- The previously approved SDHC Board resolution needs to be revised to specify that the Starling Drive property is existing housing.
- SDHC initially classified the project as acquisition/rehab. This site is considered existing housing as defined by the regulations contained at 24 CFR 983.3. Specifically, as stated in the environmental review and physical needs assessment, and as verified by SDHC, the dwelling units substantially comply with Housing Quality Standards, any deficiencies can be reasonably corrected within a 30-day period, and there are no plans to undertake substantial improvements, as defined by 24 CFR 983.3, during the first two years the units are subject to a Housing Assistance Payment Contract.
- As existing housing, for PBV purposes this project is not subject to the Requirements for Rehabilitated and Newly Constructed Units contained in 24 CFR 983 Subpart D.
- If SDHC proceeds with the acquisition of the 7798 Starling Dr. property, the acquisition will ultimately result in the addition of up to 81 units of permanent affordable rental housing with access to supportive services for individuals experiencing homelessness and one unrestricted manager's unit. Forty units would be for veterans experiencing homelessness.



REPORT

DATE ISSUED: October 30, 2025

REPORT NO: HCR25-075

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of November 7, 2025

SUBJECT: Approve a Revised Resolution Authorizing the San Diego Housing Commission to Apply
for State of California Department of Housing and Community Development Homekey+
Program Grant Funds – 7798 Starling Dr.

COUNCIL DISTRICT: 7

REQUESTED ACTION

Approve a revised resolution authorizing and directing the San Diego Housing Commission (SDHC) to submit an application to the State of California Department of Housing and Community Development (Department) Homekey+ program for grant funds in an amount not to exceed \$35,000,000 in accordance with the November 26, 2024, Notice of Funding Availability and to enter into, execute, and deliver a Standard Agreement in a total amount up to \$35,000,000 and any and all other documents required or deemed necessary or appropriate to secure the Homekey+ Program funds, as more specifically set forth within the report, for the property at 7798 Starling Dr., San Diego, CA 92123.

STAFF RECOMMENDATION

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) take the following actions:

- 1) Approve a revised resolution authorizing and directing SDHC to submit an individual application to the State of California Department of Housing and Community Development (Department) Homekey+ Program for grant funds in an amount up to \$35,000,000 in accordance with the November 26, 2024, Notice of Funding Availability (NOFA) for the Homekey+ Program for the acquisition of existing housing at 7798 Starling Dr., San Diego, CA 92123. The revised resolution includes the addition of text to state that the property is existing housing.

SDHC initially classified the project as acquisition/rehab. This site is considered existing housing as defined by the regulations contained at 24 CFR 983.3. Specifically, as stated in the environmental review and physical needs assessment, and as verified by SDHC, the dwelling units substantially comply with Housing Quality Standards, any deficiencies can be reasonably corrected within a 30-day period, and there are no plans to undertake substantial improvements, as defined by 24 CFR 983.3, during the first two years the units are subject to a Housing Assistance Payment Contract.

As existing housing, for PBV purposes this project is not subject to the Requirements for Rehabilitated and Newly Constructed Units contained in 24 CFR 983 Subpart D.

- 2) Authorize SDHC's President and CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, are submitted to each Housing Commissioner.

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Approve a Revised Resolution Authorizing the San Diego Housing Commission to Apply for State of California Department of Housing and Community Development Homekey+ Program Grant Funds – 7798 Starling Dr.
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BACKGROUND

On April 25, 2025, the SDHC Board voted 7-0 to authorize SDHC to enter into a Purchase and Sale Agreement for the property at 7798 Starling Dr., San Diego, CA 92123, and to submit an application to the Department for Homekey+ Program grant funds in an amount up to \$35,000,000 in accordance with the November 26, 2024, NOFA for the Homekey+ Program. Attachment 1 is the staff report and attachments for the SDHC Board's April 25, 2025, action. Attachment 2 is Resolution HC-2034, which the SDHC Board approved on April 25, 2025.

SDHC entered into the Purchase and Sale Agreement for the Starling Drive property and submitted an application to the Department. On October 16, 2025, the Department announced the award of \$32,411,744 to SDHC for the Starling Drive project.

SDHC has committed 40 Veterans Affairs Supportive Housing (VASH) Project-Based Vouchers to assist veterans at the property to pay their rent. The previously approved SDHC Board resolution needs to be revised to specify that the Starling Drive property is existing housing.

AFFORDABLE HOUSING IMPACT

If SDHC proceeds with the acquisition of the 7798 Starling Dr. property, the acquisition will ultimately result in the addition of up to 81 units of permanent affordable rental housing with access to supportive services for individuals experiencing homelessness and one unrestricted manager's unit. Forty units would be for veterans experiencing homelessness.

After financing is secured, the project will be subject to covenants and restrictions for the applicable lending agreements, which will restrict affordability for a minimum of 55 years. The rent and occupancy restrictions required by all potential lenders and investors will apply. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

FISCAL CONSIDERATIONS

The proposed revision to the previously approved SDHC Board resolution has no fiscal impact.

The potential award of Homekey+ Program funds was included in SDHC's Housing Authority-approved Fiscal Year 2026 budget. Additional funds from the City and / or County will be utilized to close escrow on the property and complete any required construction scope.

San Diego Housing Commission Project – Starling Place	
Source	Amount
State Homekey+ Program Funds	Up to \$35,000,000
City of San Diego (CDBG)	\$10,000,000
County of San Diego	\$7,000,000
TOTAL SOURCES	Up to \$52,000,000
Uses	Amount
Starling Place acquisition	Up to \$37,350,000
Rehabilitation / Construction	\$14,650,000
TOTAL USES	Up to \$52,000,000

SDHC STRATEGIC PLAN

This item relates to Strategic Priority Areas No. 3 in SDHC's Strategic Plan for Fiscal Years 2026 – 2030: Create and Preserve Housing.

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NONDISCRIMINATION ASSURANCE

SDHC will ensure that the Department's Homekey+ Program application and potential award are implemented in accordance with the Department's requirements.

At SDHC, we're about people. We are committed to ensuring a compassionate, person-centered approach to SDHC's programs, policies, projects and activities and serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Key stakeholders for this potential acquisition include the Seller, SDHC, the Serra Mesa community, the City of San Diego, County of San Diego, and individuals/households experiencing homelessness.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

Approving the Purchase and Sale Agreement for 7798 Starling Drive and submitting a Homekey application is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b) (4) as a government fiscal activity that does not involve commitment of funds to a specific project and Section 15378(b) (5) as an administrative activity of government that will not result in direct or indirect physical changes in the environment. Further, the acquisition and rehabilitation of 7798 Starling Drive is exempt pursuant to CEQA Guidelines Section 15301, 15302, 15304, and 15306. The City of San Diego conducted an environmental review and determined the project is exempt from CEQA pursuant to CEQA Guidelines Sections 15301 (d) (Existing Facilities), 15302 (c) (Replacement or Reconstruction), 15304 (Minor Alterations to Land), and 15306 (Information Collection). This activity is exempt pursuant to CEQA Guidelines Section 15301 (d) (Existing Facilities), which consists of restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety; Section 15302 (c) (Replacement or Reconstruction), which consists of the replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity; 15304 (Minor Alterations to Land), which consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes; and 15306 (Information Collection) which consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. The exceptions outlined in CEQA Guidelines Section 15300.2 would not apply as no cumulative impacts were identified, no significant effects on the environment were identified, the project is not adjacent to a scenic highway, no historical resources would be affected by the action, and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.

National Environmental Policy Act

The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final National Environmental Policy Act review and approval. A determination that this project is Categorically Excluded Subject to Section 58.5 was approved by the City of San Diego Planning Department on April 7, 2025.

Respectfully submitted,

Approved by,

October 30, 2025

Approve a Revised Resolution Authorizing the San Diego Housing Commission to Apply for State of California Department of Housing and Community Development Homekey+ Program Grant Funds – 7798 Starling Dr.
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Robert G. Bohrer
Vice President, Real Estate Finance
and Acquisitions
San Diego Housing Commission



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachments:

- 1) SDHC Board Report No. HCR25-018 and Attachments
- 2) SDHC Resolution HC-2034
- 3) Proposed Revised SDHC Board Resolution

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.



EXECUTIVE SUMMARY

MEETING DATE: April 25, 2025

HCR25-018

SUBJECT: Authorization to Execute a Purchase and Sale Agreement and Apply for State of California Department of Housing and Community Development Homekey+ Program Grant Funds – 7798 Starling Dr.

COUNCIL DISTRICT: 7

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: Robert “Buddy” Bohrer (619) 578-7524

REQUESTED ACTION:

Authorize and direct the San Diego Housing Commission to approve the execution of a Purchase and Sale Agreement for the property at 7798 Starling Dr., San Diego, CA 92123, in an amount not to exceed \$37,350,000, under the terms and conditions described in this report; to submit an application to the State of California Department of Housing and Community Development under the Homekey+ Program for grant funds in an amount up to \$35,000,000 in accordance with the November 26, 2024, Notice of Funding Availability (NOFA); and to enter into, execute, and deliver a Standard Agreement in a total amount up to \$35,000,000 and any and all other documents required or deemed necessary or appropriate to secure the Homekey+ Program funds, as more specifically set forth within the report.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Executing a Purchase and Sale Agreement (PSA) is necessary before SDHC can obtain site control to perform required due diligence.
- Obtaining site control will allow SDHC to initiate extensive due diligence activities to assess items such as zoning, presence of potential environmental hazards, potential hazardous materials, immediate capital needs, pest control, and any architectural studies for the reconfiguration of the property, including Americans with Disabilities Act (ADA) accessibility of the site and proposed conversion of some units to common areas. SDHC will also obtain appraisals (including peer review appraisal) and market studies for this site during the due diligence process.
- After due diligence, if SDHC proceeds with the potential acquisition, the proposed funding sources for the potential acquisition would include State of California Homekey+ funds of up to \$35,000,000; \$10,000,000 of Community Development Block Grant (CDBG) funds from the City of San Diego; and \$7,000,000 from the County of San Diego. In addition to the capital funds outlined above, the County is committing to fund \$3,360,000 in operating subsidy, which will match an equal amount to be funded by Homekey+.
- SDHC’s potential purchase of the property is contingent upon receipt of an award of Homekey+ funds.
- The proposed development would consist of up to 81 units dedicated to individuals experiencing homelessness and one unrestricted manager’s unit.
- The building was constructed in 2022 and is currently used for short-term vacation rentals. It is contained within one, three-story, elevator-served structure that consists of 90 units, of which 66 are studios and 24 are one bedroom. Each unit includes a kitchenette and private bathroom.
- A portion of the existing units would need to be converted to property management and supportive services offices, and the laundry rooms need to be reconfigured to be ADA-accessible.
- The proposed funding sources and uses for the \$250,000 due diligence budget and \$50,000 refundable deposit were included in the approved Fiscal Year (FY) 2025 SDHC budget.



REPORT

DATE ISSUED: April 17, 2025

REPORT NO: HCR25-018

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of April 25, 2025

SUBJECT: Authorization to Execute a Purchase and Sale Agreement and Apply for State of
California Department of Housing and Community Development Homekey+ Program
Grant Funds – 7798 Starling Dr.

COUNCIL DISTRICT: 7

Advance notice of San Diego Housing Commission Board of Commissioners' hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A)-(B).

REQUESTED ACTION

Authorize and direct the San Diego Housing Commission to approve the execution of a Purchase and Sale Agreement for the property at 7798 Starling Dr., San Diego, CA 92123, in an amount not to exceed \$37,350,000, under the terms and conditions described in this report; to submit an application to the State of California Department of Housing and Community Development under the Homekey+ Program for grant funds in an amount up to \$35,000,000 in accordance with the November 26, 2024, Notice of Funding Availability (NOFA); and to enter into, execute, and deliver a Standard Agreement in a total amount up to \$35,000,000 and any and all other documents required or deemed necessary or appropriate to secure the Homekey+ Program funds, as more specifically set forth within the report.

STAFF RECOMMENDATION

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) take the following actions:

- 1) Authorize SDHC's President and Chief Executive Officer (President and CEO), or designee, to execute a Purchase and Sale Agreement (PSA) by and between SDHC and Tusore Hospitality, Inc, a California Corporation, with a purchase price not to exceed \$37,350,000 for the property at 7798 Starling Dr., San Diego, CA 92123.
- 2) Authorize an Earnest Money Deposit not to exceed \$500,000 as detailed in the staff report.
- 3) Authorize the commencement of Due Diligence and a Due Diligence budget not to exceed \$250,000 as set forth in the staff report.
- 4) Authorize SDHC's President and CEO, or designee, to substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability.
- 5) Authorize and direct SDHC to submit an individual application to the State of California Department of Housing and Community Development (Department) Homekey+ Program for grant funds in an amount up to \$35,000,000 in accordance with the November 26, 2024, Notice of Funding Availability (NOFA) for the Homekey+ Program for the acquisition and

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rehabilitation of the property at 7798 Starling Dr., San Diego, CA 92123.

- 6) If the application is approved and the proposed project is subsequently approved by the Housing Authority of the City of San Diego, authorize and direct SDHC to enter into, execute, and deliver a Standard Agreement in a total amount up to \$35,000,000 and any and all other documents required or deemed necessary or appropriate to secure Homekey+ Funds from the Department, and to participate in the Homekey+ Program.

SDHC acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.

- 7) Authorize SDHC's President and CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, are submitted to each Housing Commissioner.

BACKGROUND

An update presented to the San Diego City Council on November 14, 2023, about the Community Action Plan on Homelessness for the City of San Diego identified revised estimated needs for shelter and housing to address homelessness in the city. The update determined that an estimated 6,457 permanent supportive housing beds and 2,109 other permanent housing beds are needed. The City Council originally accepted the Community Action Plan in October 2019 as a comprehensive, 10-year plan that builds on recent progress, lays out short-term achievable goals and serves as a guide for long-term success in addressing homelessness.

In addition, on August 1, 2024, the City Council renewed its declaration of a shelter crisis pursuant to Government Code Section 8698, et seq., which remains in effect (Resolution No. R-315738). The shelter crisis resolution was enacted to help provide shelter and mitigate the effects of the ongoing housing emergency in the City of San Diego.

As the current situation represents a state of emergency, SDHC has worked to identify sites to potentially create affordable housing units to address the shelter crisis. Executing a PSA is necessary before SDHC can obtain site control to perform required due diligence. Obtaining site control will allow SDHC to initiate extensive due diligence activities to assess items such as zoning, presence of potential environmental hazards, potential hazardous materials, immediate capital needs, pest control, and any architectural studies for the reconfiguration of the property, including Americans with Disabilities Act (ADA) accessibility of the site and proposed conversion of some units to common areas. SDHC will also obtain appraisals (including peer review appraisal) and market studies for this site during the due diligence process. This due diligence process will enable SDHC to identify potential risks, if any, associated with purchasing the property and converting it to permanent affordable rental housing.

After due diligence, if SDHC proceeds with the potential acquisition, the proposed funding sources for the potential acquisition would include State of California Homekey+ funds of up to \$35,000,000; \$10,000,000 of Community Development Block Grant (CDBG) funds from the City of San Diego; and \$7,000,000 from the County of San Diego. In addition to the capital funds outlined above, the County is committing to fund \$3,360,000 in operating subsidy, which will match an equal amount to be funded by Homekey+. Letters of Intent from the City and County outlining these commitments are Attachments 6

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and 7 of this report. SDHC's potential purchase of the property is contingent upon receipt of an award of Homekey+ funds.

Homekey+ Summary

The California Department of Housing & Community Development (Department) issued a NOFA, dated November 26, 2024, for the Homekey+ Program to provide housing stability through safe, affordable housing and supportive services to address behavioral health challenges and provide California's most vulnerable residents with the foundation they need to thrive. The Department issued the NOFA for Homekey+ Program grant funds pursuant to Proposition 1 to help support the development of permanent supportive housing for veterans, young people, and other individuals and their households with mental health and/or substance abuse challenges who are at risk of or experiencing homelessness.

California voters passed Proposition 1 in March 2024, advancing the state's goals to reduce homelessness and protect the most vulnerable populations through important changes to the Mental Health Services Act (MHSA). Proposition 1 includes the Behavioral Health Services Act (BHSA) and the Behavioral Health Infrastructure Bond Act (BHIBA). Homekey+ is the permanent supportive housing component of the BHIBA. Proposition 1 allocates \$2.2 billion in grant funding, of which an estimated \$1.033 billion is available for veteran-serving projects. Additionally, an estimated \$1.11 billion is available for projects serving individuals, or households with an individual, who are experiencing homelessness or who are at risk of homelessness, of which \$805 million is derived from Proposition 1 and approximately \$307 million is available from the Homeless Housing, Assistance, and Prevention (HHAP) Homekey+ Supplemental funding, made available in the 2023-24 and 2024-25 state budgets.

Eligible applicants include cities, counties, cities and counties, and all other state, regional, and local public entities, including councils of government, metropolitan planning organizations, public housing authorities, and regional transportation planning agencies designated in Section 29532.1 of the Government Code, and tribal entities.

SDHC is requesting the SDHC Board's approval to apply to the Department's Homekey+ Program for grant funds. Acceptance of the grant funds, if awarded, will be presented to the Housing Authority of the City of San Diego together with staff-recommended actions to approve the proposed project that the Homekey+ Program funds would support.

Eligible uses include: acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, apartments or homes, assisted living residences, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to Permanent Supportive Housing (PSH), master leasing of properties for PSH, conversion of units from nonresidential to residential PSH and conversion of interim housing to PSH, new construction of dwelling units, gap financing, purchasing of affordability covenants & restrictions for units, relocation costs for individuals who are displaced because of the Homekey+ project, and capitalized operating subsidies for PSH units purchased, converted, constructed, or altered with funds provided pursuant to California Health and Safety Code Section 50675.1.3.

SDHC's proposed application, if funds are awarded, would support the acquisition and development of Starling Place at 7798 Starling Dr., San Diego, CA 92123, in Council District 7. The proposed development would consist of up to 81 units dedicated to individuals experiencing homelessness and one unrestricted manager's unit. SDHC has requested U.S. Department of Veterans Affairs San Diego to approve the commitment of 40 Veterans Affairs Supportive Housing (VASH) vouchers as project-based vouchers and corresponding supportive services for this property to assist veterans experiencing homelessness with a behavioral health challenge. The operating subsidy for the remaining units will be determined before the end of the Due Diligence Period and before the application to the Department. Residents would receive supportive services to support housing stabilization, enhance quality of life and

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make connections to community resources, including but not limited to, primary health needs, mental and behavioral health needs and other community-based programs to best meet a resident's individual needs.

The remaining population intended for this site would consist of individuals (including veterans) with mental health or substance use disorder challenges who are at risk of or experiencing homelessness and in need of permanent affordable rental housing with supportive services. All residents will be identified through referrals from the Coordinated Entry System and would include individuals experiencing chronic homelessness with serious mental illness and veterans experiencing chronic homelessness.

The proposed project aligns with the goals of the Community Action Plan on Homelessness for the City of San Diego to increase access to permanent housing solutions for people experiencing homelessness and increase access to services for people with behavioral health needs.

The Department is authorized to administer the Homekey+ Program pursuant to the Multifamily Housing Program (Chapter 6.7, commencing with Section 50675, of Part 2 of Division 31 of the Health and Safety Code). Homekey+ Program funding allocations are subject to the terms and conditions of the NOFA, Proposition 1 guidance, the Application, the Department-approved STD 213, Standard Agreement (Standard Agreement), and all other legal requirements of the Homekey+ Program.

SUMMARY

A development summary is included as Attachment 1.

Table 1 – Development Details

Address	7798 Starling Dr., San Diego, CA 92123
Council District	7
Community Plan Area	Serra Mesa
Development Type	Acquisition and Minor Rehabilitation
Construction Type	Type V-A. Three Stories. Elevator Served.
Parking Type	Approximately 64 parking spaces (surface parked) 4 of which are dedicated for Americans with Disability Act accessibility.
Transit Information	Metropolitan Transit System bus service (Route 120) within approximately 365 feet
Housing Type	SRO Hotel with Supportive Services
Lot Size	.95 Acres
Units	90 upon acquisition (Estimated 81 affordable units and one unrestricted manager's unit upon completion)
Density	94.74 units/acre (90 units ÷ .95 acres)
Unit Mix	Currently 66 studios and 24 one-bedroom units
Gross Building Area	40,083 square feet
Affordable Units in Service by Council District	Council District 7 includes 2,065 affordable rental housing units currently in service, which represents 7.6 percent of the 27,173 affordable rental housing units in service citywide.

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The property is a 90-unit building on an approximately .95-acre site located at 7798 Starling Dr. in the Serra Mesa neighborhood in Council District 7 Attachment 1 – Location Maps).

The building was constructed in 2022 and is currently used for short-term vacation rentals. It is contained within one, three-story, elevator-served structure that consists of 90 units, of which 66 are studios and 24 are one bedroom. Each unit includes a kitchenette and private bathroom.

There are no offices, and the current laundry rooms are not ADA-accessible. For that reason, a portion of the existing units would need to be converted to property management and supportive services offices, and the laundry rooms need to be reconfigured to be ADA-accessible. The precise number and cost will be determined during due diligence.

Deal Terms

The purchase of the property is explicitly contingent upon the approval by the SDHC Board and the Housing Authority of the City of San Diego and upon receipt of an award of Homekey+ funds.

The key PSA deal terms are:

Purchase Price:	The purchase price for the property on Starling Drive is not to exceed \$37,350,000. This not-to-exceed price is based on comparable sales, as shown in Table 2.
Due Diligence Period:	The due diligence period begins upon mutual execution of the PSA and expires 120 days after PSA execution.
Earnest Money Deposit:	A refundable deposit of \$50,000 will be deposited into escrow with Chicago Title Company within five days of PSA execution. If SDHC elects not to proceed with the transaction at the end of the due diligence period, the \$50,000 deposit will be refunded to SDHC. If SDHC elects to proceed with the transaction at the end of the due diligence period, an additional \$450,000 will be added to the initial deposit, and the combined deposit totaling \$500,000 will become non-refundable and credited against the purchase price.
Broker's Commission:	Not Applicable Neither Buyer nor Seller is represented by a broker.
Close of Escrow:	The PSA provides for the close of escrow within 12 months of execution of the PSA unless extended by an additional six-month period at SDHC's sole discretion. An additional deposit of \$500,000 is required to extend the escrow.

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable rental housing, including but not limited to project location, site conditions, site improvements needed, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City of San Diego impact fees, and developer experience and capacity.

Table 2 shows a comparison of the subject property and other recent developments of the same construction type.

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Table 2 – Comparable Market Acquisitions

Project Name	Year Built	Year Acquired	Construction Type	Units	Total Acquisition Cost	Acquisition Cost Per Unit
Proposed Subject Property – 7798 Starling Drive	2022	TBD	V	90	\$37,350,000	\$415,000
3288 5 th Ave.	2015	2024	V	100	\$51,000,000	\$510,000
10785 Pomerado Road	2018	2025	V	84	\$33,957,420	\$404,255
655 6 th Ave.	2008	2024	V Modified	106	\$44,500,000	\$419,811
622 Tamarack Ave.	1978	2024	V	40	\$20,880,000	\$522,088
14261-14277 Rios Canyon Road	2019	2024	V	32	\$14,820,000	\$463,203

Due Diligence

As a public agency, and in compliance with SDHC's Policy for Acquisition and/or Purchase of Real Estate, SDHC performs rigorous due diligence inspections on a property before initiating acquisition activities. These due diligence activities are listed below.

Pursuant to the Policy for Acquisition and/or Purchase of Real Estate, SDHC staff will engage third-party consultants to prepare the following due diligence reports, including, but not limited to:

- Preliminary Title Report
- Physical Needs Assessment
- Utility Load Assessment
- Zoning Conformance
- Review of Entitlements
- Termite/Pest Inspections
- Sewer Line and Supply Line Inspections
- Phase I & II Environmental Report
- Appraisal
- Peer Review of Appraisal

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- Market Study
- American Land Title Association (ALTA) Survey
- Soils / Geotechnical Testing
- Hazardous Materials testing (microbial growth, lead and asbestos, etc.)
- Construction Cost Assumptions Review
- Financial Feasibility Review
- Confirm compliance with the California Environmental Quality Act and the National Environmental Policy Act
- Other reports or studies deemed necessary to analyze the property

AFFORDABLE HOUSING IMPACT

If SDHC elects to proceed with the acquisition of the 7798 Starling Dr. property, the acquisition will ultimately result in the addition of up to 81 units of permanent affordable rental housing with access to supportive services for individuals experiencing homelessness and one unrestricted manager's unit.

After financing is secured, the project will be subject to covenants and restrictions for the applicable lending agreements, which will restrict affordability for a minimum of 55 years. The rent and occupancy restrictions required by all potential lenders and investors will apply. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

FISCAL CONSIDERATIONS

Due Diligence

The proposed funding sources and uses for due diligence were included in the Fiscal Year (FY) 2025 SDHC budget, which the Housing Authority of the City of San Diego approved on June 11, 2024.

Approving this action will result in due diligence work being completed for the potential acquisition of the property at 7798 Starling Dr.

Funding sources and uses approved by this action will be as follows:

FY 25 Funding Sources	
Local Funds	\$300,000
TOTAL	\$300,000
FY 25 Funding Uses	
Acquisition Cost (Refundable Deposit)	\$50,000
Due Diligence	\$250,000
TOTAL	\$300,000

Acquisition

If Homekey+ Program funds are awarded to SDHC, the award is anticipated to occur early in Fiscal Year 2026. The potential award of Homekey+ Program funds is included in SDHC's proposed Fiscal Year 2026 budget, which is anticipated to be presented to the Housing Authority of the City of San Diego for action on June 10, 2025. Additional funds from the City and / or County will be utilized to close escrow on the property and complete any required construction scope.

April 17, 2025

Authorization to enter into a Purchase and Sale Agreement and Apply for State Homekey+ Funds

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San Diego Housing Commission Project – Starling Place	
Source	Amount
State Homekey+ Program Funds	Up to \$35,000,000
City of San Diego (CDBG)	\$10,000,000
County of San Diego	\$7,000,000
TOTAL SOURCES	Up to \$52,000,000
Uses	Amount
Starling Place acquisition	Up to \$37,350,000
Rehabilitation / Construction	\$14,650,000
TOTAL USES	Up to \$52,000,000

SDHC STRATEGIC PLAN

This item relates to Strategic Priority Areas No. 1 and No.4 in SDHC’s Strategic Plan for Fiscal Year (FY) 2022-2024. No.1: Increasing and Preserving Housing Solutions. No.4: Advancing Homelessness Solutions. SDHC is in the process of developing a new Strategic Plan.

NONDISCRIMINATION ASSURANCE

SDHC will ensure that the Department’s Homekey+ Program application and potential award are implemented in accordance with the Department’s requirements.

At SDHC, we’re about people. We are committed to ensuring a compassionate, person-centered approach to SDHC’s programs, policies, projects and activities and serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Key stakeholders for this potential acquisition include the Seller, SDHC, the Serra Mesa community, the City of San Diego, County of San Diego, and individuals/households experiencing homelessness.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

Approving the Purchase and Sale Agreement for 7798 Starling Drive and submitting a Homekey application is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b) (4) as a government fiscal activity that does not involve commitment of funds to a specific project and Section 15378(b) (5) as an administrative activity of government that will not result in direct or indirect physical changes in the environment. Further, the acquisition and rehabilitation of 7798 Starling Drive is exempt pursuant to CEQA Guidelines Section 15301, 15302, 15304, and 15306. The City of San Diego conducted an environmental review and determined the project is exempt from CEQA pursuant to CEQA Guidelines Sections 15301 (d) (Existing Facilities), 15302 (c) (Replacement or Reconstruction), 15304 (Minor Alterations to Land), and 15306 (Information Collection). This activity is exempt pursuant to CEQA Guidelines Section 15301 (d) (Existing Facilities), which consists of restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety; Section 15302 (c) (Replacement or Reconstruction), which consists of the replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity; 15304 (Minor Alterations to Land), which consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes; and 15306 (Information Collection) which consists of basic data collection,

April 17, 2025

Authorization to enter into a Purchase and Sale Agreement and Apply for State Homekey+ Funds

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research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. The exceptions outlined in CEQA Guidelines Section 15300.2 would not apply as no cumulative impacts were identified, no significant effects on the environment were identified, the project is not adjacent to a scenic highway, no historical resources would be affected by the action, and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.

National Environmental Policy Act

The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final National Environmental Policy Act review and approval. A determination that this project is Categorically Excluded Subject to Section 58.5 was approved by the City of San Diego Planning Department on April 7, 2025.

Respectfully submitted,



Robert G. Bohrer
Vice President, Real Estate Finance
and Acquisitions
San Diego Housing Commission

Approved by,



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachments:

- 1) Location Maps
- 2) Preliminary Title Report
- 3) Letter of Intent – Signed
- 4) Draft Purchase and Sale Agreement
- 5) Homekey+ NOFA
- 6) County of San Diego Funding Commitment LOI
- 7) City of San Diego Funding Commitment LOI

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.



Site

An aerial photograph of a city area. A red star is located at the intersection of a major road and a smaller street. A red arrow points from the 'Site' label to the star. Another red arrow points from the 'Bus Stop' label to the same star. A third red arrow points from the 'Ralphs Grocery/Pharmacy' label to a building in the lower right. The map shows a dense urban area with many buildings, streets, and some green spaces. A highway runs vertically through the center of the image. Two blue boxes with white numbers '163' and '805' are located on the highway. A north arrow is in the bottom left corner.

Genesee Ave.

Bus Stop: 0.1 miles

163

805

**Ralphs Grocery/Pharmacy:
1.3 Miles**

N

PRELIMINARY REPORT



CHICAGO TITLE

2365 Northside Dr, Suite 600
San Diego, CA 92108

Prelim Number:

FBSC2502526

Issuing Policies of **Chicago Title Insurance Company**

Order No.: FBSC2502526

TO:
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Attn: Buddy Bohrer
Ref No.:

Title Officer.: Mark Franklin and Tony Tagliavore

Email: SanDiegoNCSTitle@ctt.com

Phone No.: 619-521-3673

Fax No.: 619-521-3608

Escrow Officer:

Email:

Phone No.:

Fax No.:

Loan No.:

Property: 7798 Starling Drive, San Diego, CA

In response to the application for a policy of title insurance referenced herein, **Chicago Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of a defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Exclusions from Coverage, and Conditions of said policy forms.

With respect to any contemplated owner's policy, the printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA/ALTA Homeowner's Policy of Title Insurance, which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a binder or commitment should be requested.

Countersigned By:

Authorized Officer or Agent
Joe Goodman

Effective date: March 13, 2025 at 07:30 AM

The form of Policy or Policies of Title Insurance contemplated by this Report is:

CLTA Standard Coverage Owner's Policy - 2022

1. The estate or interest in the Land hereinafter described or referred to covered by this Report is:

A FEE

2. Title to said estate or interest at the date hereof is [vested in:](#)

TUSORE HOSPITALITY INC., a California corporation

3. The Land referred to in this Report is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

EXHIBIT A
Legal Description

For [APN/Parcel ID\(s\): 427-500-12-00](#)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL B OF [PARCEL MAP NO. 330](#), IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 17, 1970.

[APN: 427-500-12-00](#)

EXCEPTIONS

At the date hereof, items to be considered and exceptions to coverage in addition to the printed exceptions and exclusions in said policy form would be as follows:

A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2025-2026.

B. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 427-500-12-00
Fiscal Year: 2024-2025
1st Installment: \$76,159.05, PAID
2nd Installment: \$76,159.05, OPEN (Delinquent after April 10)
Penalty and Cost: \$7,625.90
Homeowners Exemption: \$0.00
Code Area: 08001

C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

1. Water rights, claims or title to water, whether or not disclosed by the public records.

2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: San Diego Gas and Electric Company
Purpose: Public utilities, ingress and egress
Recording Date: April 6, 1964
[Recording No.:](#) [61996, of Official Records](#)
Affects: The exact location and extent of said easement is not disclosed of record

The exact location and extent of said easement is not disclosed of record.

3. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of San Diego, a municipal corporation
Purpose: Public sewer or sewers
Recording Date: June 23, 1964
[Recording No.:](#) [112609, of Official Records](#)
Affects: The route thereof affects a portion of said land and is more fully described in said document

4. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mount Vernon Convalescent Center, Inc., a California corporation
Purpose: Sewer lines and appurtenances thereto
Recording Date: May 3, 1965
[Recording No.:](#) [78956, of Official Records](#)
Affects: The route thereof affects a portion of said land and is more fully described in said document

5. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: San Diego Gas and Electric Company
Purpose: Public utilities, ingress and egress
Recording Date: September 10, 1965
[Recording No.:](#) [164568, of Official Records](#)
Affects: The route thereof affects a portion of said land and is more fully described in said document

The exact location and extent of said easement is not disclosed of record.

6. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mike Ellis and Helen Ellis, husband and wife as community property
Purpose: Ingress and egress for sewer pipe line purposes
Recording Date: August 27, 1970
[Recording No.:](#) [155007, of Official Records](#)
Affects: The route thereof affects a portion of said land and is more fully described in said document

7. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: San Diego Gas and Electric Company
Purpose: Public utilities, ingress and egress
Recording Date: July 6, 1974
[Recording No.:](#) [74-181862, of Official Records](#)
Affects: The exact location and extent of said easement is not disclosed of record

The exact location and extent of said easement is not disclosed of record.

8. Matters contained in that certain document

Entitled: Encroachment Removal Agreement
Executed by: The City of San Diego and S. R. Lungren, owner
Recording Date: September 25, 1974
[Recording No.:](#) [74-258389, of Official Records](#)

Reference is hereby made to said document for full particulars.

9. Matters contained in that certain document

Entitled: Encroachment Maintenance and Removal Agreement
Recording Date: November 23, 2020
[Recording No.:](#) [2020-0743438, of Official Records](#)

Reference is hereby made to said document for full particulars.

10. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$14,550,000.00
Dated: March 27, 2023
Trustor/Grantor Tusore Hospitality Inc., a California corporation
Trustee: Charford, Inc.
Beneficiary: Enterprise Bank & Trust
Loan No.: 8300163
Recording Date: March 30, 2023
[Recording No.:](#) [2023-0081368, of Official Records](#)

11. An assignment of all the moneys due, or to become due as rental, as additional security for the obligations secured by deed of trust shown as item no. 10

Assigned to: Enterprise Bank & Trust
Recording Date: March 30, 2023
[Recording No.:](#) [2023-0081369, of Official Records](#)

12. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

13. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.

14. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

END OF EXCEPTIONS

PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.

REQUIREMENTS

1. Unrecorded matters which may be disclosed by an Owner's Affidavit or Declaration. A form of the Owner's Affidavit/Declaration is attached to this Preliminary Report/Commitment. This Affidavit/Declaration is to be completed by the record owner of the land and submitted for review prior to the closing of this transaction. Your prompt attention to this requirement will help avoid delays in the closing of this transaction. Thank you.

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit/Declaration.

2. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance by the corporation named below:

Name of Corporation: Tusore Hospitality Inc., a California corporation

- a) A Copy of the corporation By-laws and Articles of Incorporation
- b) An original or certified copy of a resolution authorizing the transaction contemplated herein
- c) If the Articles and/or By-laws require approval by a 'parent' organization, a copy of the Articles and By-laws of the parent
- d) A current dated certificate of good standing from the proper governmental authority of the state in which the entity was created

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

3. Provide an affidavit, referring to the Land the subject of this transaction, setting forth facts sufficient to establish that the party(ies) named below is not one and the same person(s) named in various matters of record and that said matters have been filed against some other person(s) of similar name.

Party(ies): All Parties

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

END OF REQUIREMENTS

INFORMATIONAL NOTES

1. Note: None of the items shown in this report will cause the Company to decline to attach ALTA Endorsement Form 9 to an Extended Coverage Loan Policy, when issued.
2. Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land a Commercial Property, known as 7798 Starling Drive, San Diego, CA, to an Extended Coverage Loan Policy.
3. Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.
4. Pursuant to Government Code Section 27388.1, as amended and effective as of 1-1-2018, a Documentary Transfer Tax (DTT) Affidavit may be required to be completed and submitted with each document when DTT is being paid or when an exemption is being claimed from paying the tax. If a governmental agency is a party to the document, the form will not be required. DTT Affidavits may be available at a Tax Assessor-County Clerk-Recorder.
5. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
6. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

7. The following Exclusion(s) are added to preliminary reports, commitments and will be included as an endorsement in the following policies:
- A. 2006 ALTA Owner's Policy (06-17-06).
6. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
- B. 2006 ALTA Loan Policy (06-17-06)
8. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
9. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
- C. ALTA Homeowner's Policy of Title Insurance (12-02-13) and CLTA Homeowner's Policy of Title Insurance (12-02-13).
10. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
- D. ALTA Expanded Coverage Residential Loan Policy - Assessments Priority (04-02-15).
12. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
13. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
- E. CLTA Standard Coverage Policy 1990 (11-09-18).
7. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the public records but that would be disclosed by an examination of any records maintained by or on behalf of a tribe or on behalf of its members.
8. Any claim of invalidity, unenforceability, or lack of priority of the lien of the insured mortgage based on the application of a tribe's law resulting from the failure of the insured mortgage to specify state law as the governing law with respect to the lien of the insured mortgage.

END OF INFORMATIONAL NOTES



Inquire before you wire!

WIRE FRAUD ALERT

This Notice is not intended to provide legal or professional advice.
If you have any questions, please consult with a lawyer.

All parties to a real estate transaction are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email, without further verification. **If funds are to be wired in conjunction with this real estate transaction, we strongly recommend verbal verification of wire instructions through a known, trusted phone number prior to sending funds.**

In addition, the following non-exclusive self-protection strategies are recommended to minimize exposure to possible wire fraud.

- **NEVER RELY** on emails purporting to change wire instructions. Parties to a transaction rarely change wire instructions in the course of a transaction.
- **ALWAYS VERIFY** wire instructions, specifically the ABA routing number and account number, by calling the party who sent the instructions to you. DO NOT use the phone number provided in the email containing the instructions, use phone numbers you have called before or can otherwise verify. **Obtain the number of relevant parties to the transaction as soon as an escrow account is opened.** DO NOT send an email to verify as the email address may be incorrect or the email may be intercepted by the fraudster.
- **USE COMPLEX EMAIL PASSWORDS** that employ a combination of mixed case, numbers, and symbols. Make your passwords greater than eight (8) characters. Also, change your password often and do NOT reuse the same password for other online accounts.
- **USE MULTI-FACTOR AUTHENTICATION** for email accounts. Your email provider or IT staff may have specific instructions on how to implement this feature.

For more information on wire-fraud scams or to report an incident, please refer to the following links:

Federal Bureau of Investigation:
<http://www.fbi.gov>

Internet Crime Complaint Center:
<http://www.ic3.gov>

FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

Effective January 1, 2025

Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, "FNF," "our," or "we") respect and are committed to protecting your privacy. This Privacy Notice explains how we collect, use, and protect personal information, when and to whom we disclose such information, and the choices you have about the use and disclosure of that information.

A limited number of FNF subsidiaries have their own privacy notices. If a subsidiary has its own privacy notice, the privacy notice will be available on the subsidiary's website and this Privacy Notice does not apply.

Collection of Personal Information

FNF may collect the following categories of Personal Information:

- contact information (e.g., name, address, phone number, email address);
- demographic information (e.g., date of birth, gender, marital status);
- identity information (e.g., Social Security Number, driver's license, passport, or other government ID number);
- financial account information (e.g., loan or bank account information);
- biometric data (e.g., fingerprints, retina or iris scans, voiceprints, or other unique biological characteristics); and
- other personal information necessary to provide products or services to you.

We may collect Personal Information about you from:

- information we receive from you or your agent;
- information about your transactions with FNF, our affiliates, or others; and
- information we receive from consumer reporting agencies and/or governmental entities, either directly from these entities or through others.

Collection of Browsing Information

FNF automatically collects the following types of Browsing Information when you access an FNF website, online service, or application (each an "FNF Website") from your Internet browser, computer, and/or device:

- Internet Protocol (IP) address and operating system;
- browser version, language, and type;
- domain name system requests; and
- browsing history on the FNF Website, such as date and time of your visit to the FNF Website and visits to the pages within the FNF Website.

Like most websites, our servers automatically log each visitor to the FNF Website and may collect the Browsing Information described above. We use Browsing Information for system administration, troubleshooting, fraud investigation, and to improve our websites. Browsing Information generally does not reveal anything personal about you, though if you have created a user account for an FNF Website and are logged into that account, the FNF Website may be able to link certain browsing activity to your user account.

Other Online Specifics

Cookies. When you visit an FNF Website, a "cookie" may be sent to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. Information gathered using cookies helps us improve your user experience. For example, a cookie can help the website load properly or can customize the display page based on your browser type and user preferences. You can choose whether or not to accept cookies by changing your Internet browser settings. Be aware that doing so may impair or limit some functionality of the FNF Website.

Web Beacons. We use web beacons to determine when and how many times a page has been viewed. This information is used to improve our websites.

Do Not Track. Currently our FNF Websites do not respond to "Do Not Track" features enabled through your browser.

Links to Other Sites. FNF Websites may contain links to unaffiliated third-party websites. FNF is not responsible for the privacy practices or content of those websites. We recommend that you read the privacy policy of every website you visit.

Use of Personal Information

FNF uses Personal Information for these main purposes:

- To provide products and services to you or in connection with a transaction involving you.

- To improve our products and services.
- To prevent and detect fraud;
- To maintain the security of our systems, tools, accounts, and applications;
- To verify and authenticate identities and credentials;
- To communicate with you about our, our affiliates', and others' products and services, jointly or independently.
- To provide reviews and testimonials about our services, with your consent.

When Information Is Disclosed

We may disclose your Personal Information and Browsing Information in the following circumstances:

- to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to affiliated or nonaffiliated service providers who provide or perform services or functions on our behalf and who agree to use the information only to provide such services or functions;
- to affiliated or nonaffiliated third parties with whom we perform joint marketing, pursuant to an agreement with them to jointly market financial products or services to you;
- to law enforcement or authorities in connection with an investigation, or in response to a subpoena or court order; or
- in the good-faith belief that such disclosure is necessary to comply with legal process or applicable laws, or to protect the rights, property, or safety of FNF, its customers, or the public.

The law does not require your prior authorization and does not allow you to restrict the disclosures described above. Additionally, we may disclose your information to third parties for whom you have given us authorization or consent to make such disclosure. We do not otherwise share your Personal Information or Browsing Information with nonaffiliated third parties, except as required or permitted by law.

We reserve the right to transfer your Personal Information, Browsing Information, and any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of bankruptcy, reorganization, insolvency, receivership, or an assignment for the benefit of creditors. By submitting Personal Information and/or Browsing Information to FNF, you expressly agree and consent to the use and/or transfer of the foregoing information in connection with any of the above described proceedings.

Security of Your Information

We maintain physical, electronic, and procedural safeguards to protect your Personal Information.

Choices With Your Information

Whether you submit Personal Information or Browsing Information to FNF is entirely up to you. If you decide not to submit Personal Information or Browsing Information, FNF may not be able to provide certain services or products to you.

State-Specific Consumer Privacy Information:

For additional information about your state-specific consumer privacy rights, to make a consumer privacy request, or to appeal a previous privacy request, please follow the link [Privacy Request](#), or email privacy@fnf.com or call (888) 714-2710.

Certain state privacy laws require that FNF disclose the categories of third parties to which FNF may disclose the Personal Information and Browsing Information listed above. Those categories are:

- FNF affiliates and subsidiaries;
- Non-affiliated third parties, with your consent;
- Business in connection with the sale or other disposition of all or part of the FNF business and/or assets;
- Service providers;
- Law endorsement or authorities in connection with an investigation, or in response to a subpoena or court order.

For California Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties, except as permitted by California law. For additional information about your California privacy rights, please visit the "California Privacy" link on our website (fnf.com/california-privacy) or call (888) 413-1748.

For Nevada Residents: We are providing this notice pursuant to state law. You may be placed on our internal Do Not Call List by calling FNF Privacy at (888) 714-2710 or by contacting us via the information set forth at the end of this Privacy Notice. For further information concerning Nevada's telephone solicitation law, you may contact: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: (702) 486-3132; email: aginquiries@ag.state.nv.us.

For Oregon Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties for marketing purposes, except after you have been informed by us of such sharing and had an opportunity to indicate that you do not want a disclosure made for marketing purposes. For additional information about your Oregon consumer privacy rights, or to make a consumer privacy request, or appeal a previous privacy request, please email privacy@fnf.com or call (888) 714-2710

FNF is the controller of the following businesses registered with the Secretary of State in Oregon:

Chicago Title Company of Oregon, Fidelity National Title Company of Oregon, Lawyers Title of Oregon, LoanCare, Ticor, Title Company of Oregon, Western Title & Escrow Company, Chicago Title Company, Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, Fidelity National Title Insurance Company, Liberty Title & Escrow, Novare National Settlement Service, Ticor Title Company of California, Exos Valuations, Fidelity & Guaranty Life, Insurance Agency, Fidelity National Home Warranty Company, Fidelity National Management Services, Fidelity Residential Solutions, FNF Insurance Services, FNTG National Record Centers, IPEX, Mission Servicing Residential, National Residential Nominee Services, National Safe Harbor Exchanges, National Title Insurance of New York, NationalLink Valuations, NexAce Corp., ServiceLink Auction, ServiceLink Management Company, ServiceLink Services, ServiceLink Title Company of Oregon, ServiceLink Valuation Solutions, Western Title & Escrow Company

For Vermont Residents: We will not disclose information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures.

Information From Children

The FNF Websites are not intended or designed to attract persons under the age of eighteen (18). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

International Users

FNF's headquarters is located within the United States. If you reside outside the United States and choose to provide Personal Information or Browsing Information to us, please note that we may transfer that information outside of your country of residence. By providing FNF with your Personal Information and/or Browsing Information, you consent to our collection, transfer, and use of such information in accordance with this Privacy Notice.

FNF Website Services for Mortgage Loans

Certain FNF companies provide services to mortgage loan servicers, including hosting websites that collect customer information on behalf of mortgage loan servicers (the "Service Websites"). The Service Websites may contain links to both this Privacy Notice and the mortgage loan servicer or lender's privacy notice. The sections of this Privacy Notice titled When Information is Disclosed, Choices with Your Information, and Accessing and Correcting Information do not apply to the Service Websites. The mortgage loan servicer or lender's privacy notice governs use, disclosure, and access to your Personal Information. FNF does not share Personal Information collected through the Service Websites, except as required or authorized by contract with the mortgage loan servicer or lender, or as required by law or in the good-faith belief that such disclosure is necessary: to comply with a legal process or applicable law, to enforce this Privacy Notice, or to protect the rights, property, or safety of FNF or the public.

Your Consent To This Privacy Notice; Notice Changes

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information in accordance with this Privacy Notice. We may change this Privacy Notice at any time. The Privacy Notice's effective date will show the last date changes were made. If you provide information to us following any change of the Privacy Notice, that signifies your assent to and acceptance of the changes to the Privacy Notice.

Accessing and Correcting Information; Contact Us

If you have questions or would like to correct your Personal Information, visit FNF's [Privacy Request](https://www.fnf.com/privacy-request) website or contact us by phone at (888) 714-2710, by email at privacy@fnf.com, or by mail to:

Fidelity National Financial, Inc.
601 Riverside Avenue,
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

ATTACHMENT ONE

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990 (11-09-18)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the public records at Date of Policy.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART II

(Variable exceptions such as taxes, easements, CC&R's, etc., are inserted here)

ATTACHMENT ONE (CONTINUED)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE OWNER'S POLICY (02-04-22) EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
- b. any governmental forfeiture, police, regulatory, or national security power.
- c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b.
Exclusion 1 does not modify or limit the coverage provided under Covered Risk 5 or 6.
2. Any power of eminent domain. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 7.
3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at the Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser had been given for the Title at the Date of Policy.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transaction vesting the Title as shown in Schedule A is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 9.b.
5. Any claim of a PACA-PSA Trust. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 8.
6. Any lien on the Title for real estate taxes or assessments imposed or collected by a governmental authority that becomes due and payable after the Date of Policy.
Exclusion 6 does not modify or limit the coverage provided under Covered Risk 2.b.
7. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

EXCEPTIONS FROM COVERAGE

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This policy treats any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document are excepted from coverage.

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the terms and conditions of any lease or easement identified in Schedule A, and the following matters:

PART I

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

PART II

(Variable exceptions such as taxes, easements, CC&R's, etc., are inserted here)

ATTACHMENT ONE (CONTINUED)

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (7-01-21) EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy and We will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
 - b. any governmental forfeiture, police, or regulatory, or national security power.
 - c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b.
- Exclusion 1 does not modify or limit the coverage provided under Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23, or 27.
2. Any power to take the Land by condemnation. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 17.
 3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by You;
 - b. not Known to Us, not recorded in the Public Records at the Date of Policy, but Known to You and not disclosed in writing to Us by You prior to the date You became an Insured under this policy;
 - c. resulting in no loss or damage to You;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 5, 8.f., 25, 26, 27, 28, or 32); or
 - e. resulting in loss or damage that would not have been sustained if You paid consideration sufficient to qualify You as a bona fide purchaser of the Title at the Date of Policy.
 4. Lack of a right:
 - a. to any land outside the area specifically described and referred to in Item 3 of Schedule A; and
 - b. in any street, road, avenue, alley, lane, right-of-way, body of water, or waterway that abut the Land.

Exclusion 4 does not modify or limit the coverage provided under Covered Risk 11 or 21.
 5. The failure of Your existing structures, or any portion of Your existing structures, to have been constructed before, on, or after the Date of Policy in accordance with applicable building codes. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 14 or 15.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transfer of the Title to You is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 30.
 7. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
 8. Negligence by a person or an entity exercising a right to extract or develop oil, gas, minerals, groundwater, or any other subsurface substance.
 9. Any lien on Your Title for real estate taxes or assessments, imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 9 does not modify or limit the coverage provided under Covered Risk 8.a or 27.
 10. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19 and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

ATTACHMENT ONE (CONTINUED)

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13) EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19 and 21, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

ATTACHMENT ONE (CONTINUED)

ALTA OWNER'S POLICY (07-01-2021)

EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
 - b. any governmental forfeiture, police, regulatory, or national security power.
 - c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b.
- Exclusion 1 does not modify or limit the coverage provided under Covered Risk 5 or 6.
2. Any power of eminent domain. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 7.
 3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at the Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser had been given for the Title at the Date of Policy.
 4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transaction vesting the Title as shown in Schedule A is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 9.b.
 5. Any claim of a PACA-PSA Trust. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 8.
 6. Any lien on the Title for real estate taxes or assessments, imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 6 does not modify or limit the coverage provided under Covered Risk 2.b.
 7. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

EXCEPTIONS FROM COVERAGE

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This policy treats any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document are excepted from coverage.

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the terms and conditions of any lease or easement identified in Schedule A, and the following matters:

NOTE: The 2021 ALTA Owner's Policy may be issued to afford either Standard Coverage or Extended Coverage. In addition to variable exceptions such as taxes, easements, CC&R's, etc., the Exceptions from Coverage in a Standard Coverage policy will also include the Western Regional Standard Coverage Exceptions listed as 1 through 7 below:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

ATTACHMENT ONE (CONTINUED)

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

NOTE: The 2006 ALTA Owner's Policy may be issued to afford either Standard Coverage or Extended Coverage. In addition to variable exceptions such as taxes, easements, CC&R's, etc., the Exceptions from Coverage in a Standard Coverage policy will also include the Western Regional Standard Coverage Exceptions listed below as 1 through 7 below:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.]
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

Not all discounts are offered by every FNF Company. The discount will only be applicable to the FNF Company as indicated by the named discount.

FNF Underwritten Title Companies

CTC - Chicago Title Company
CLTC - Commonwealth Land Title Company
FNTC - Fidelity National Title Company
FNTCCA - Fidelity National Title Company of California
TICOR - Ticor Title Company of California
LTC - Lawyer's Title Company
SLTC - ServiceLink Title Company

Underwritten by FNF Underwriters

CTIC - Chicago Title Insurance Company
CLTIC - Commonwealth Land Title Insurance Co.
FNTIC - Fidelity National Title Insurance Co.
NTINY - National Title Insurance of New York

Available Discounts

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC, CLTIC, FNTIC, NTINY)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be fifty percent (50%) to seventy percent (70%) of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be forty percent (40%) to fifty percent (50%) of the appropriate title insurance rate, depending on the type of coverage selected.

DISASTER AREA TRANSACTIONS (CTIC, CLTIC, FNTIC, NTINY)

This rate is available for individuals or entities that were victims of a national or state disaster. The rate can be used for a Lender's Policy (Standard or Extended), or an Owner's Policy (Standard or Homeowners coverage). To qualify for this rate, the applicant must, prior to the closing of the applicable transaction, make a written request, including a statement meeting the following criteria:

- A. The subject property is in a disaster area declared by the government of the United States or the State of California.
- B. The subject property was substantially or totally destroyed in the declared disaster.
- C. The subject property ownership has not changed since the time of the disaster.

The rate will be fifty percent (50%) of the applicable rate, and the transaction must be completed within sixty (60) months of the date of the declaration of the disaster.

DISASTER AREA ESCROWS (CTC, CLTC, FNTC, TICOR, LTC)

This rate is available for individuals or entities that were victims of a national or state disaster. The rate can be used for a loan or a sale escrow transaction. To qualify for this rate, the applicant must, prior to the closing of the applicable transaction, make a written request, including a statement meeting the following criteria:

- A. The subject property is in a disaster area declared by the government of the United States or the State of California.
- B. The subject property was substantially or totally destroyed in the declared disaster.
- C. The subject property ownership has not changed since the time of the disaster.

Notice of Available Discounts

(continued)

The rate will be fifty percent (50%) of the applicable rate, and the transaction must be completed within sixty (60) months of the date of the declaration of the disaster. Standard minimum charge applies based upon property type. No other discounts or special rates, or combination of discounts or special rates, shall be applicable. Applies to a single transaction per property.

This rate is applicable to the following Zones/Counties:

Zone 1.A: Orange County

Zone 1.B: Riverside and San Bernardino Counties

Zone 2: Los Angeles County

Zone 3: Ventura County

Zone 10: San Diego County

Zone 12: Imperial County

If used for a sale transaction, the application of this rate assumes the charge for the Residential Sale Escrow Services (RSES) fee will be split evenly between buyer and seller. As such and regardless of how the calculated applicable RSES will be split between the disaster victim and the other principal, the rate will be applied only to one half (1/2) of the calculated applicable RSES fee, regardless of whether the disaster victim is paying half (1/2) of the RSES fee (as is customary) or paying the entire fee. The rate under this provision will be fifty percent (50%) of disaster victims' one half (1/2) portion only and shall not apply to any portion paid by non-disaster victim. Additional services will be charged at the normal rates.

MILITARY DISCOUNT RATE (CTIC, CLTIC, FNTIC)

Upon the Company being advised in writing and prior to the closing of the transaction that an active duty, honorably separated, or retired member of the United States Military or Military Reserves or National Guard is acquiring or selling an owner occupied one-to-four family property, the selling owner or acquiring buyer, as applicable, will be entitled to a discount equal to fifteen percent (15%) of the otherwise applicable rates such party would be charged for title insurance policies. Minimum charge: Four Hundred Twenty-Five And No/100 Dollars (\$425.00)

The Company may require proof of eligibility from the parties to the transaction verifying they are entitled to the discount as described. No other discounts or special rates, or combination of discounts or special rates, shall be applicable.

MILITARY RATE (SLTC)

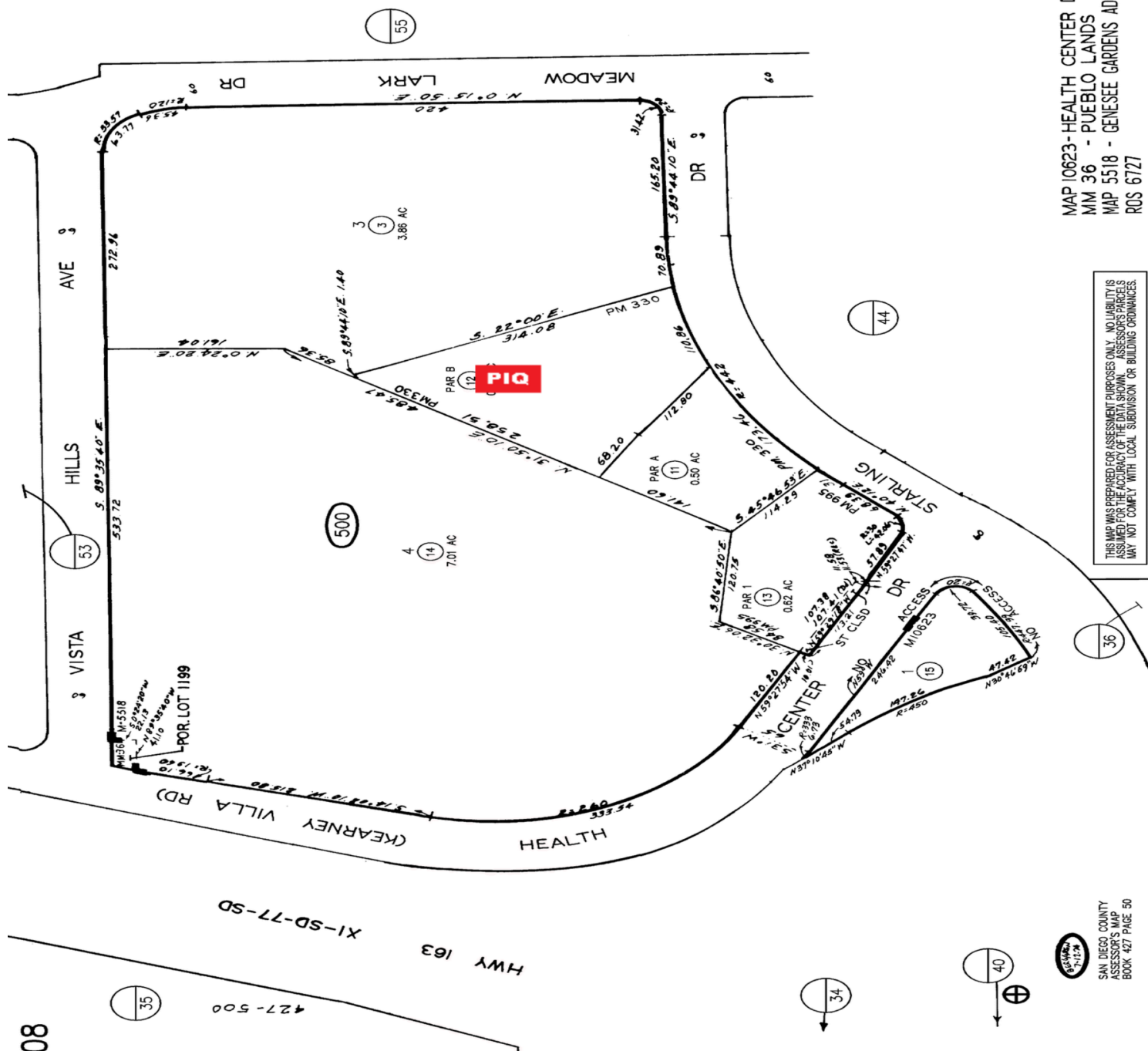
A discount of twenty percent (20%) off the purchase transaction closing and settlement fee or a discount of One Hundred And No/100 Dollars (\$100.00) off the refinance closing and settlement fee, will be applied when the loan is guaranteed by the United States Veterans Administration and the escrow fee is being paid by the consumer and is listed as paid by borrower on the Closing Disclosure and final Settlement Statement.

427-50

[illegible]

MAP 10623-HEALTH CENTER DRIVE PARK
MM 36 - PUEBLO LANDS
MAP 5518 - GENESEE GARDENS ADD
ROS 6727

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.



This map/plot is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

Order: FBSC2502526
Doc: SD:A 427-50

Page 1 of 1

Requested By: Jill.Johnson1, Printed: 3/19/2025 12:51 PM



OWNER'S DECLARATION

Escrow No.: FBSC2502526

Property: 7798 Starling Drive, San Diego, CA

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)
 - A. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at 7798 Starling Drive, San Diego, CA, further described as follows: See Preliminary Report/Commitment No. FBSC2502526 for full legal description (the "Land").
 - B. Declarant is the _____ of _____ ("Owner"), which is the owner or lessee, as the case may be, of certain premises located at 7798 Starling Drive, San Diego, CA, further described as follows: See Preliminary Report/Commitment No. FBSC2502526 for full legal description (the "Land").
2. (Fill in the applicable paragraph and strike the other)
 - A. During the period of six (6) months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.
 - B. During the period of six (6) months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with _____ upon the Land in the approximate total sum of \$_____, but no work whatsoever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: _____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Chicago Title Insurance Company against any and all claims arising therefrom.
3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.
4. Except as shown in the above referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, regular assessments, special assessments, periodic assessments or any assessment from any source, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records. There are no violations of the covenants, conditions and restrictions as shown in the above referenced Preliminary Report/Commitment.
5. The Land is currently in use as _____; _____ occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.
7. There are no outstanding options to purchase or rights of first refusal affecting the Land.
8. Between the most recent Effective Date of the above referenced Preliminary Report/Commitment and the date of recording of the Insured Instrument(s), Owner has not taken or allowed, and will not take or allow, any action or inaction to encumber or otherwise affect title to the Land.

OWNER'S DECLARATION

(continued)

9. That the undersigned has not received any written notice of violation of any covenants, conditions or restrictions, if any, affecting the Land.

10. That there are no outstanding unpaid sellers or suppliers of PACA/PASA commodities or products incurred by the Lessee, except:

11. That no notices of claim or notices of intent to preserve claim rights have been received by the Company from PACA/PASA sellers or suppliers of the Lessee, except:

This declaration is made with the intention that Chicago Title Insurance Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys' fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein. Additionally, Owner, by the undersigned Declarant, agrees to indemnify and hold the Company harmless during the gap period between the last title examination of the Land that was conducted by, for and/or on behalf of the Company, and the time when the deed, assignments and any other documents creating priority of title are recorded in connection with the sale and/or transfer of the Land.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on March 25, 2025 at 01:43 PM.

Signature

Date

Print Name

Signature

Date

Print Name



STATEMENT OF INFORMATION
CONFIDENTIAL INFORMATION
FOR YOUR PROTECTION

Escrow No.: FBSC2502526

Completion of this statement expedites your application for title insurance, as it assists in establishing identity, eliminating matters affecting persons with similar names and avoiding the use of fraudulent or forged documents. Complete all blanks (please print) or indicate "none" or "N/A." If more space is needed for any item(s), use the reverse side of the form. Each party (and spouse/domestic partner, if applicable) to the transaction should personally sign this form.

NAME AND PERSONAL INFORMATION

First Name

Middle Name

Last Name

Maiden Name

Date of Birth

(If none, indicate)

Home Phone

Business Phone

Birthplace

Cell Phone

Fax

Email

Social Security No.

Driver's License No.

List any other name you have used or been known by

State of residence

I have lived continuously in the U.S.A. since

Are you currently married? ☐ Yes ☐ No

Are you currently a registered domestic partner? ☐ Yes ☐ No

If yes, complete the following information:

Date and place of marriage

Spouse/Domestic Partner

Date of Birth

First Name

Middle Name

Last Name

Maiden Name

(If none, indicate)

Home Phone

Business Phone

Birthplace

Cell Phone

Fax

Email

Social Security No.

Driver's License No.

List any other name you have used or been known by

State of residence

I have lived continuously in the U.S.A. since

CHILDREN

Child Name:

Date of Birth:

Child Name:

Date of Birth:

Child Name:

Date of Birth:

Child Name:

Date of Birth:

(if more space is required, use reverse side of form)

RESIDENCES (LAST 10 YEARS)

Number & Street

City

From (date) to (date)

Number & Street

City

From (date) to (date)

(if more space is required, use reverse side of form)

OCCUPATIONS/BUSINESSES (LAST 10 YEARS)

Firm or Business Name

Address

From (date) to (date)

Firm or Business Name

Address

From (date) to (date)

(if more space is required, use reverse side of form)

SPOUSE'S/DOMESTIC PARTNER'S OCCUPATIONS/BUSINESSES (LAST 10 YEARS)

Firm or Business Name

Address

From (date) to (date)

Firm or Business Name

Address

From (date) to (date)

(if more space is required, use reverse side of form)

STATEMENT OF INFORMATION
CONFIDENTIAL INFORMATION FOR YOUR PROTECTION
(continued)

PRIOR MARRIAGE(S) and PRIOR DOMESTIC PARTNERSHIP(S)

Any prior marriages or domestic partnerships for either person? _____ If yes, complete the following:

Prior spouse's (Party A) name: _____ Prior Spouse of Party A: _____

Marriage ended by: ☐ Death ☐ Divorce/Dissolution ☐ Nullification Date of Death/Divorce: _____

Prior spouse's (Party B) name: _____ Prior Spouse of Party B: _____ Spouse

Marriage ended by: ☐ Death ☐ Divorce/Dissolution ☐ Nullification Date of Death/Divorce: _____

(if more space is required, use reverse side of form)

INFORMATION ABOUT THE PROPERTY

Buyer intends to reside on the property in this transaction: ☐ Yes ☐ No

Owner to complete the following items

Street Address of Property in this transaction: _____

The land is ☐ unimproved; or improved with a structure of the following type: ☐ A Single or 1-4 Family ☐ Condo Unit ☐ Other _____

Improvements, remodeling or repairs to this property have been made within the past six (6) months: ☐ Yes ☐ No

If yes, have all costs for labor and materials arising in connection therewith been paid in full? ☐ Yes ☐ No

Any current loans on property? _____ If yes, complete the following:

Lender _____ Loan Amount _____ Loan Account No. _____

Lender _____ Loan Amount _____ Loan Account No. _____

The undersigned declare, under penalty of perjury, that the foregoing is true and correct.

IN WITNESS WHEREOF, the undersigned have executed this document on the date(s) set forth below.

_____ Signature	_____ Date
_____ Print Name	
_____ Signature	_____ Date
_____ Print Name	

(Note: If applicable, both spouses/domestic partners must sign.)
THANK YOU.



Real Estate Department

March 11, 2025

Mr. Darshan Patel
Hotel Investment Group
1650 Hotel Circle North, Suite 110
San Diego, CA 92108

Re: Letter of Intent
7798 Starling Drive, San Diego, 92123

The purpose of this non-binding letter of intent is to set forth the general terms and conditions under which the San Diego Housing Commission and its successors and assigns (“Buyer”) is interested in purchasing the Property, as defined below, from Tusore Hospitality, Inc (“Seller”).

1. Property Defined. The 90-unit hotel generally located at 7798 Starling Drive, San Diego, California 92123 (APN: 427-500-12-00) (“Property”).

2. Purchase Price. The Buyer will purchase the Property, together with all contracts, insurance policies, warranties, plans and drawings related to the Property, for the total purchase price of Thirty Seven Million Three Hundred Fifty Thousand and No/100 Dollars (\$37,350,000.00).

3. As-Is Purchase. Buyer shall purchase the Property “AS IS”, “WHERE IS” and “WITH ALL FAULTS”, without any representations, warranties or guaranties of any nature, express or implied, oral or written, past, present or future, regarding the Property. Provided, however, the Seller shall cause any hotel franchise agreement to be terminated prior to closing and shall deliver the property in vacant condition.

4. Deposit. Buyer will make the deposit in the amount of Fifty Thousand and No/100 Dollars (\$50,000.00) within five (5) business days after the mutual execution of the Purchase and Sale Agreement as an earnest money deposit (the “Initial Deposit”). Upon the expiration of the Due Diligence Period (as herein defined) if Buyer elects in writing to proceed with the purchase of the Property in accordance with the terms of the Purchase and Sale Agreement, Buyer will deposit in escrow with the Escrow Agent an additional sum of Four Hundred Fifty Thousand and No/100 Dollars (\$450,000.00) as an earnest money deposit (the “Additional Deposit” and together with the Initial Deposit, the total deposit shall be the sum of Five Hundred Thousand and No/100 Dollars (\$500,000.00) the “Deposit”). The Deposit will be fully refundable to the Buyer until the expiration of the Due Diligence Period. The Deposit shall be deemed nonrefundable to Buyer after expiration of the Due Diligence Period. All deposits identified in this paragraph and in Paragraph #10 shall be applicable to the purchase price.

5. **Due Diligence.** Buyer shall have one hundred twenty (120) days from the date the Purchase and Sale Agreement is executed to complete due diligence on the Property (“Due Diligence Period”). During the Due Diligence period, if the Buyer determines in its sole discretion for any reason, or for no reason at all, not to proceed with acquisition of the Property, Buyer may terminate the Purchase and Sale Agreement and receive a full refund of all deposits into escrow (including any interest thereon), less any fees charged by the Escrow Holder. During the Due Diligence Period the Buyer and its representatives, consultants and attorneys shall have access to the Property to observe and perform any and all due diligence.

6. **Seller Approval Conditions.** The Seller acknowledges that in order to bind the Buyer to the terms and conditions of the Purchase and Sale Agreement: (i) the Purchase and Sale Agreement must be approved by the Buyer’s board; (ii) must also be approved by the Housing Authority of the City of San Diego, in the event the Housing Authority of the City of San Diego elects to hear the matter; and (iii) the Housing Authority of the City of San Diego needs to appropriate funds for the Buyer’s acquisition of the Property. After expiration of the Due Diligence Period, the Buyer’s right to terminate the Purchase and Sale Agreement for any reason, or for no reason at all, shall expire; provided, however, if the Purchase and Sale Agreement is not formally approved by Buyer’s board, and if necessary the Housing Authority of the City of San Diego, or the Housing Authority of the City of San Diego does not appropriate funds for the Buyer’s acquisition of the Property, on or before expiration of the Due Diligence Period, then the Purchase and Sale Agreement shall automatically terminate and the Buyer shall receive a full refund of all deposits into escrow (including any interest thereon), less any fees charged by the Escrow Holder.

7. **Homekey Funds.** The Purchase and Sale Agreement shall provide that Buyer’s obligation to close shall be conditioned on, among other things, the State of California Department of Housing and Community Development awarding HomeKey funds to the Buyer for Buyer’s acquisition of the Property.

8. **Liquidated Damages.** If Buyer defaults under the Purchase and Sale Agreement and fails to close as set forth in the Purchase and Sale Agreement, the Seller’s sole remedy shall be to terminate the Purchase and Sale Agreement and retain all deposits into escrow and all interest thereon as liquidated damages.

9. **Title, Escrow & Closing.** Title insurance shall be issued by and the sale of the Property shall be carried out through an escrow with Chicago Title Company (“Escrow Holder”). Escrow Holder shall be responsible for all prorations (i.e., rents, taxes, insurance, etc.) between Seller and Buyer.

10. **Closing Deadline** Closing of the transaction shall take place not later than one (1) year from the date the Purchase and Sale Agreement is executed. Notwithstanding the foregoing, if prior to such deadline, the Buyer provides written notice to the Seller of the Buyer’s extension of the closing deadline AND deposits an additional Five Hundred Thousand Dollars (\$500,000) then the closing deadline shall be extended to the date that is not later than eighteen (18) months from the date the Purchase and Sale Agreement is executed.

11. **Purchase Agreement.** Within ten (10) business days of Seller’s acceptance of the terms and conditions contained herein, Buyer shall prepare and deliver to Seller, a purchase and sale agreement (“Purchase and Sale Agreement”) incorporating the terms and conditions of this letter

of intent. Buyer and Seller agree to use their best efforts and to act in good faith to enter into a Purchase and Sale Agreement based on the terms set forth in this letter of intent, provided that the form, terms and conditions of the Purchase and Sale Agreement shall be subject to the approval of Buyer and Seller in their sole discretions. If issues arise during preparation of a Purchase and Sale Agreement which are not resolved to the satisfaction of Buyer and Seller, this letter shall become null and void.

12. Broker Commission. Each party represents to the other that it does not have any contact or binding agreement with respect to any real estate broker or other person who can claim a right to a commission or finder's fee. If any other broker or finder makes a claim for a commission or finder's fee based upon a contact, dealings or communications with a party, then such party shall indemnify, protect, defend and hold the other party harmless from and against all claims, damages, losses, liabilities, costs and expenses, including attorneys' fees, arising out of the broker's or finder's claim.

13. Seller Cooperation. Seller shall be obligated to cooperate with Buyer and allow access to the property, at no cost to Seller, in Buyer's efforts to obtain any plans or approvals with the City during the escrow period

14. "Friendly Condemnation" Treatment. SDHC will provide documentation to the Seller allowing for "Friendly Condemnation" Sec. 1033 status associated with this transaction.

15. Confidentiality. Seller acknowledges that Buyer is a public agency and that the terms and conditions of this Letter of Intent and the Purchase and Sale Agreement will be disclosed in at least a public meeting of the Buyer's board, and that the Buyer is required by applicable laws to disclose certain documents, writings and other information, including without limitation, this Letter of Intent and the Purchase and Sale Agreement.

This letter is not a binding contract. This letter does not bind Buyer to purchase the Property, and this letter does not bind Seller to sell the Property to Buyer. This letter merely sets forth certain of the key terms and conditions on which Buyer and Seller may be willing to proceed with respect to a purchase and sale transaction. Neither Buyer nor Seller shall be bound in any respect unless and until a binding Purchase and Sale Agreement mutually acceptable to Buyer and Seller is signed and entered into by both Buyer and Seller.

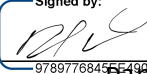
If the foregoing is acceptable to you, contingent upon the parties' execution of a mutually acceptable Purchase and Sale Agreement, please execute this letter and return it to the undersigned on or before the close of business on March 14, 2025.

BUYER:

San Diego Housing Commission

By:  Signed by:
9A9EA13DAB3C42G...
Lisa Jones, President & CEO

SELLER:
Tusore Hospitality, Inc

Signed by:
By: 
Print Name: Darshan Patel CEO
Its: _____

PURCHASE AND SALE AGREEMENT
(7798 Starling Drive, San Diego)

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is dated as of the ___ day of _____, 2025 ("Effective Date"), by and between Tusore Hospitality, Inc., a California corporation ("Seller"), and the San Diego Housing Commission ("Purchaser").

RECITALS

A. The Seller owns that certain 90-unit hotel generally located at 7798 Starling Drive, San Diego, California 92123 (APN: 427-500-12-00), which is legally described on Exhibit A attached hereto and made a part hereof ("Real Property").

B. The Purchaser has the power of eminent domain, the Purchaser's acquisition of the Property falls within the scope of that eminent domain power, and the Purchaser understands that the Seller is agreeing to sell the Property under threat of condemnation referenced in the letter of intent dated March 11, 2025, in lieu of the Purchaser condemning the Property. The Property is being compulsorily or involuntarily converted and Purchaser agrees to reasonably cooperate with the Seller in structuring and documenting the sale of the Property to effect a tax deferred exchange in accordance with the provisions of Section 1033 of the Internal Revenue Code and its corresponding regulations.

C. Provided the various conditions to Closing (as defined below) set forth in this Agreement are timely satisfied, the Seller agrees to sell the Property (as defined below) to the Purchaser and the Purchaser agrees to purchase the Property from the Seller as set forth in this Agreement.

AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are acknowledged, the Seller and the Purchaser hereby agree as follows:

1. Purchase and Sale. In consideration of the mutual covenants set forth in this Agreement, the Purchaser will acquire all of the Property, on the terms and conditions set forth herein, provided the various conditions to Closing set forth in this Agreement are satisfied or waived as provided herein.

(a) Sale. The Seller agrees to sell the Property to the Purchaser, and the Purchaser agrees to purchase the Property from Seller, on the terms and conditions set forth herein. At Closing, the Seller shall convey the fee interest in the Real Property to the Purchaser by recordation of the Grant Deed (as defined below). The Escrow Agent shall issue the Title Policy (as defined below) to the Purchaser at Closing.

(b) Possession. The Seller shall deliver possession of the Property to Purchaser at Closing. Possession of the Property shall be delivered to Purchaser subject only to the Property Documents and the Permitted Exceptions.

2. Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Agreement” means this Purchase and Sale Agreement between the Seller and the Purchaser.

“Appurtenant Rights and Interests” means collectively: (i) all rights, privileges and easements appurtenant to the Real Property, including, without limitation, all minerals, oil, gas and other hydrocarbon substances on and under the Real Property, if any; (ii) all development rights, air rights, and water rights relating to the Real Property, if any; and (iii) all easements, rights-of-way or appurtenances which run with the Real Property, if any; and (iv) all of the Seller’s right, title and interest in and to any agreements, maps, permits, certificates, approvals, awards, deposits, licenses, utilities, government entitlements and other rights and privileges relating to or appurtenant to the Property, if any.

“Assignment” means the Assignment of Personal Property and Assignment and Assumption of Contracts duly executed and acknowledged by the Seller and Purchaser, in the form attached hereto as Exhibit B and made a part hereof.

“Business Day” means any day other than a Saturday, Sunday or any other day on which Purchaser or Escrow Agent is not open for business. In the event any date, deadline or due date set forth in this Agreement falls on a day that is not a Business Day, then such deadline or due date shall automatically be extended to the next Business Day.

“Close” or “Closing” means recordation of the Grant Deed.

“Closing Date” means one (1) Business Day after the later of: (i) the date all of the Conditions Precedent for the Benefit of the Seller have been satisfied; and (ii) the date all of the Conditions Precedent for the Benefit of the Purchaser have been satisfied. The Closing shall occur on or before _____, 2026 (*one year from the date hereof*). Notwithstanding the foregoing, if prior to such deadline, the Purchaser provides 1) at least 90 calendar day written notice to the Seller of Purchaser’s intent to extend the closing deadline, 2) a funding award letter issued by HCD, and 3) deposits an additional \$500,000.00 in Escrow (“Extension Deposit”) (collectively, “Extension Requirements”), then the Closing deadline shall be extended to _____, 2026 (*eighteen (18) months from the date hereof*). The aforementioned Extension Deposit shall be credited against the Purchase Price and shall be nonrefundable (i.e., constitute liquidated damages in the event of Purchaser’s breach, as provided in Section 3(b)(2)). The Closing shall occur on or before the Closing Deadline.

“Closing Deadline” means _____, 2026 (*one year from the date hereof*). Notwithstanding the foregoing, if prior to such deadline, the Purchaser satisfies the Extension Requirements as described above, then the Closing Deadline shall be extended to _____, 2026 (*eighteen (18) months from the date hereof*).

“Conditions Precedent for the Benefit of the Seller” shall have the meaning set forth in Section 5 of this Agreement.

“Conditions Precedent for the Benefit of the Purchaser” shall have the meaning set forth in Section 6 of this Agreement.

“Contracts” shall have the meaning set forth in Section 14 of this Agreement.

“Deposit” shall have the meaning set forth in Section 3 of this Agreement.

“Due Diligence Period” means the period of time commencing on the Effective Date and ending at 5:00 p.m. Pacific time on _____, 2025 (*120 days from the date hereof*).

“Escrow” means the escrow depository and disbursement services to be performed by Escrow Agent pursuant to the provisions of this Agreement.

“Escrow Agent” means Chicago Title Company whose mailing address is 2365 Northside Drive, 6th Floor, San Diego, CA 92108, Attention: Renee Marshall, in its capacity as escrow agent. Use of the term “Escrow Agent” does not create a general agency and does not confer on Escrow Agent any right or authority to act for Purchaser or Seller without express instructions, whether as set forth in this Agreement or otherwise.

“Excluded Property” excluding (i) property of guests, (ii) items, equipment, computers, computer software, websites, URLs or information owned by or proprietary to Seller, (iii) Seller’s accounts receivable, (iv) any property that is subject to any of the Contracts or Equipment Leases unless the applicable Contract or Equipment Lease is assumed by Purchaser at Closing, (v) any and all deposits, cash and other accounts owned or held by Seller, and (vi) any property tax refunds for the period prior to the Closing.

“Grant Deed” means a duly executed and acknowledged grant deed conveying fee simple title to the Real Property from the Seller to the Purchaser.

“Hazardous Materials” means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. Provided, however, the term “Hazardous Materials” shall not include substances typically used in the ordinary course of developing, operating and maintaining hotels in California or small amounts of chemicals, cleaning agents and the like commonly employed in routine household uses in a manner typical of occupants in other similar properties, provided that such substances are used in compliance with applicable laws.

“Immediately Available Funds” means a bank wire transfer.

“Improvements” means collectively any and all buildings, structures and improvements, of any kinds whatsoever, located at or affixed to the Real Property.

“Permitted Exceptions” means (i) the printed exceptions and exclusions in the Title Policy; (ii) the exceptions to title set forth in the Title Report which are approved by Purchaser in writing, or deemed approved by Purchaser, as provided in Section 4(d) below; (iii) real property taxes and assessments which are a lien but not yet delinquent; and (iv) any title exceptions caused, consented to or preapproved by Purchaser.

“Personal Property” means all tangible personal property owned by the Seller and located at and used in connection with, the Real Property and the Improvements, including, without limitation and all furniture fixtures and equipment at the Real Property, but specifically excluding the Excluded Property.

“Property” means collectively, the Real Property, the Improvements, the Appurtenant Rights and Interests and the Personal Property, but specifically excluding the Excluded Property.

“Property Documents” means the documents and agreements listed on Exhibit C attached hereto and made a part hereof.

“Purchase Price” shall have the meaning set forth in Section 3(a) of this Agreement.

“Purchaser” means the San Diego Housing Commission, a public agency; provided, however, if the San Diego Housing Commission assigns its interest in this Agreement pursuant to Section 10 of this Agreement, then the term “Purchaser” shall mean such assignee.

“Real Property” is defined in Recital A.

“Seller” means Tusore Hospitality, Inc., a California corporation.

“Title Policy” means a CLTA Owner’s Policy of Title Insurance in the amount of the Purchase Price, insuring that title to the fee interest in the Real Property is vested in the Purchaser, subject only to the Permitted Exceptions, which Title Policy shall be obtained through the Escrow Agent. Seller shall pay the cost of the standard CLTA Owner’s Policy of Title Insurance. Purchaser shall pay the cost of any endorsements or extra coverage it desires. Purchaser may obtain an ALTA Owner’s Policy of Title Insurance in which event Purchaser shall pay the difference between the cost of the ALTA Owner’s Policy of Title Insurance and the cost of a CLTA Owner’s Policy of Title Insurance.

“Title Report” means Preliminary Report Order No. FBSC2502526 dated as of _____, 2025, issued by Chicago Title Insurance Company.

3. Purchase Price.

(a) Purchase Price and Payment of the Purchase Price. The total purchase price to be paid by the Purchaser for all of the Property shall be Thirty-Seven Million Three Hundred Fifty Thousand and No/100 Dollars (\$37,350,000.00) (“Purchase Price”). The Purchase Price shall be paid by the Purchaser to the Seller with Immediately Available Funds.

(b) Deposit; Liquidated Damages.

(1) Deposit. Purchaser shall make an initial deposit into Escrow of Immediately Available Funds equal to the sum of Fifty Thousand and No/100 Dollars (\$50,000.00) within five (5) Business Days of the Effective Date. Upon the expiration of the Due Diligence Period if Purchaser elects to proceed with the purchase of the Property, Purchaser shall make an additional deposit into Escrow of Immediately Available Funds equal to the sum of Four Hundred Fifty Thousand Dollars and No/100 Dollars (\$450,000.00) as an earnest money deposit, for a total deposit of Five Hundred Thousand and No/100 Dollars (\$500,000.00). In the event Purchaser elects to extend the Closing Deadline to _____, 2026 (*one year from the date hereof*) as set forth in the definition of Closing Deadline, above, Purchaser shall make an additional deposit into Escrow of Immediately Available Funds equal to the sum of Five Hundred Thousand and No/100 Dollars (\$500,000.00) as an earnest money deposit, for a total deposit of One Million and No/100 Dollars (\$1,000,000.00). The foregoing deposits shall be referred to individually or collectively as the ("Deposit"). The Deposit shall be credited against the Purchase Price and shall be nonrefundable (i.e., constitute liquidated damages in the event of Purchaser's breach, as provided in Section 3(b)(2)) upon the expiration of the Due Diligence Period. If the Purchaser elects to terminate this Agreement prior to expiration of the Due Diligence Period, as set forth in Section 4 below, then the Deposit shall be immediately returned by Escrow Agent to the Purchaser. At Closing, the Deposit shall be released by Escrow Agent to the Seller and any interest earned on the Deposit, shall be credited in favor of the Seller against the Purchase Price as set forth in Section 3(c), below. Seller understands that Purchaser must receive a series of approvals prior to purchasing the Property (collectively, the "Approvals"): (i) Purchaser's board and (ii) if the Housing Authority of the City of San Diego elects to hear the matter, then also by resolution of the Housing Authority of the City of San Diego, in its sole discretion. The Seller hereby acknowledges that the Purchaser is prohibited by San Diego Municipal Code Section 98.0301(d)(8)(A) from purchasing the Property, without the approval of the Purchaser's board and if the Housing Authority of the City of San Diego elects to hear the matter, then also by the Housing Authority of the City of San Diego. If prior to the expiration of the Due Diligence Period the Approvals are not obtained or Purchaser cannot proceed with the purchase of the Property, this Agreement shall automatically terminate, and any Deposits remitted by Purchaser to Escrow shall be returned by Escrow Agent to the Purchaser without any further instructions or consents from the Seller or Buyer. Notwithstanding anything to the contrary set forth herein, the Deposit and any other deposits made by the Purchaser shall be fully refundable during the Due Diligence Period. After the Due Diligence Period expires, and provided the Approvals have been obtained, the Deposit of \$500,000.00 plus the additional \$500,000.00 deposit for extending the Closing Deadline, if applicable, shall be non-refundable.

(2) Independent Consideration. Notwithstanding any provision to the contrary contained in this Agreement, a portion of the initial Deposit in the amount of One Hundred and No/100 Dollars (\$100.00) (the "Independent Consideration") shall be deposited with Escrow Holder and be non-refundable to Purchaser under any circumstances as independent consideration for the rights extended to Purchaser under this Agreement. The Independent Consideration shall be released to Seller immediately following Purchaser's deposit of the Independent Consideration into Escrow. The Independent Consideration shall be applicable towards the Purchase Price.

(3) LIQUIDATED DAMAGES. THE DEPOSIT SHALL BE REFUNDABLE TO THE PURCHASER AS MAY BE EXPRESSLY PROVIDED FOR IN THIS AGREEMENT. IF ESCROW FAILS TO CLOSE AS A RESULT OF PURCHASER'S DEFAULT HEREUNDER THE SOLE REMEDY OF THE SELLER SHALL BE TO TERMINATE THIS AGREEMENT BY GIVING WRITTEN NOTICE THEREOF TO PURCHASER AND ESCROW AGENT, WHEREUPON THE SELLER SHALL RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES (AND THE SELLER WAIVES ANY RIGHT TO SPECIFICALLY ENFORCE THIS AGREEMENT SET FORTH IN CALIFORNIA CIVIL CODE SECTION 1680 OR 3389). THEREAFTER, NO PARTY HERETO SHALL HAVE ANY FURTHER LIABILITY OR OBLIGATION TO ANY OTHER PARTY HERETO EXCEPT FOR: (i) THE SELLER'S RIGHT TO RECEIVE AND RETAIN SUCH LIQUIDATED DAMAGES; (ii) THE OBLIGATION OF THE PARTIES TO PAY AMOUNTS INTO ESCROW TO PAY A PORTION OF THE FEES AND COSTS OF ESCROW AS SET FORTH IN SECTIONS 5 AND 6 BELOW; (iii) THE OBLIGATIONS SET FORTH IN SECTIONS 4(a) AND 9, BELOW; AND (iv) ATTORNEYS' FEE AS SET FORTH IN SECTION 15(k), BELOW. THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THE SELLER'S ACTUAL DAMAGES IN THE EVENT OF PURCHASER'S DEFAULT HEREUNDER ARE UNCERTAIN IN AMOUNT AND DIFFICULT TO ASCERTAIN, AND THAT SUCH AMOUNT OF LIQUIDATED DAMAGES IS REASONABLE UNDER THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ., CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE HEREOF INCLUDING, WITHOUT LIMITATION, THE RELATIONSHIP OF SUCH AMOUNT TO THE RANGE OF POTENTIAL HARM TO THE SELLER THAT CAN REASONABLY BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES RESULTING FROM SUCH DEFAULT WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS IN THE SPACE BELOW, EACH PARTY HERETO SPECIFICALLY CONFIRMS THE ACCURACY OF THE FOREGOING AND THE FACT THAT SUCH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION. THE PROVISIONS OF THIS SECTION 3(b)(3) SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

Seller's Initials

Purchaser's Initials

(c) Delivery of Remainder of Purchase Price into Escrow. Not less than one (1) Business Day prior to the Closing Date, the Purchaser shall cause Immediately Available Funds to be delivered to the Escrow Agent in an amount equal to the Purchase Price, minus the Deposit, and plus or minus any adjustments for prorations and expenses required under this Agreement.

(d) Disbursement to the Seller. Immediately after the Closing, the Escrow Agent shall disburse to the Seller the funds that the Seller is entitled to receive under this Agreement.

4. Due Diligence Period. During the Due Diligence Period the Purchaser may determine in the Purchaser's sole and absolute discretion, whether to proceed with the purchase of the Property. During the Due Diligence Period, the Purchaser may terminate this Agreement for any reason or for no reason at all by delivering written notice of such termination to Seller and Escrow Agent.

After expiration of the Due Diligence Period, the Purchaser's right to terminate this Agreement for any reason, or for no reason at all, shall expire and the Deposit shall become nonrefundable. If this Agreement is terminated during the Due Diligence Period, then: (i) all rights and liabilities of the Purchaser and the Seller with respect to this Agreement shall immediately terminate, except for rights and liabilities that specifically survive such termination; (ii) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, less any fees and costs charged by the Escrow Agent; and (iii) Escrow Agent shall return to the Seller all funds or other things deposited in Escrow by the Seller.

(a) Access and Cooperation. During the Due Diligence Period, the Purchaser and its representatives, consultants and attorneys shall have access to the Real Property and the Improvements, subject to the rights of occupants and subject to scheduling an appointment with Seller, which shall not be unreasonably delayed, withheld or rejected. Purchaser and Seller shall cooperate in order to allow for and ensure the minimum disturbance to occupants. All inspections shall be consistent with all applicable laws, rules and regulations regarding coronavirus risks, including, without limitation, social distancing, the maximum number of Purchaser representatives in any unit at any time, the wearing of face masks and the appropriate evaluation of the health of those conducting inspections. Seller shall make commercially reasonable efforts to provide Purchaser with access to all units subject to the consent of each occupant and the compliance by Purchaser and its representatives of all laws, rules and regulations regarding coronavirus risks, however Seller's inability to provide such access shall not be a default hereunder and shall not provide Purchaser with additional rights not otherwise expressed in this Agreement. Purchaser shall indemnify and defend the Seller, and shall hold the Seller, the Seller's agents and employees and the Real Property harmless from, any actions, losses, costs, damages, claims and/or liabilities, including but not limited to, mechanics' and materialmen's liens and attorney fees, proximately caused by the actions of Purchaser and/or its contractors or agents (including Purchaser's Consultants) upon the Property. The Purchaser shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien arising from any work done by the Purchaser or its agents pursuant to this Agreement to stand against the Property. If any such lien shall be filed against the Property, the Purchaser shall cause the same to be discharged or bonded by payment, deposit, bond or otherwise within fifteen (15) days after actual notice of such filing. The Purchaser's obligations under this Section 4(a) shall survive the termination or expiration of this Agreement. If Purchaser desires to do any invasive testing at the Property, the Purchaser may do so only after obtaining Seller's prior written consent to the same, which consent may be withheld or granted on conditions in Seller's sole discretion. Within 48 hours of any damage created by Purchaser's tests or inspections, Purchaser shall endeavor to restore the Property to the condition the Property was in immediately prior to any tests or inspections conducted pursuant to this Section 4(a), at the Purchaser's sole cost and expense. The Purchaser shall provide the Seller with a complete set of plans, drawings and specifications ("Invasive Testing Plans") that define to the sole satisfaction of the Seller the invasive testing to be performed on the Property and the names of all environmental and other consultants, contractors and subcontractors who will be performing such invasive testing (collectively "Purchaser's Consultants"). The Purchaser shall deliver the names of the Purchaser's Consultants and the Invasive Testing Plans to the Seller concurrently with its request to the Seller that the Purchaser desires to perform invasive testing (unless the names of Purchaser's Consultants have previously been provided to the Seller). Before any of Purchaser's Consultants or other contractors, consultants or agents acting for or on behalf of Purchaser enter onto the Property,

Purchaser shall furnish to Seller evidence that the Purchaser's Consultant or other contractor, consultant or agent of Purchaser has procured commercial general liability insurance from an insurer authorized to do business in the State of California, which is reasonably acceptable to Seller, insuring against claims for bodily injury, death or damage to property in a single limit amount of not less than \$1,000,000.00, endorsed to name Seller as an additional insured.

(b) Due Diligence Deliveries. Not later than five (5) Business Days after execution and delivery of this Agreement to the Escrow Agent, the Seller shall provide, to the extent in Seller's possession or control, the Purchaser with physical copies or digital copies (e.g. a pdf, tif or jpg file) of all documents evidencing Property Documents by physical delivery, "dropbox" or similar on-line data site, email or on a memory medium. If this Agreement is terminated before Closing, the Purchaser shall return all copies to the Seller; however, if any such information was delivered or made available to the Purchaser in electronic form, the Purchaser shall (i) delete all copies thereof so that the same cannot be retrieved; and (ii) certify to the Seller in writing under penalty of perjury that such deletion has been effected.

(c) Occupant Noticing and Relocation Costs. Certain State and Federal relocation laws may be applicable to the Purchaser, as a public agency, which would require the Purchaser to provide certain notices to the occupants of the Property. Within five (30) calendar days prior to the Closing Date, the Seller shall provide the names and addresses of all occupants of the Property, if any, to the Purchaser. The Seller agrees to allow the Purchaser to provide any and all notices to occupants of the Property that are required in order for the Purchaser to comply with any applicable laws; provided, however, prior to delivering notices to any occupants of the Property, the Purchaser shall submit a sample of the notice to the Seller for the Seller's review and written approval, which approval shall not be unreasonably withheld, conditioned or delayed. Purchaser shall bear all responsibility for complying with such notice requirements and shall bear all relocation costs and expenses payable to occupants under applicable laws.

(d) Title. Purchaser's obligation to Close is contingent upon Purchaser's approval of all matters affecting title to or use of the Real Property (collectively, "Title Matters"). The intent of this Section 4(d) is to allow the parties to have certainty regarding the condition of title and the Title Matters which are acceptable to the Purchaser. The procedure set forth in this Section 4(d) shall not affect or otherwise limit the Purchaser's right to terminate this Agreement for any reason or no reason at all as set forth in Section 4, above. Purchaser shall have until the Due Diligence Period expires to approve or object to any items disclosed by the Title Report. If Purchaser does not give written notice to Seller of Purchaser's approval or disapproval of any items disclosed by the Title Report within said time period, then Purchaser shall be deemed to have disapproved the items disclosed by the Title Report. If Purchaser gives written notice to Seller of Purchaser's disapproval of any items disclosed by the Title Report within said time period and Seller does not give written notice to Purchaser within ten (10) business days thereafter of either: (i) Seller's elimination of or agreement to eliminate those disapproved matters prior to the Closing; or (ii) Seller's agreement to provide at Seller's sole expense such title insurance endorsements relating thereto as are acceptable to Purchaser in Purchaser's sole discretion prior to the Closing (each, a "Cure Notice"), then this Agreement shall terminate immediately, unless Purchaser affirmatively agrees in writing within five (5) calendar days thereafter that this Agreement will remain in full force and effect and that the previously disapproved items disclosed by the Title Report shall be

deemed approved by Purchaser. If Title Company issues a supplemental title report prior to the Closing showing additional exceptions to title (a "Title Supplement"), Purchaser shall have five (5) Business Days from the date of receipt of the Title Supplement and a copy of each document referred to in the Title Supplement in which to give Seller written notice of disapproval as to any additional exceptions; provided, however, Purchaser may not disapprove any exceptions that were contained in the original Title Report or are otherwise Permitted Exceptions. Purchaser's failure to deliver any such written notice of disapproval within such five (5) Business Day period shall be deemed to mean that Purchaser has approved all such additional exceptions. If Purchaser disapproves any additional exception shown in the Title Supplement, then Purchaser and Seller will have the same rights and obligations set forth above in this Section regarding Purchaser's original review and approval of the Title Report. Notwithstanding the foregoing, Seller shall cause all Title Matters which are mechanics' liens or deeds of trust to be eliminated as exceptions to title on the Title Policy at Seller's sole expense prior to the Closing, and shall not record any documents against the Real Property from and after the Effective Date without Purchaser's prior written consent.

(e) Entitlements and Financing. Unless and until this Agreement is terminated as provided herein or until the Closing, Purchaser shall have the right: (a) to seek and process all applications, plans (including, without limitation, improvement, site and specific plans), drawings, specifications, permits (including, without limitation, environmental permits), licenses, maps, zoning changes, amendments (including, without limitation, general plan amendments), entitlements, approvals, agreements, documents and other instruments, and any modifications or changes thereto, that Purchaser deems necessary or appropriate (collectively, the "Entitlements") from the City of San Diego, County of San Diego and any other governmental or quasi-governmental entities or agencies (collectively, the "Governmental Authorities") for the design, development, construction, use and operation of the Property as intended by Purchaser, and (b) to obtain commitments satisfactory to Purchaser to finance the acquisition of the Property and to finance the design, development, construction, use and operation of the Property as intended by Purchaser, including, without limitation, the receipt by Purchaser of an acceptable funding award letter issued by HCD under its Homekey+ Program in response to Purchaser's application therefor. Purchaser's right to process and obtain the Entitlements under this Section shall include, without limitation, the right to (x) meet with the Governmental Authorities, (y) negotiate any and all applicable fees, including, without limitation, impact fees, engineering fees and plan check fees in connection, and (z) submit to the Governmental Authorities for approval architectural and other plans. Seller agrees to allow Purchaser access to the Property and reasonably cooperate with Purchaser, at no cost or liability to Seller, in connection with its processing of the Entitlements. Following any request from Purchaser, Seller agrees, at no cost or liability to Seller, to promptly execute any applications, letters, documents and/or maps required or requested by any of the Governmental Authorities and/or the adjoining real property owners to allow Purchaser to process the Entitlements. Purchaser shall bear all costs, expenses and liability related to the preparation and processing of the Entitlements and any related applications, reports, plans, maps, letters and other documents. No Entitlements or other agreements with the Governmental Authorities and/or adjoining property owners shall bind the Property prior to the Closing or cause any liability to Seller. Seller acknowledges that Purchaser makes no representations, warranties or guaranties as to whether the Entitlements will be pursued or obtained, as to the actual timing for receipt of any Entitlements, or with respect to the conditions imposed upon the Entitlements, or with respect to

challenges or opposition Purchaser may encounter related to its proposed use of the Property. In the event this Agreement is terminated for any reason, Purchaser shall have no obligation whatsoever to continue to process any Entitlements; however, Purchaser shall ensure that any pending Entitlements are extinguished.

5. Conditions Precedent for the Benefit of the Seller. The Seller's obligation to Close shall be conditioned upon the satisfaction or emailed or written waiver by the Seller of all of the conditions precedent ("Conditions Precedent for the Benefit of the Seller") set forth in this Section 5. Any of the Conditions Precedent for the Benefit of the Seller may be waived by the Seller unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is expressly waived (i) by email from the Seller to the Purchaser and Escrow Agent; or (ii) in a writing signed by the Seller and delivered to the Purchaser and Escrow Agent. If the Conditions Precedent for the Benefit of the Seller are not satisfied by the deadlines set forth in this Section 5 or expressly waived, the Seller (provided the Seller is not in default hereunder) may provide emailed or written notice of the Seller's conditional termination of this Agreement to the Purchaser and Escrow Agent. After receipt of such notice of conditional termination, the Purchaser shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement (and by operation of law the Escrow) pursuant to this Section 5, then: (x) as set forth in the liquidated damages provision of Section 3(b)(2), above, all rights and liabilities of the Purchaser and the Seller with respect to this Agreement shall immediately terminate except those which specifically survive such termination; (y) Escrow Agent shall deliver the Deposit and all interest thereon to the Seller and shall return to the Seller all funds or other things deposited in Escrow by the Seller; and (z) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, less the Deposit and all interest thereon, and less all fees and costs charged by the Escrow Agent. Notwithstanding the preceding clause (x) of this Section 5, in the event of termination of this Agreement pursuant to this Section 5, the Seller and the Purchaser shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 5. The Conditions Precedent for the Benefit of the Seller are:

- (a) Purchaser making the Deposit into Escrow, as set forth in Section 3(b)(1), above.
- (b) The delivery by the Purchaser into Escrow at least one (1) Business Day prior to Closing of Immediately Available Funds equal to the Purchase Price (less the Deposit and plus or minus expenses and prorations) as required by Section 3(c) above.
- (c) The delivery by the Purchaser into Escrow at least one (1) Business Day prior to Closing of all other documents and instruments required by this Agreement or reasonably required by Escrow to complete the Closing.
- (d) As of the Closing Date, Purchaser is not in default of any of its representations or warranties or covenants under this Agreement, or any other material terms or conditions related to

Purchaser, and all of the Purchaser's representations and warranties under this Agreement are true and correct as of the Closing Date.

(e) As of the Closing Date, the Purchaser has not made an assignment for the benefit of creditors, filed a bankruptcy petition, been adjudicated insolvent or bankrupt, petitioned a court for the appointment of any receiver of, or trustee for, the Purchaser, or commenced any proceeding relating to the Purchaser under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or later in effect.

6. Conditions Precedent for the Benefit of the Purchaser. The Purchaser's obligation to Close shall be conditioned upon the satisfaction or emailed or written waiver by the Purchaser of all of the conditions precedent ("Conditions Precedent for the Benefit of the Purchaser") set forth in this Section 6. Any of the Conditions Precedent for the Benefit of the Purchaser may be waived by the Purchaser unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is (i) expressly waived by email from the Purchaser to the Seller and Escrow Agent; or (ii) or in writing signed by the Purchaser and delivered to the Seller and Escrow Agent. If the Conditions Precedent for the Benefit of the Purchaser are not satisfied by the deadlines set forth in this Section 6 or expressly waived, the Purchaser (provided the Purchaser is not in default hereunder) may provide emailed or written notice of the Purchaser's conditional termination of this Agreement to the Seller and Escrow Agent. After receipt of such notice of conditional termination, the Seller shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement (and by operation of law the Escrow) pursuant to this Section 6, then: (w) the same shall be a default by the Seller; (x) Escrow Agent shall return to the Seller all funds or other things deposited in Escrow by the Seller; (y) Escrow Agent shall upon receipt of unilateral notice from the Purchaser, return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, including, without limitation, the Deposit and all interest thereon; and (z) all fees and costs charged by the Escrow Agent shall be paid by the Seller. Purchaser is not waiving any default by the Seller and nothing contained in this Section 6, including, without limitation, the immediately foregoing sentence shall be a waiver of any right of Purchaser to recover damages from the Seller for any default by Seller hereunder. Notwithstanding the foregoing clause (w) of this Section 6, in the event of termination of this Agreement pursuant to this Section 6, the Purchaser and the Seller shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 6. The Conditions Precedent for the Benefit of Purchaser are:

(a) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of the Grant Deed duly executed and acknowledged by the Seller, conveying fee simple title to the Property to the Purchaser.

(b) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of the Assignment, duly executed, conveying title to the Personal Property to the Purchaser.

(c) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of a duly executed affidavit in the form prescribed by federal regulations that Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7761(a)(30) of the Internal Revenue Code of 1986, as amended.

(d) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of a duly executed California Form 593(c) or other evidence that withholding of any portion of the Purchase Price is not required by the Revenue and Taxation Code of California.

(e) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of all additional documents and instruments as are reasonably required by the Escrow Agent to complete the Closing.

(f) As of the Closing Date, no lease, tenancy or occupancy agreement exists which affects the Property, except for the, Property Documents and the Permitted Exceptions.

(g) Except as described in Recital B, as of the Closing Date, there is no pending, or threatened to be pending, any action or proceeding by any person or before any government authority, the outcome of which could prohibit the use of the Property as intended by the Purchaser.

(h) The Escrow Agent is prepared and obligated to issue the Title Policy in Purchaser's favor, upon the recordation of the Grant Deed and there are no exceptions to the Title Policy, except for the Permitted Exceptions.

(i) As of the Closing Date, Seller is not in default of any of its representations or warranties under this Agreement, or any other material terms or conditions related to Seller, and all of Seller's representations and warranties under this Agreement are true and correct as of the Closing Date.

(j) The State of California Department of Housing and Community Development has awarded HomeKey+ funds to the Purchaser for Purchaser's acquisition of the Property.

7. Representations, Warranties and Covenants; Waivers and Releases; Seller Default. When making the representations and warranties set forth in this Section 7, each party making a representation and/or warranty represents that the same are true, correct and complete as of the date hereof and shall be and are true, correct and complete as of the Closing Date. The representations and warranties shall survive the Closing.

(a) Representations and Warranties Regarding Authority. The Seller and the Purchaser each hereby represents and warrants to the other that this Agreement and all documents or instruments executed by them which are to be delivered at or prior to the Closing are, or on the Closing Date will be, duly authorized, executed and delivered by the Seller or the Purchaser, as applicable.

(b) Representations and Warranties Regarding Enforceability of Agreement. The Seller and the Purchaser each hereby represents and warrants to the other that this Agreement and

all documents required hereby to be executed by them shall be valid, legally binding obligations of, and enforceable against, the Seller or the Purchaser, as applicable, in accordance with their terms.

(c) Seller Representations and Warranties Pertaining to Legal Matters. The Seller hereby represents and warrants to the Purchaser that:

(1) The Seller is the sole owner of title to the Property; and

(2) There is no pending or threatened proceeding in eminent domain or otherwise, which would affect the Property, or any portions thereof, nor any facts which might give rise to such action or proceeding.

(d) Seller Representations and Warranties Pertaining to Options. As of the Effective Date, the Seller hereby represents and warrants to the Purchaser that no person has any option or right of first refusal to purchase the Property or any parts thereof.

(e) Seller Representation and Warranty Pertaining to Occupancy. The Seller hereby represents and warrants to the Purchaser that there will be no occupancy or leasing agreements by which the Purchaser would be bound following the Closing.

(f) Seller Representation and Warranty Regarding Operation of the Property. The Seller hereby represents and warrants to the Purchaser that the Property Documents and the Permitted Exceptions constitute all of the oral and written agreements or understandings concerning the Property by which the Purchaser would be bound following the Closing.

(g) Seller Representations and Warranties Regarding Discovery of New Information. The Seller hereby represents and warrants to the Purchaser that if the Seller discovers any information or facts prior to Closing that would materially change any of the foregoing representations and warranties or cause any of the foregoing representations and warranties to be untrue or misleading in any respect, the Seller will promptly give the Purchaser notice of those facts and information.

(h) AS-IS CONDITION. PURCHASER HEREBY ACKNOWLEDGES, REPRESENTS, WARRANTS, COVENANTS AND AGREES THAT AS A MATERIAL INDUCEMENT TO SELLER TO EXECUTE AND ACCEPT THIS AGREEMENT AND IN CONSIDERATION OF THE PERFORMANCE BY SELLER OF ITS DUTIES AND OBLIGATIONS UNDER THIS AGREEMENT THAT, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7 OF THIS AGREEMENT, THE SALE OF THE PROPERTY HEREUNDER IS AND WILL BE MADE ON AN "AS-IS, WHERE-IS" BASIS, AND SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, FUTURE OR OTHERWISE, OF, AS TO, CONCERNING OR WITH RESPECT TO: (1) THE EXISTENCE

OF HAZARDOUS MATERIALS OR MOLD UPON THE PROPERTY OR ANY PORTION THEREOF; (2) GEOLOGICAL CONDITIONS, INCLUDING, WITHOUT LIMITATION, SUBSIDENCE, SUBSURFACE CONDITIONS, WATER TABLE, UNDERGROUND WATER RESERVOIRS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER AND FAULTING; (3) WHETHER OR NOT AND TO THE EXTENT TO WHICH THE PROPERTY OR ANY PORTION THEREOF IS AFFECTED BY ANY STREAM (SURFACE OR UNDERGROUND), BODY OF WATER, FLOOD PRONE AREA, FLOOD PLAIN, FLOODWAY OR SPECIAL FLOOD HAZARD; (4) DRAINAGE; (5) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, PAST SOIL REPAIRS, SOIL ADDITIONS OR CONDITIONS OF SOIL FILL, OR SUSCEPTIBILITY TO LANDSLIDES, OR THE SUFFICIENCY OF ANY UNDERSHORE; (6) USES OF ADJOINING PROPERTIES; (7) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, DESCRIPTION, DURABILITY, STRUCTURAL INTEGRITY, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTY OR ANY PART THEREOF, INCLUDING, WITHOUT LIMITATION, WHETHER OR NOT THE IMPROVEMENTS COMPLY WITH THE REQUIREMENTS OF TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, 42 U.S.C. §§ 12181-12183, 12186(B) - 12189 AND RELATED REGULATIONS; (8) THE PRESENCE OF HAZARDOUS MATERIALS IN, ON, UNDER OR IN THE VICINITY OF THE PROPERTY; (9) THE SQUARE FOOTAGE OF THE PROPERTY; (10) IMPROVEMENTS AND INFRASTRUCTURE, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE ROOF, FOUNDATION, FIXTURES, AND PERSONAL PROPERTY; (11) DEVELOPMENT RIGHTS, ENTITLEMENTS, EXACTIONS AND EXTRACTIONS; (12) WATER OR WATER RIGHTS; (13) THE DEVELOPMENT POTENTIAL FOR THE PROPERTY; (14) THE ABILITY OF PURCHASER TO REZONE THE REAL PROPERTY OR CHANGE THE USE OF THE PROPERTY; (15) THE ABILITY OF PURCHASER TO ACQUIRE ADJACENT PROPERTIES; (16) THE EXISTENCE AND POSSIBLE LOCATION OF ANY UNDERGROUND UTILITIES; (17) THE EXISTENCE AND POSSIBLE LOCATION OF ANY ENCROACHMENTS; (18) WHETHER THE IMPROVEMENTS WERE BUILT, IN WHOLE OR IN PART, IN COMPLIANCE WITH APPLICABLE BUILDING CODES; (19) THE STATUS OF ANY LIFE-SAFETY SYSTEMS IN THE IMPROVEMENTS; (20) THE CHARACTER OF THE NEIGHBORHOOD IN WHICH THE PROPERTY IS SITUATED; (21) THE CONDITION OR USE OF THE PROPERTY OR COMPLIANCE OF THE PROPERTY WITH ANY OR ALL PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ORDINANCES, RULES, REGULATIONS OR LAWS, BUILDING, FIRE OR ZONING ORDINANCES, CODES OR OTHER SIMILAR LAWS, INCLUDING ANY APPLICABLE PLUMBING RETROFIT REQUIREMENTS AND ANY APPLICABLE ENERGY-RELATED REQUIREMENTS; (22) THE MERCHANTABILITY OF THE PROPERTY OR FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE (PURCHASER AFFIRMING THAT PURCHASER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE); AND/OR (23) THE SUITABILITY OF THE PROPERTY FOR CONDOMINIUM CONVERSION. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY SET

FORTH IN THIS AGREEMENT, SELLER IS NOT RELEASED FROM ANY LIABILITY TO PURCHASER FOR FRAUD OR BREACH OF ANY COVENANT, REPRESENTATION OR WARRANTY EXPRESSLY SET FORTH IN THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THIS SECTION 7(H), ANY RIGHT WAIVED BY PURCHASER AND ANY RELEASE BY PURCHASER, SHALL ONLY RELEASE OR WAIVE THE PURCHASER'S RIGHTS TO ENFORCE ANY JUDGMENT PERSONALLY AGAINST THE SELLER AND SELLER'S SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTICIPANTS, PARTNERS, MEMBERS, MANAGERS, AFFILIATES, EMPLOYEES, REPRESENTATIVES, INVITEES, CONTRACTORS, CONSULTANTS AND AGENTS (COLLECTIVELY, THE "SELLER PARTIES") OR ANY OF THEM. PURCHASER IS NOT WAIVING ANY RIGHT TO BRING ANY ACTION AGAINST ANY OF THE "NON-RELEASED PARTIES" (DEFINED BELOW) (I) BASED ON A THEN-EXISTING WARRANTY OF A NON-RELEASED PARTY FOR WORK PERFORMED AT THE REAL PROPERTY BEFORE THE CLOSING OR MATERIALS OR EQUIPMENT SUPPLIED TO THE REAL PROPERTY BEFORE THE CLOSING, INCLUDING RECOVERY AGAINST ANY INSURANCE POLICY OF THE NON-RELEASED PARTY; OR (II) IF THE NON-RELEASED PARTY IS AN OCCUPANT, BASED ON A PRE-CLOSING BREACH OF THE OCCUPANT'S OCCUPANCY AGREEMENT. **"NON-RELEASED PARTIES"** MEANS PERSONS PERFORMING WORK AT THE REAL PROPERTY BEFORE THE CLOSING (OTHER THAN SELLER OR ANY OF THE SELLER PARTIES) AND/OR ANY INSURANCE POLICIES HELD BY ANY OR ALL SUCH PERSONS AND THE OCCUPANTS.

PURCHASER ACKNOWLEDGES THAT AS OF THE EXPIRATION OF THE DUE DILIGENCE PERIOD, PURCHASER SHALL HAVE COMPLETED ALL PHYSICAL AND FINANCIAL EXAMINATIONS RELATING TO THE ACQUISITION OF THE PROPERTY HEREUNDER (IT BEING ACKNOWLEDGED AND AGREED THAT PURCHASER SHALL BE DEEMED TO HAVE INSPECTED EACH UNIT WITHIN THE PROPERTY) AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION FOR THE PROPERTY AFFORDED BY THE TITLE POLICY, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7 OF THIS AGREEMENT. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT THE SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO THE SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT. SELLER SHALL NOT BE LIABLE FOR ANY NEGLIGENT MISREPRESENTATION OR FAILURE TO INVESTIGATE THE PROPERTY NOR SHALL SELLER BE BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS, APPRAISALS, ENVIRONMENTAL ASSESSMENT REPORTS, OR OTHER INFORMATION PERTAINING TO THE PROPERTY OR THE OPERATION THEREOF, FURNISHED BY SELLER, OR ANY REAL ESTATE BROKER, AGENT, REPRESENTATIVE, EMPLOYEE, SERVANT OR

OTHER PERSON ACTING ON SELLER'S BEHALF. IT IS ACKNOWLEDGED AND AGREED THAT THE PROPERTY IS SOLD BY SELLER AND PURCHASED BY PURCHASER SUBJECT TO THE FOREGOING. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, SELLER IS NOT RELEASED FROM ANY LIABILITY TO PURCHASER FOR FRAUD OR BREACH OF ANY COVENANT, REPRESENTATION OR WARRANTY SET FORTH IN THIS AGREEMENT.

PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT PURCHASER IS FULLY AWARE OF THE AGE OF THE PROPERTY, THAT OVER TIME VARIOUS EVENTS MAY HAVE OCCURRED ON THE PROPERTY WHICH EVENTS MAY BE TYPICAL AND/OR ATYPICAL OF EVENTS OCCURRING TO OTHER PROPERTIES OF SIMILAR AGE TO THE PROPERTY AND SIMILARLY LOCATED IN THE CITY OF SAN DIEGO AND/OR THE COUNTY OF SAN DIEGO, CALIFORNIA, AND THAT SUCH EVENTS MAY INCLUDE, WITHOUT LIMITATION, SLAB LEAKS, MOLD, FIRE, SHIFTING, AND VIOLATIONS OF LAWS, ORDINANCES, RULES, REGULATIONS, PERMITS, APPROVALS, LICENSES AND/OR ORDERS OF GOVERNMENTAL AGENCIES WITH JURISDICTION OVER THE PROPERTY.

THE CLOSING OF THE PURCHASE OF THE PROPERTY BY PURCHASER HEREUNDER SHALL BE CONCLUSIVE EVIDENCE THAT: (A) PURCHASER HAS FULLY AND COMPLETELY INSPECTED (OR HAS CAUSED TO BE FULLY AND COMPLETELY INSPECTED) THE PROPERTY; AND (B) PURCHASER ACCEPTS THE PROPERTY AS BEING IN GOOD AND SATISFACTORY CONDITION AND SUITABLE FOR PURCHASER'S PURPOSES.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT FOR RELIANCE ON THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, PURCHASER SHALL PERFORM AND RELY SOLELY UPON ITS OWN INVESTIGATION CONCERNING ITS INTENDED USE OF THE PROPERTY, AND THE PROPERTY'S FITNESS THEREFOR. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT SELLER'S COOPERATION WITH PURCHASER WHETHER BY PROVIDING DOCUMENTS RELATING TO THE PROPERTY OR PERMITTING INSPECTION OF THE PROPERTY, SHALL NOT BE CONSTRUED AS ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OF ANY KIND WITH RESPECT TO THE PROPERTY, OR WITH RESPECT TO THE ACCURACY, COMPLETENESS, OR RELEVANCE OF THE DOCUMENTS PROVIDED TO PURCHASER BY SELLER IN RELATION TO THE PROPERTY, PROVIDED THAT THE FOREGOING SHALL NOT BE A LIMITATION OR MODIFICATION OF THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT.

SELLER'S INITIALS

PURCHASER'S INITIALS

(i) Indemnity and Release.

(1) Indemnity. For the purposes of this Section 7(i), the term “Claims” shall mean any and all claims, obligations, liabilities, causes of action, suits, debts, liens, damages, judgments, losses, demands, orders, penalties, settlements, costs and expenses (including, without limitation, attorneys’ fees and costs and any and all costs and expenses related to, whether directly or indirectly, any and all clean-up, remediation, investigations, monitoring, abatement, mitigation measures, fines or removal with respect to Hazardous Materials) of any kind or nature whatsoever. The definition of “Claims” shall include, without limitation, Claims under contract law or tort law. Each and every provision of this Section 7(i) shall survive the Closing. Purchaser acknowledges that but for Purchaser’s agreement to each and every provision of this Section 7(i), Seller would not have entered into this Agreement. Purchaser, on behalf of itself, its successors, assigns and successors-in-interest (“Successors”), hereby agrees to indemnify, defend and hold Seller and each and all of the Seller Parties (defined in Section 7(h)) harmless from any and all Claims resulting from, related to, or based upon, whether directly or indirectly: (i) the breach by Purchaser of any representation, warranty, covenant or obligation contained in this Agreement, or in any other agreement, document, exhibit or instrument related hereto or referenced herein; (ii) any Claim or Claims, if the basis of such Claim or Claims arose on or after the Closing, and if the basis of such Claim or Claims arose from, is based upon, relates to or pertains to, whether directly or indirectly, the ownership, operation, management and use of the Property; (iii) any Claim or Claims which Claim or Claims (or the basis for which) arose from, is based upon, relates to or pertains to, whether directly or indirectly, any act or omission of Purchaser; (iv) (A) any Claim or Claims that relate to the condition of the Property on or after the Closing, including any judgment, order or settlement under or otherwise pursuant to a lawsuit, and (B) any Claim or Claims that relate to defects in the Property (including, without limitation, patent and latent construction defects), regardless of whether said defects or the cause of the same arose either before or after the Closing, including any judgment, order or settlement under or otherwise pursuant to a lawsuit; and (v) any express or implied indemnity including equitable comparative indemnity arising out of any condominium conversion of the Property including any Claims arising out of alleged construction defects made by unit purchasers, the homeowners association or Purchaser. Any defense of any or all of the Seller Parties referenced in this Section 7(i)(1), shall be at the Purchaser’s sole cost and expense and by counsel selected by the Purchaser, subject to the reasonable approval of the indemnified person, which counsel may, without limiting the rights of any of the Seller Parties pursuant to the next succeeding sentence of this Section 7(i)(1), also represent the Purchaser in such investigation, action or proceeding. If Seller or any of the Seller Parties that is being indemnified determines reasonably and in good faith that its defense by the Purchaser is reasonably likely to cause a conflict of interest or is being conducted in a manner which is prejudicial to Seller’s or the Seller Party’s interests, such indemnified person may elect to conduct its own defense through counsel of its own choosing, subject to the reasonable approval of the Purchaser, and at the expense of the Purchaser. Purchaser hereby waives any right of subrogation as to Seller or the Seller Parties. Each and every provision of this Section 7 shall survive the Closing and but for Purchaser’s agreement to each and every provision of this Section 7, Seller would not have entered into this Agreement.

(2) Release. Notwithstanding the following or anything to the contrary set forth in this Agreement, the Seller is not released from any liability to the Purchaser for fraud or breach

of any covenant or warranty set forth in this Agreement. Subject to the immediately preceding sentence and the Purchaser's right to rely on the Seller's representations and warranties, Purchaser for itself and on behalf of each of its successors (collectively, the "Releasors") by this general release of known and unknown claims (this "Release") hereby irrevocably and unconditionally release and forever discharge Seller and each of the Seller Parties (collectively, the "Releasees") or any of them, from and against any and all Claims of any kind or nature whatsoever, **WHETHER KNOWN OR UNKNOWN**, suspected or unsuspected, fixed or contingent, liquidated or unliquidated which any of the Releasors now have, own, hold, or claim to have had, owned, or held, against any of the Releasees arising from, based upon or related to, whether directly or indirectly any facts, matters, circumstances, conditions or defects (whether patent or latent) of all or any kinds, related to, arising from, or based upon, whether directly or indirectly, the Property, including, without limitation, (i) the physical condition, quality and state of repair of the Property; (ii) any latent or patent defect affecting the Property, (iii) the presence of Hazardous Materials in, on, about or under the Real Property or which have migrated from adjacent lands to the Real Property or from the Real Property to adjacent lands, and (iv) any express or implied indemnity including equitable comparative indemnity arising out of any condominium conversion of the Property including any Claims arising out of alleged construction defects made by unit purchasers, the homeowners association or Purchaser.

(3) Section 1542 Waiver. Except for Claims for Seller's fraud or the breach of any covenants, representations and warranties of the Seller provided in this Agreement, Releasors hereby further agree as follows:

(A) Releasors acknowledge that there is a risk that subsequent to the execution of this Agreement, Releasors may discover, incur, or suffer from Claims which were unknown or unanticipated at the time this Release is executed, including, without limitation, unknown or unanticipated Claims which, if known by Releasors on the date this Release is being executed, may have materially affected Releasors' decision to execute this Agreement. Releasors acknowledge that Releasors are assuming the risk of such unknown and unanticipated Claims and agree that this Release applies thereto. Releasors expressly waive the benefits of Section 1542 of the California Civil Code, which reads 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."

(B) Releasors represent and warrant that Releasors have been represented by independent counsel of Releasors' own choosing in connection with the preparation and review of the Release set forth herein, that Releasors have specifically discussed with such counsel the meaning and effect of this Release and that Releasors have carefully read and understand the scope and effect of each provision contained herein. Releasors further represent and warrant that Releasors do not rely and have not relied upon any representation or statement made by any of the Releasees or any of their representatives, agents, employees, attorneys or officers with regard to the subject matter, basis or effect of this Release.

(C) Releasors represent and warrant to Releasees that Releasors have not and shall not assign or transfer or purport to assign or transfer any Claim or Claims or any portion thereof or any interest therein, and shall indemnify, defend, and hold the Releasees harmless from and against any Claim or Claims based on or arising out of, whether directly or indirectly, any such assignment or transfer, or purported assignment or transfer.

SELLER'S INITIALS

PURCHASER'S INITIALS

It is specifically intended that each of the Seller Parties shall be third party beneficiaries of Section 7(h) and Section 7(i).

8. Condemnation.

(a) Condemnation. If between the Effective Date and the Closing Date, any condemnation or eminent domain proceeding is commenced by any party other than the Purchaser that will result in the taking of the entire Property or any part of the Property, Purchaser may, at Purchaser's election, either:

(1) Terminate this Agreement by giving written or emailed notice to the Seller and the Escrow Agent, in which event all remaining funds or other things deposited in Escrow by Purchaser, including, without limitation, the Deposit, shall be returned to the Purchaser immediately from Escrow, together with any and all fees and costs charged by the Escrow Agent shall be paid one-half (1/2) by the Purchaser and one-half (1/2) by the Seller; or

(2) Give written or emailed notice to the Seller and the Escrow Agent that Purchaser will proceed with the Closing, in which event the Seller shall assign to the Purchaser all of the Seller's rights, titles and interests to any award made for the condemnation or eminent domain action.

(b) Notice. If the Seller obtains notice of the commencement of or the threatened commencement of eminent domain or condemnation proceedings with respect to all of any portion of the Property, the Seller shall notify the Purchaser in writing.

9. Broker's Commission. The Purchaser and the Seller each represents to the other that it does not have any contact or binding agreement with respect to any real estate broker or other person who can claim a right to a commission or finder's fee. The Purchaser and the Seller each agree that to the extent any real estate commission, brokerage commission or finder's fee shall be earned or claimed in connection with this Agreement or the Closing, the payment of such fee or commission, and the defense of any action in connection therewith, shall be the sole and exclusive obligation of the party who requested (or is alleged to have requested) the services of the broker or finder. In the event that any claim, demand or cause of action for any such commission or finder's fee is asserted against the party to this Agreement who did not request such services (or is not alleged to have requested such services), the party through whom the broker or finder is making the claim shall indemnify, defend (with an attorney of the indemnitee's choice) and hold harmless the other from and against any and all such claims, demands and causes of action and expenses

related thereto, including, without limitation, attorneys' fees and costs. The provisions of this Section 9 shall survive the Closing or termination of this Agreement.

10. Assignment. The Purchaser may assign this Agreement to an entity in which the Purchaser has a controlling or majority interest without the prior written consent of the Seller. Except as set forth in the immediately preceding sentence, no party shall assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other party hereto. Any attempted assignment or delegation of this Agreement by the Purchaser or the Seller in violation of this Section 10 shall be void.

11. Notices. All notices under this Agreement shall be in writing and sent (a) overnight by a nationally recognized overnight courier such as UPS Overnight, or FedEx, in which case notice shall be deemed delivered one (1) Business Day after deposit with that courier, and (b) by email, in which case notice shall be deemed delivered upon the actual date of delivery. All notices shall be delivered to the following addresses:

If to Seller:	Tusore Hospitality, Inc. c/o Hotel Investment Group 4085 Pacific Highway, Suite 110 San Diego, CA 92110 Email: darshanp@hotelinvestmentgroup.com Email: legal@hotelinvestmentgroup.com
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If to Purchaser:	San Diego Housing Commission Attn: Buddy Bohrer 1122 Broadway, Suite 300 San Diego, CA 92101 Email: buddyb@sdhc.org
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Copy to:	Christensen & Spath LLP Attn: Walter F. Spath III, Esq. 401 West A Street, Suite 2250 San Diego, CA 92101 Email: wfs@candslaw.net
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If to Escrow Agent:	Chicago Title Company Attn: Renee Marshall 2365 Northside Drive San Diego, CA 92108 Email: MarshallR@ctt.com
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The addresses above may be changed by written notice to the other party given in accordance with this Section 11.

12. Risk of Loss.

(a) Subject to the provisions of this Section 12(a), the risk of loss or damage to the Property until the Closing will be borne by Seller. Upon the occurrence of any damage to or destruction of the Property, Seller shall within five (5) days after the occurrence of such damage or destruction give written notice to Purchaser ("Damage Notice") specifying the estimated cost to repair or restore the Property and an estimate of the insurance proceeds, if any, that will be available with respect to such damage or destruction. The Closing shall be appropriately delayed to provide adequate time for Seller to give the Damage Notice and Purchaser to make its election provided for below.

(b) If prior to the Closing there is damage to or destruction of the Property for any reason that will cost in excess of Two Hundred Thousand Dollars (\$200,000.00) to repair or restore, Purchaser shall have the right by written notice given to Seller within ten (10) days of Purchaser receiving the Damage Notice, to elect to: (i) close Escrow in such damaged condition, in which event the Purchase Price shall not be reduced and Seller shall not be obligated to repair or restore the Property and all insurance proceeds shall be assigned and payable to Purchaser, and if Seller receives any such insurance proceeds, they shall be immediately remitted by Seller to Purchaser at Closing or, if received by Seller after Closing, promptly after receipt; or (ii) terminate this Agreement, in which event the Deposit and all interest accrued thereon shall be immediately returned to Purchaser, and neither party shall have any further rights or obligations to the other party, except neither party shall be relieved of any obligations provided for in this Agreement which expressly survives its termination.

(c) If prior to the Closing there is damage to or destruction of the Property for any reason, that will cost Two Hundred Thousand Dollars (\$200,000.00), or less, to repair or restore, Purchaser shall nevertheless close Escrow with the Property in such damaged condition, the Purchase Price shall be reduced by a commensurate amount and Seller shall not be obligated to repair or restore the Property, and all insurance proceeds shall be assigned and payable to Purchaser, and if Seller should receive any such insurance proceeds, they shall be immediately remitted to Purchaser.

13. Water Heaters. Seller hereby certifies and warrants that all water heaters in or on the Property are braced, anchored or strapped to prevent falling or horizontal displacement due to earthquake motions as required by State and applicable local codes.

14. Prorations.

(a) Utility costs, rents, security deposits, service and maintenance contract payments for contracts that are being assumed by the Purchaser (which assumption shall be of all service and maintenance and similar type contracts with regard to the Property to the extent same are assignable) ("Contracts") and other expenses of operating the Property (provided, however, no proration shall be made with regard to any capital improvements, as determined in accordance with generally accepted accounting principles) shall be prorated as of the Closing. To the extent any property taxes and assessments have been paid by Seller for the period following the Closing, such amount shall be credited to Seller and Seller shall be responsible for obtaining a property tax

refund from the taxing authorities after Closing. If any property taxes or assessments are owed at Closing, such amounts shall be paid by Seller.

15. Right of First Refusal.

(a) In the event that Purchaser receives a bona fide written offer from a third party to purchase all or any portion of the Property, and Purchaser desires to accept such offer, Purchaser shall promptly deliver to Seller written notice (the "Sale Notice") of the terms and conditions of such offer, including the identity of the proposed buyer, purchase price, due diligence and closing timelines, and all other material terms and conditions.

(b) Seller shall have the right, exercisable by written notice to Purchaser within thirty (30) days after receipt of the Sale Notice (the "Election Period"), to elect to purchase the Property (or applicable portion thereof) on the same terms and conditions as set forth in the Sale Notice. During the Election Period, Purchaser shall not enter into or execute any agreement, letter of intent, or contract with any third party relating to the sale of the Property, nor shall Purchaser engage in any negotiations or discussions with any third party concerning any sale of the Property that would be inconsistent with Seller's right under this Section.

(c) If Seller elects to exercise its right of first refusal, the parties shall proceed in good faith to enter into a definitive purchase and sale agreement within ten (10) days after Seller's exercise, with a closing date consistent with the timeline in the original bona fide offer.

(d) If Seller fails to exercise its right within the Election Period, Purchaser may proceed to consummate the sale of the Property to the third party strictly in accordance with the terms set forth in the Sale Notice. If Purchaser fails to close the sale to the third party within ninety (90) days following the expiration of the Election Period, or if the terms of the third-party sale materially change, Purchaser must re-submit a new Sale Notice to Seller, and the right of first refusal shall again apply in full force and effect.

(e) The right of first refusal set forth herein shall be binding upon Purchaser and its successors and assigns, and shall inure to the benefit of Seller and its successors and assigns. This provision shall survive the Closing and shall be recorded, at Seller's option, as a memorandum in the public records.

16. General Provisions.

(a) Governing Law. This Agreement shall be interpreted and construed in accordance with California law, without regard to any choice of law principles.

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

(c) Captions. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions of this Agreement.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors, heirs and permitted assigns.

(e) Modifications; Waiver. No waiver, modification, amendment, discharge or change of this Agreement shall be valid unless it is in writing and signed by the party against which the enforcement of the modification, waiver, amendment, discharge or change is sought.

(f) Entire Agreement. This Agreement contains the entire agreement between the parties relating to Purchaser's acquisition of the Property from the Seller and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded.

(g) Partial Invalidity. Any provision of this Agreement which is unenforceable, invalid, or the inclusion of which would adversely affect the validity, legality, or enforcement of this Agreement shall have no effect, but all the remaining provisions of this Agreement shall remain in full effect.

(h) Survival; No Merger. This Agreement, including, without limitation, all representations, warranties, covenants, agreements, indemnities and other obligations of the Purchaser and the Seller in this Agreement, shall survive the Closing as provided for in this Agreement and will not be merged into the Grant Deed or any other document.

(i) No Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies.

(j) Time of Essence. Time is of the essence in this Agreement.

(k) Attorneys' Fees. The parties agree that the prevailing party in litigation for the breach and/or interpretation and/or enforcement of the terms of this Agreement shall be entitled to their expert witness fees, if any, as part of their costs of suit, and attorneys' fees as may be awarded by the court, pursuant to California Code of Civil Procedure ("CCP") Section 1033.5 and any other applicable provisions of California law, including, without limitation, the provisions of CCP Section 998. All claims, disputes, causes of action or controversies shall be subject solely to the jurisdiction of the San Diego Superior Court, Downtown Branch.

(l) Relationship. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between the Purchaser and the Seller or between any of them and any third party.

(m) Recording. This Agreement shall not be recorded.

(n) Purchaser Approval. Where this Agreement refers to an action or approval of the Purchaser, it shall mean the approval of the President and CEO of the Purchaser, or designee, unless otherwise provided.

(o) Exhibits and Recitals Incorporated. All exhibits referred to in this Agreement are hereby incorporated in this Agreement by this reference, regardless of whether or not the exhibits are actually attached to this Agreement. The Recitals to this Agreement are hereby incorporated in this Agreement by this reference.

(p) Independent Counsel. Seller and Purchaser each acknowledge that: (a) they have been given the opportunity to be represented by independent counsel in connection with this Agreement; (b) they have executed this Agreement with the advice of such counsel, if such counsel was retained; and (c) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel, if such counsel was retained. The fact that this Agreement was prepared or negotiated by Purchaser's or Seller's counsel as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against either party due to the fact that Purchaser's or Seller's counsel prepared or negotiated this Agreement in its final form.

(q) Capacity and Authority. All individuals signing this Agreement for a party which is a corporation, limited liability company, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, represent and warrant to one another party that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

(r) Closing Costs. The Seller and the Purchaser shall pay the costs of the Title Policy in accordance with Section 2, above. The Purchaser and the Seller shall each pay one-half (1/2) of the costs of the City transfer taxes and County transfer taxes to be paid with reference to the Grant Deed, if any, and all other stamps, intangible, documentary, recording and surtax imposed by law with reference to any other documents delivered in connection with this Agreement, if any. The Purchaser and the Seller shall equally share the Escrow Agent's escrow fees. All other closing costs shall be allocated in accordance with custom in San Diego County, California.

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

SELLER:

Tusore Hospitality, Inc., a California corporation

By: _____

Print Name: _____

Its: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

PURCHASER:

San Diego Housing Commission

By: _____
Lisa Jones, President & CEO

Approved as to Form:
Christensen & Spath LLP

By: _____
Walter F. Spath III, Esq.
Purchaser General Counsel

Exhibit A

Real Property Legal Description

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL B OF PARCEL MAP NO. 330, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 17, 1970.

APN: 427-500-12-00

Exhibit B

ASSIGNMENT OF PERSONAL PROPERTY AND ASSIGNMENT AND ASSUMPTION OF CONTRACTS

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby expressly acknowledged, Tusore Hospitality, Inc., a California corporation (“Assignor”), hereby grants, conveys, transfers and assigns to the San Diego Housing Commission (“Assignee”), all of Assignor’s right, title and interest in and to:

(a) all occupancy agreements, if any, of space in the real property more particularly described in Exhibit “1” attached hereto and by this reference made a part hereof (“Real Property”);

(b) the Contracts, as defined in that certain Purchase and Sale Agreement between the parties dated as of _____, 2025 (the “PSA”), attached hereto as Exhibit D to the PSA; and

(c) the Personal Property, as defined in the PSA.

The Personal Property is being transferred to Assignee without any representation or warranty of any kind or nature whatsoever, including, without limitation, as to any representations or warranties as to merchantability or fitness for a particular purpose.

Assignee agrees to perform or cause to be performed Assignor’s obligations, if any, under the Contracts from and after the date of this instrument.

Each of Assignor and Assignee hereby covenants that they will, at any time and from time to time upon written request therefor, execute and deliver to the other, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which the other, its successors and/or assigns, may reasonably request in order to fully assign and transfer to and vest in Assignee, its nominees, successors and/or assigns, and protect its and/or their rights, title and interest in and enjoyment of, all of the assets of Assignor intended to be transferred and assigned hereby, or to enable Assignee, its successors and/or assigns, to realize upon or otherwise enjoy any such assets, or to effect the allocation of responsibility for performance under the Contracts.

The provisions of this Assignment of Personal Property and Assignment and Assumption of Contracts shall be binding upon and inure to the benefit of Assignor, Assignee and their successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Personal Property and Assignment and Assumption of Contracts as of the _____ day of _____, 202__.

ASSIGNOR:

Tusore Hospitality, Inc., a California corporation

By: _____

Name: _____

Its: _____

ASSIGNEE:

San Diego Housing Commission

By: _____

Lisa Jones, President & CEO

Approved as to Form:

Christensen & Spath LLP

By: _____

Walter F. Spath III, Esq.

Assignee General Counsel

Exhibit C

Property Documents

Seller makes no representation that any of the following exist; and Seller has no obligation to create or obtain any of the following that do not exist on the Effective Date of the Agreement.

Property Tax Bill History (2022-Present)

Major Capital Contracts (2022-Present)

Site Map and Floorplans

HVAC Count

Insurance Loss Reports

Business License and Permits

Certificate of Occupancy

All active Contracts, including Service Contracts, management contracts, franchise contracts, and all contracts for which payments are owed, will be owed at or after the Closing.

Gas and Electric Utility History (2022-Present)

Utility Bills (July 2024-Present): limited to: Electricity, Gas, if any, Water, and Trash bills

Drawings, Plans and Specifications, including as-builts

Exhibit D

Contracts

PROVIDER	SERVICE

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

651 Bannan St, Suite 400
Sacramento, CA 95811
www.hcd.ca.gov



November 26, 2024

MEMORANDUM FOR: Potential Applicants

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

SUBJECT: Homekey+ Program
2024 Notice of Funding Availability

The California Department of Housing and Community Development (HCD or Department), in collaboration with the California Department of Veterans Affairs (CalVet), is pleased to announce the **availability of approximately \$2.145 billion of Homekey+ grant funding** through this Notice of Funding Availability (NOFA).

Proposition 1, passed by California voters in March 2024, is a critical step in advancing the state's goals to reduce homelessness and protect our most vulnerable populations through important changes to the Mental Health Services Act (MHSA). Proposition 1 includes the Behavioral Health Services Act (BHSA) and the Behavioral Health Infrastructure Bond Act (BHIBA). Homekey+ is the Permanent Supportive Housing component of the BHIBA.

Homekey+ will support the development of Permanent Supportive Housing for Veterans and individuals with mental health or substance use disorder challenges who are at-risk of or experiencing homelessness. Building on the success of both [Roomkey](#) and approximately \$3.572 billion awarded over three rounds of [Homekey](#), Homekey+ continues a statewide effort to sustain and rapidly expand Permanent Supportive Housing for persons experiencing homelessness.

Like other programs administered by the State of California that serve people experiencing homelessness, Homekey+ requires the use of Housing First, which is an evidenced-based model that quickly and successfully connects individuals and families experiencing homelessness to permanent housing without preconditions and barriers to entry or continued tenancy, such as sobriety, treatment or service participation requirements. With safe, affordable housing, and supportive services to address Behavioral Health Challenges, California's most vulnerable residents will have the foundation they need to thrive.

The Homekey+ funding available in this NOFA is **to provide Permanent Supportive Housing for individuals or households with an individual who is Homeless, Chronically Homeless, or At Risk of Homeless, and who are also living with a Behavioral Health Challenge**. Homekey+ also establishes allocations for Veterans

Homekey+ Notice of Funding Availability

and for Youth relative to that Target Population. Homekey+ is largely derived from Proposition 1 bond funds established by the BHIBA (AB 531, Chapter 789, Statutes of 2023).

For this NOFA, as detailed in the table below, an estimated \$1.033 billion in Proposition 1 bond funds is available for Veteran-serving Projects. Additionally, an estimated \$1.11 billion is available for Projects serving the Target Populations, of which \$805 million is derived from Proposition 1 and approximately \$307 million is available from the Homeless Housing, Assistance, and Prevention (HHAP) Homekey+ Supplemental funding, made available in the 2023-24 and 2024-25 state budgets.

Description of Project Type	Funds Available
Veteran-serving projects	\$1.033 billion
All other Target Population Projects	\$1.11 billion

Tribal Applicants: Please note that a separate Tribal Homekey+ NOFA of approximately \$121 million for tribal applicants is available on the Department's [Tribal Homekey+ Program website](#).

Homekey+ provides housing to persons with Behavioral Health Challenges. Although Homekey+ largely remains similar to prior Homekey rounds, there are important differences to note. Homekey+ will only fund Permanent Supportive Housing; Interim Housing is no longer an eligible use. Homekey+ Projects are supported by laws that allow for a streamlined, ministerial approval process, provided certain conditions are met. However, it is important to note that these conditions have changed significantly from prior rounds of Homekey, as described in Appendix C. In addition to Appendix C, there are a variety of other development streamlining paths in state law that Applicants may wish to consider, which will be available on the Homekey+ website at the time of application release.

A hallmark of prior rounds of Homekey has been producing housing quickly and cost-effectively, mostly through adaptive reuse. HCD will continue to retain and build upon these principles and will offer funding for Permanent Supportive Housing Projects that incorporate cost-containment strategies in new construction Projects. As with the rest of the Homekey+ NOFA, this new construction cost containment pilot will fund Permanent Supportive Housing only. Homekey+ also introduces new flexibility to fund shovel-ready Projects with prior HCD or other awards in need of gap financing to commence construction. Please see Sections 501 and 502 for the new construction and gap financing requirements.

Homekey+ Projects receiving an Award must complete construction within 12 months, starting 60 days from the date of the Award letter, with the exception of new construction and gap financing Projects, which must complete construction within 24 months, starting 60 days from the date of the Award letter (see NOFA Section 204 for more details on all program deadlines).

Appropriate services, as specified in Section 302 “Supportive Services Requirements”, are critical to serving eligible populations in this NOFA. All applicants will need to demonstrate coordination or efforts to coordinate with the county behavioral health department in their community. In addition, Veteran-serving Projects will need to have cultural competency and experience serving Veterans or commit to completing a certification training to gain these competencies.

Lastly, this NOFA prioritizes Projects that commit to sustainable operations. Applicants are encouraged to discuss operating match capacity and local services partnerships during the required pre-application consultation. The NOFA affords HCD the right to prioritize funding for applications that are complete and commit to greater amounts of operational match, regardless of the order of applications received, as outlined in Sections 400-403.

To receive information on the upcoming Homekey+ NOFA webinar and other updates, please [click here](#) subscribe to HCD’s Homelessness Prevention Programs listserv.

If you want to learn more, Please visit HCD’s Homekey+ website at [Homekey+ | California Department of Housing and Community Development](#) Resources such as guidance and templates mentioned within this NOFA will be published to the website with the release of the Homekey+ Application.

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

Homekey+

2024 Notice of Funding Availability



**Gavin Newsom, Governor
State of California**

**Tomiquia Moss, Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
California Department of Housing and Community Development
651 Bannan St, Suite 400 Sacramento, CA 95811**

Website: [Homekey+ | California Department of Housing and Community Development](https://www.cdph.ca/Programs/OPA/Pages/NR2024-0001.aspx)
Homekey+ Program Email: Homekey@hcd.ca.gov

November 26, 2024

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Homekey +

Notice of Funding Availability

November 2024

Article I. Program Overview

Section 100. Notice of Funding Availability (NOFA)

The California Department of Housing and Community Development (HCD), in collaboration with the California Department of Veterans Affairs (CalVet), is pleased to announce the availability of approximately \$2.145 billion in Homekey+ funding. Homekey+ aims to sustain and rapidly expand the inventory of Permanent Supportive Housing (PSH) for Veterans, young people, and other individuals and their households, with mental health and/or substance use disorder challenges who are at-risk of or experiencing homelessness. All units must be reserved for individuals (and their households, if applicable) with a Behavioral Health Challenge regardless of whether they are serving Veterans, Homeless Youth, or other eligible populations under Title 24 CFR 578.3. Behavioral Health Challenge is defined in the California Welfare and Institutions Code Section 5965.02 to include but not be limited to a serious mental illness, as described in subdivision (c) or (d) of Section 14184.402, or a substance use disorder, as described in Section 5891.5. Enrollment in Medi-Cal or in any other health plan shall not be a condition for accessing housing or continuing to be housed. Please see Article VII of this NOFA under the Behavioral Health Challenge definition for the specific statutory language.

Recent estimates using Point-in-Time Count data from the Turner Center for Housing Innovation show that Black people in California experienced the highest rate of homelessness, about 205 people per 10,000—almost five times higher than the state’s overall homelessness rate of 44 per 10,000. Native Hawaiian and Pacific Islander, Native American and Indigenous, and multiracial people also experienced disparate homelessness rates compared to the state’s overall population. The pandemic made racial disparities even more apparent. California’s homeless population is also aging rapidly, with adults 50+ the fastest growing age group. However, California’s sustained investment in Veterans housing has resulted in significant reductions in the number of Veterans experiencing homelessness. In fact, California had the largest decrease in the country between 2010 and 2022. Homekey+, as with prior Homekey rounds, recognizes these trends and impacts and encourages Applicants to examine disproportionate impacts in their own communities and to develop strategies to address them, particularly for populations experiencing a Behavioral Health Challenge. Pursuant to Welfare and Institutions Code 8255, Homekey+ Projects are required to follow Housing First, which is an evidence-based model that connects homeless persons to permanent housing without preconditions or barriers to entry and continued tenancy, as outlined in Section 504 of this NOFA.

Homekey+ is an opportunity for Local Public Entities, including state and regional entities, to newly construct PSH, or acquire and convert to PSH a broad range of building types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, and manufactured housing.

There is approximately \$2.145 billion in Homekey+ funding that is derived from Proposition 1 bond funds established by the Behavioral Health Infrastructure Bond Act (BHIBA) (AB. 531, Chapter 789, Statutes of 2023), and the Homeless Housing Assistance and Prevention (HHAP) program Homekey Supplemental funding, made available in the 2023-24 and 2024-25 state budgets. For this NOFA, an estimated \$1.033 billion in Proposition 1 bond funds are available for Projects for Veterans with a Behavioral Health Challenge. Additionally, an estimated \$1.11 billion is available for Projects serving all eligible populations, of which, \$805 million is derived from Proposition 1 and approximately \$307 million is available from the HHAP Homekey+ Supplemental funding.

Section 101. Authorizing Legislation and Applicable Law

AB 140 (2021-2022 Reg. Sess.) and AB 531 (2023-2024 Reg. Sess.) provide the statutory basis for the Homekey+ Program. AB 140 added Section 50675.1.3 to the Health and Safety Code (HSC). AB 531 added Section 50675.1.5 to the HSC, and it added Chapter 4 (commencing with Section 5965) to Part 7 of Division 5 of the Welfare and Institutions Code.

AB 531 provides for the funding of Permanent Supportive Housing for individuals or households with an individual who is Homeless, Chronically Homeless, or At Risk of Homeless, and who are also living with a Behavioral Health Challenge. AB 531 also establishes allocations for Veterans and for Youth relative to that Target Population. AB 531 provides that such Homekey+ funds shall be disbursed in accordance with Section 50675.1.3 of the HSC, among other laws. AB 531 further provides an exemption pathway for Homekey+ Projects from the California Environmental Quality Act (CEQA). Please see Section 510 and Appendix C for details on this pathway.

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

Assembly Bill 129 (Chapter 40, Statutes 2023) and Assembly Bill 166 (Chapter 48, Statutes 2024) established Round 5 and 6, respectively, of the Homeless Housing Assistance Prevention (HHAP). In accordance with HSC Section 50232, subdivision (h), the administration of HHAP 5 funds is not subject to the rulemaking provisions of the Administrative Procedure Act (APA) ((Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code)). In accordance with HSC Section 50239, subdivision (h), the administration of HHAP 6 funds is not subject to the rulemaking provisions of the APA. HCD is utilizing money from HHAP 5 and HHAP 6 to supplement this NOFA. This funding will be awarded to eligible cities, counties, and Tribal Entities pursuing the eligible uses of Homekey+ and meeting the HHAP eligible applicant requirements detailed in Section 200.

This NOFA serves as HCD’s guidelines for the expenditure of Homekey+ funds and the administration of the Homekey+ Program. Under this NOFA, references to “Homekey+” means both the guidelines for Homekey+ funded by Proposition 1 and for HHAP. As such, this NOFA establishes the terms, conditions, forms, procedures, and other mechanisms that HCD deems necessary to exercise its powers and to perform its duties pursuant to the

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

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

The MHP Final Guidelines (MHP Guidelines), effective May 18, 2023, and as subsequently amended, are hereby incorporated by reference. In the event of a conflict between any of this NOFA and the MHP Guidelines, the provisions of this NOFA are controlling.

California Code of Regulations (CCR) Title 25, Section 42 requires an onsite manager, maintenance, or other responsible person for rental housing of 16 or more units, as specified in Section 302 Supportive Services requirements, of this NOFA.

The following administrative notices, policies, and guidance are hereby incorporated herein by reference and shall be deemed to have the same force and effect as if set forth in full herein:

- HCD's "[Disencumbrance Policy](#)" (Administrative Notice No. 2022-02), dated March 30, 2022, as amended on December 19, 2022, and as may be subsequently amended;
- HCD's "[Negative Points Policy](#)" (Administrative Notice No. 2022-01), dated March 31, 2022, as amended on November 9, 2022 and April 3, 2023, and as may be subsequently amended;
- HCD's "[Repeal of Stacking Prohibition of Multiple Department Funding Sources](#)" (Administrative Notice No. 21-06), dated August 20, 2021, and as may be subsequently amended, with the exception noted in Section 207 Funding Limits; and
- The Program's "Homekey Appraisal Guidelines" and as may be subsequently amended.

The [Uniform Multifamily Regulations](#) (UMRs) (Cal. Code Regs., tit. 25, § 8300 et seq.), effective November 15, 2017, and as subsequently amended, are hereby incorporated by reference, except to the extent that any UMR provision would be inconsistent with the provisions of this NOFA.

All other criteria and matters set forth within the NOFA shall also govern Tribal Entity applications submitted under this NOFA, unless and except to the extent expressly provided to the contrary by terms set forth within this NOFA and subject to any potential modification or waiver under or pursuant to Assembly Bill No. 1010 (Chapter 660, Statutes 2019), which is set forth in HSC §50406, subdivision (p).

Section 102. Program Timeline

Homekey+ funds will generally be available to Eligible Applicants on a continuous, Over the Counter basis, with exceptions noted in Section 400. The following table summarizes the anticipated Homekey+ program timeline. HCD reserves the right to modify the projected timeline at any time.

Table 1: Anticipated Timeline for Homekey+ Applications

NOFA release	November 26, 2024
Stakeholder Webinar	January 2025
Application release	Late January 2025
Final application due date	For gap financing Projects: March 14, 2025. For all others, May 30, 2025, or until funds are exhausted, whichever occurs first.
Award announcements	Continuous, expected to begin June 2025
Standard Agreements	All required documentation is due no later than 45 days from a Conditional Award letter, with SA execution to occur no later than 90 days from the date all required documentation is received.
Disbursement of funds	Continuous after Standard Agreement execution, satisfaction of all conditions precedent to disbursement, and completion of a request for funds form.
Homekey+ Annual Report	Annually by March 31 st , starting after construction completion.

Article II. Program Requirements

Section 200. Eligible Applicants

Each of the following entities may apply independently, or each entity may apply jointly with a nonprofit or for-profit corporation, a limited liability company (LLC), and/or a limited partnership (LP) as a Co-Applicant. This includes Applicants applying for gap financing. Under California Code of Regulations Title 25, Section 8313.2. HCD permits Co-Applicants to also be Special Purpose Entities (SPEs). A Special Purpose Entity (SPE) is an entity formed to develop, own, and operate a Project while isolating financial risk. The entity's sole asset is the property, and its sole purpose is to own and manage the property or assets. Please see Sections 300 and 301, and Article VII for more information and required SPE documents.

Eligible Applicants include the following, with the exception noted for HHAP in item (iii.):

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

Tribal Entities are eligible under this NOFA but are also encouraged to apply for Homekey+ via a forthcoming Homekey+ Tribal Entity NOFA of approximately \$121 million, to be released under separate cover in November 2024 and available on the Department's [Tribal Homekey+ Program website](#), that will be developed exclusively for and in consultation with Tribes.

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

- iii. Pursuant to CA HSC Sections 50237 and 50241, HHAP Homekey+ Supplemental eligible applicants are:
 - a. California's 14 largest cities with a population of 300,000 or more as of January 1, 2022.
 - b. California's 58 Counties
 - c. The entities in a. and b. must have:
 - 1. A compliant housing element as defined in Government Code Section 65589.9, at the time a Homekey+ application is submitted; and
 - 2. An approved HHAP regionally coordinated homelessness action plan.
 - d. Tribal Entities

Section 201. Eligible Uses

Awarded funds must be used to provide housing for the Target Population of individuals or households including a person who is experiencing a Behavioral Health Challenge and experiencing or At Risk of Homelessness. Projects targeting funds allocated for Veterans Projects must provide housing for Veteran households including experiencing a Behavioral Health Challenge and experiencing or At Risk of Homelessness.

Nothing in the Homekey+ NOFA precludes Applicants from pursuing Projects that include both Homekey+ and non-Homekey+ units, however, Homekey+ will only fund the units that meet the guidelines of the Homekey+ NOFA.

Prospective Applicants are further advised that Projects may contain a mix of eligible Homekey+ subpopulations, including Veterans, non-Veterans, Homeless Youth, etc.

- i. The list of eligible uses is as follows:
 - a. Acquisition or Rehabilitation, or Acquisition and Rehabilitation, of motels, hotels, hostels, apartments or homes, assisted living residences, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to Permanent Supportive Housing (PSH).
 - b. Master leasing of properties for PSH.
 - c. Conversion of units from nonresidential to residential PSH. (i.e. adaptive reuse) and conversion of Interim Housing to PSH.
 - d. New construction of dwelling units (see Section 501).
 - e. Gap financing (see Section 502).
 - f. The purchase of affordability covenants and restrictions for units.

- g. Relocation costs for individuals who are being displaced because of the Homekey+ Project.
 - h. Capitalized operating subsidies for PSH units purchased, converted, constructed, or altered with funds provided pursuant to HSC Section 50675.1.3.
 - ii. Ineligible uses include:
 - a. Interim Housing.
 - b. Existing Homekey Assisted Units, previously awarded under Rounds 1, 2 and 3 of Homekey, are ineligible for funding under this NOFA, with the exception of the following:
 - 1. Previously funded Homekey Projects that will expand to create new PSH units, or
 - 2. Previously funded Interim to Perm Homekey Assisted Units are eligible for gap financing under Section 502 of this NOFA, if the units are currently occupied and need funding to convert from Interim Housing to PSH.
 - c. The Homekey+ program is intended to support the development of PSH units and will not fund congregate shelter.
 - d. Licensed behavioral health care facilities, which may be eligible for Proposition 1 funding through the Department of Health Care Services (DHCS).

Section 202. Eligible Projects

Homekey+ funds Permanent Supportive Housing (PSH) and will require a 55-year affordability term. HCD welcomes and will consider a variety of innovative housing solutions as eligible Projects, including excess state-owned property developments. The following list of eligible Projects is not exhaustive.

- i. Conversion of nonresidential structures to residential dwelling units.
- ii. Conversion of commercially zoned structures, such as office or retail spaces, to residential dwelling units.
- iii. Conversion of buildings with existing residential or interim uses that will be used to create PSH units.
- iv. Multifamily rental housing Projects.
- v. Scattered site housing on multiple contiguous or non-contiguous sites is permitted as long as the resulting housing has common ownership, financing, and property management.

- vi. PSH units in a shared housing setting. Shared housing is a structure shared by two or more households where each household resides in a separate private bedroom that can be locked and has a lease, with all the rights and responsibilities of tenancy.
- vii. Any of the Eligible Projects above, developed in excess state-owned properties.

Section 203. Allocations and Geographic Distribution

Unless otherwise indicated, all NOFA provisions and scoring criteria shall govern the allocations in this NOFA. HCD will deploy unused funds from any undersubscribed allocation and region to fund applications in the manner described in the Discretionary Reserve. HCD will also redeploy undersubscribed and unused funds, as specified at Section 400 of this NOFA. Table 2 shows the funding available in this NOFA by allocation.

Table 2: Homekey+ Funding Allocations

Allocation (% of appropriation)	Veterans	General Population	NOFA Total
Youth - 8%	\$85,200,000	\$102,320,000	\$187,520,000
Rural - 5%	\$53,250,000	\$63,950,000	\$117,200,000
Discretionary Reserve - 10%	\$106,500,000	\$127,900,000	\$234,400,000
Available for Regions	\$788,100,000	\$817,586,000	\$1,605,686,000
Totals	\$1,033,050,000	\$1,111,756,000	\$2,144,806,000

i. Allocations

a. Youth At Risk of or Experiencing Homelessness

Pursuant to HSC Section 50675.1.3, subdivision (c), HCD shall allocate not less than eight percent (8%) of the Homekey+ funding appropriated, for Projects serving Homeless Youth, or Youth at Risk of Homelessness, as defined in 24 Code of Federal Regulations (CFR) part 578.3.

b. Rural Target Allocation

HCD will allocate five percent (5%) of the appropriated Homekey+ funding for Projects in Rural Area jurisdictions as set forth in HSC Section 50199.21.

c. Discretionary Reserve

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

1. Covering overages from other allocations, where there are funds available, but the funds are insufficient to fully fund the next eligible Project in the region or allocation.
2. Funding high scoring Projects from oversubscribed regions. Awards will not be made until application period closes to the extent funds are available.

d. Geographic Distributions

Homekey+ aims to equitably offer opportunities throughout the state for Eligible Applicants to apply to this NOFA. After distributing funds to the Homeless Youth, Rural Target and Discretionary Reserve Allocations, this NOFA allocates the balance of the funds geographically. The Homekey+ geographic regions outlined in Table 3 below are largely aligned with California's Councils of Government (COGs).

Each region's share of the Homekey+ allocation is calculated based on its proportionate share of Veterans and other persons experiencing homelessness as indicated by the sheltered and unsheltered 2023 Homeless Point-in-Time Count (PIT), plus each region's proportionate share of Extremely Low Income (ELI) renter households that are paying more than 50 percent of their income for rent (Severely Rent-Burdened), sourcing data from the 2022 American Community Survey (ACS) Integrated Public-use Microdata Sample. In order to most accurately account for need, the regional funding allocations in this NOFA consist of a distribution for Projects serving the general population and a distribution for Veterans. The Veteran PIT and Severely Rent-Burdened figures are deducted from the general population numbers as to not double count Veterans.

Table 3: Homekey+ Geographic Regions

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

Table 4 shows the regional allocations resulting from deducting the Veterans PIT and Veterans who are Severely Rent-Burdened from the general population

numbers. Table 5 shows the regional allocations for units and Projects serving Veterans. Table 6 below shows the total funding available in this NOFA by regional allocation.

Table 4: Homekey+ Geographic Allocation for General Population
***Figures do not include Veterans**

Region	2023 PIT Count*	Severely Rent-Burdened*	Allocation
Balance of State	7,665	22,714	\$28,990,773
Bay Area	34,643	203,285	\$161,667,416
Central Coast	7,138	43,253	\$33,727,136
Los Angeles County	71,236	381,880	\$321,433,030
Sacramento Area	11,455	61,717	\$51,781,757
San Diego County	9,450	95,499	\$56,293,533
San Joaquin Valley	12,499	90,772	\$63,635,222
Southern California	16,247	174,940	\$100,057,133
Total	170,333	1,074,060	\$817,586,000

Table 5: Homekey+ Geographic Allocation for Veterans

Region	2023 Veteran PIT Count	Severely Rent-Burdened Veterans	Veteran Allocation
Balance of State	582	2,277	\$41,923,051
Bay Area	2,013	7,388	\$141,592,331
Central Coast	405	1,252	\$26,847,679
Los Angeles County	4,282	12,382	\$277,863,641
Sacramento Area	752	2,266	\$49,438,314
San Diego County	814	7,939	\$91,905,882
San Joaquin Valley	606	3,781	\$53,520,342
Southern California	1,135	7,763	\$105,008,761
Total	10,589	45,048	\$788,100,000

Table 6: Summary of Homekey+ Regional Allocations (Tables 4 and 5)

Region	Veteran Allocation	General Population Allocation	Total Allocation
Balance of State	\$41,923,051	\$28,990,773	\$70,913,823
Bay Area	\$141,592,331	\$161,667,416	\$303,259,747
Central Coast	\$26,847,679	\$33,727,136	\$60,574,815
Los Angeles County	\$277,863,641	\$321,433,030	\$599,296,672
Sacramento Area	\$49,438,314	\$51,781,757	\$101,220,070
San Diego County	\$91,905,882	\$56,293,533	\$148,199,415
San Joaquin Valley	\$53,520,342	\$63,635,222	\$117,155,564
Southern CA	\$105,008,761	\$100,057,133	\$205,065,894
Totals	\$788,100,000	\$817,586,000	\$1,605,686,000

Section 204. Program Deadlines

Awardees will be subject to the following deadlines, summarized in Table 7. The dates begin 60 days after the Homekey+ Conditional Award letter date to allow time for Standard Agreement execution. If the due date falls on a weekend or holiday, then the due date becomes the next business day after the weekend or holiday. Construction Completion can be proven by a Temporary Certificate of Occupancy, Certificate of Completion, or Contractor scope of work with signed statement of completion. Occupancy completion is proven by Rent Roll or other forms of verification to prove units are occupied.

Table 7: Program Deadlines*

Eligible Uses	Break Ground (if applicable)	Complete Construction	Complete Expenditure	Complete Occupancy
New Construction and Gap Financing	6 months	24 months	27 months	27 months
All other Eligible Uses in Section 201	N/A	12 months	15 months	15 months

*Deadlines begin 60 days from date of Award letter and may only change upon HCD approval.

- i. New construction and gap financing Projects must break ground within 6 months.
- ii. All Eligible Uses in Section 201, except new construction and gap financing, must be completed in 12 months. New construction and gap financing projects must be completed in 24 months.
- iii. Capital Expenditure for all Eligible Uses in Section 201, except new construction and gap financing, must be completed within 12 months. Capital Expenditure for new construction and gap financing must be completed within 24 months. Any project type may request an expenditure deadline extension to Occupancy completion.
- iv. Full occupancy must be achieved 90 days upon completing construction. For acquisition of new construction projects with no Rehabilitation, occupancy must be achieved within six (6) months of acquisition. HCD reserves the right to recommend special conditions for longer occupancy timeframes for large Projects (over 75 units) up to an additional three (3) months.
- v. All Awards for Operating Expenses must be expended within ten (10) years from initial occupancy. HCD may, in its sole and absolute discretion, extend the expenditure deadline up to a total of 15 years.

HCD may, in its sole and absolute discretion, approve an extension of the acquisition, Rehabilitation, construction, and/or occupancy deadlines if the Grantee demonstrates, to HCD's satisfaction, that the relevant delay is caused by reasonably unforeseeable events, conditions, or circumstances. Construction labor shortages and supply chain issues do not constitute reasonably unforeseeable events, conditions, or circumstances for purposes of an extension request. Extension requests shall be submitted in electronic format on a form provided by HCD.

HCD may reimburse eligible costs incurred beginning on March 5, 2024, with the exception of operating costs. Applicants are encouraged to discuss their options at the required pre-application consultation.

Section 205. Capital Award and Match

Homekey+ will fund a maximum grant amount per door, pursuant to the conditions of this Section, which includes both the acquisition cost and any needed Rehabilitation or new construction. **The Award will be the lower of the following: (1) the maximum grant amount, or (2) the sum of the acquisition amount and any additional construction or Rehabilitation expenses, as supported by an appraisal and such other reasonable documentation required by HCD.** For new construction and conversion of office, commercial, or other non-residential structures into residential dwelling units, Homekey+ will fund a maximum grant amount per completed Assisted Unit serving the Target Population, or an amount as supported by an appraisal, whichever is lower. "Assisted Unit," as defined in Article VII, refers to units that are available to serve the Target Population after the construction or conversion of the property.

For PSH Projects that are not seeking gap funding under Section 502, HCD will contribute a baseline amount of \$200,000 per door for each Assisted Unit and Manager's Unit. This baseline contribution does not require capital match.

Note that Homekey+ will fund "doors" based upon the number of units at the time of acquisition which may differ from the number of units that are available in the final Project. For those Projects that undergo a conversion, the number of doors may need to be reduced in the Project to accommodate kitchenettes, additional bedrooms, space for Supportive Services, and other amenities.

In situations where units at acquisition are combined to make larger Assisted Units, Awards will be calculated according to the number of doors at acquisition. In situations where multi-bedroom (two or more bedrooms) units at acquisition are divided into smaller Assisted Unit sizes, Awards will default to the number of Assisted Units created after the conversion of the property. Manager's Units may be included in the calculation for the capital Award only.

i. Additional Contribution Amount – Capital Match

Beyond the baseline amount, the Eligible Applicant may leverage a 1:1 local match to provide up to \$100,000 in additional funds per door. For example, where the Applicant shows \$100,000 or more in matching funds, HCD will fund

no more than \$300,000 for an Assisted Unit serving the Target Population. Appendix A shows how maximum funding Awards from Homekey+ vary with different Applicant contribution levels. Capital match may be obtained from any source, including any federal, state, local, private, or philanthropic source.

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

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

Section 206. Operating Awards and Match

Homekey+ will fund a maximum operating grant amount per door, pursuant to the conditions of this Section:

- i. Where an Award for Operating Expenses is requested, the total amount of operating Award per Assisted Unit shall not exceed \$1,400 per month for the duration of the operating Award, as described below.
- ii. The total duration of the operating Award is tied to the amount of the Applicant's fully committed matching funds. Sources are only considered fully committed when an EFC meets the standard in Article VII demonstrating that a contract or commitment of funds is guaranteed at the time of application.
 - a. If Projects can demonstrate a commitment of three years of non-Homekey+ operating funds for Assisted Units, HCD will provide an operating Award sized for up to three years.
 - b. If Projects can demonstrate a commitment of four years of non-Homekey+ operating funds for Assisted Units, HCD will provide an operating Award sized for up to four years.
 - c. If Projects can demonstrate a commitment of five or more years of non-Homekey+ operating funds for Assisted Units, HCD will provide an operating Award sized for up to five years.
- iii. Operating Awards are determined based on need, exclusive of items referenced in subsection (v). The amounts and durations referenced in (i) and (ii) represent maximums. To be eligible to receive an operating Award based on need, the Applicant must submit documentation showing that additional sources of operating funding were sought but were unavailable to support Project operations. The Applicant must demonstrate that they:

- a. Identified all possible federal, state, and local sources of rental assistance and other operating assistance to support operating the Assisted Units; and
 - b. Submitted unfunded applications or other written requests to the appropriate entity to secure Project-based rental or other operating assistance to support operating the Assisted Units; or
 - c. Can provide other evidence from the appropriate entities that rental assistance and other operating assistance is not available to support operating the Assisted Units.
 - d. Applicants must also commit to continuing to seek operating funding in future years as funding becomes available. Applicants are encouraged to collaborate with their county behavioral health department to secure housing intervention services funded by the Behavioral Health Services Act, which becomes available in July 2026.
- iv. Awards for Operating Expenses may pay for a Project's necessary, recurring Operating Expenses in an amount approved by HCD. Operating Expenses should be included in the Project's submitted budget. Qualifying expenses can include a variety of expenses such as utilities, maintenance, management fees, taxes, licenses, and Supportive Services costs.
- v. Awards for Operating Expenses shall not pay for the following expenses:
 - a. Costs associated with non-Assisted Units, including Manager's Units.
 - b. Debt service.
 - c. UMR-required reserve account initial and/or annual deposits.
 - d. Deposits to reserves beyond those required by HCD under the UMRs, including reserves required by other Project financing sources.
 - e. Distributions.
 - f. Developer fees.
 - g. Under no circumstances may Homekey+ operating funds be used for or in connection with a limited partner buyout, substitution, or assignment of ownership interest.
- vi. The Homekey+ funded portion of the Award for Operating Expenses must be expended no later than ten (10) years from initial occupancy as per Section 204, with the Grantee establishing a capitalized operating subsidy reserve (COSR) and expending the eligible Operating Expenses, as outlined in this

NOFA. HCD has the sole right to extend the expenditure deadline up to a total of 15 years. The deposit of the Homekey+ Award for Operating Expenses into the COSR does not count as expended.

- vii. Eligible Applicants are required to demonstrate a minimum three (3)-year commitment to provide operating funds for the proposed Project to qualify for the Homekey+ Award for Operating Expenses. As noted in (ii.), additional local match may result in additional Homekey+ funding, for a period up to five (5) years. Eligible Applicants may include funds from the Homekey+ Award for Operating Expenses in the Project budget for up to ten years from occupancy, as described in (vi.). Non-Homekey+ sources may be obtained from any source, including any federal, state, local, private, or philanthropic source. Applicants are encouraged to consider:
 - a. HUD funded Project-based Vouchers (PBV), Housing Choice Vouchers (HCV), and Veterans Affairs Supportive Housing (HUD-VASH) Vouchers;
 - b. Mainstream Vouchers;
 - c. Foster Youth to Independence Vouchers (FYI);
 - d. Faircloth to Rental Assistance Demonstration (RAD) conversions;
 - e. Homeless Housing Assistance and Prevention Program (HHAP) funding;
 - f. Permanent Local Housing Allocation (PLHA) funding;
 - g. Transitional Housing Program (THP) or Transitional Housing Program Plus (THP-Plus) funding;
 - h. Mental Health Services Act (MHSA) funding;
 - i. Behavioral Health Services Act (BHSA) funding; and
 - j. HOME-ARP funding.

The preceding list of potential match sources is not exhaustive. Operating match requirements and the Project's potential match sources will be discussed during the required pre-application consultation.

Additionally, the following requirements apply to operating match contributions:

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

Section 207. Funding Limits

- i. In addition to the funding limits described throughout this NOFA, Homekey+ will implement additional funding limits as follows:
 - a. Any Co-Applicant that is not an Eligible Applicant will be limited to a maximum of four (4) Homekey+ Awards. At the sole discretion of the Director of HCD or the Director's designee, requests for an exemption to this limit may be approved based on factors including, but not limited to, CalVet consultation as applicable, Co-Applicant capacity and Co-Applicant performance on prior HCD awards.
 - b. Per Project Funding Limit:
 1. Single Family Scattered-Site Projects shall be limited to \$10 million total per Project, as detailed in Section 303.
 2. For other Projects, exclusive of gap financing projects described in Section 502, no more than \$35 million in total HCD sources may be used per Project.

The Project funding limits applies to Homekey+ capital and operating funds, and to all HCD sources of permanent loans for onsite development costs and operating costs. Grants from other HCD programs are excluded from this per Project funding limit.

At the sole discretion of the Director of HCD or the Director's designee, with CalVet consultation as applicable, per Project funding limit requests in excess of \$10 million for Single Family Scattered Site Projects and \$35 million for all other Projects, may be approved as an exemption to the Project funding limits, if the Project uniquely advances state policy priorities, is high scoring, is located in high or highest resource areas as identified in the [2023 Opportunity Maps – Adopted January 2023](#), and/or is located in a high-cost region. Applicants asserting the Project is in a high-cost area shall provide data from HUD, the United States Census Bureau, or another authoritative source to validate the assertion. All exemption requests shall not exceed ten percent (10%) above the per Project funding limit.

To request an exemption to the limits in 1 and 2, Applicants must submit justification at the time of application. The justification will be reviewed with the application package in accordance with Section 400. A form to request an exemption will be available on the Homekey+ website when the Homekey+ application is released.

- ii. HCD's [Repeal of Stacking Prohibition of Multiple Department Funding Sources memo](#) (Administrative Notice Number: 21-06), dated August 20, 2021, is hereby incorporated by this reference as if set forth in full herein, and it shall be applicable. Applicants must ensure that all HCD funding sources in the Project

are represented pursuant to the memo. Homekey+ Awards shall not be layered with other HCD funding sources in a manner that causes either the per unit or total Project funding to exceed the total development cost.

- a. Projects applying under gap financing Section 502, are excluded from the limits within the memo.

Section 208. Affordability Covenant

The Grantee shall duly encumber all Projects with a 55-year Affordability Covenant for Permanent Supportive Housing that (a) is recorded in first position against the Project real property for the benefit of the state, regional, local, or tribal Grantee, (b) restricts the use, operation, occupancy, and affordability of the Project in accordance with all applicable requirements of this NOFA and all other Homekey+ Program Requirements, (c) duly names HCD as a third-party beneficiary with the right and privilege, but not the obligation, of enforcement thereof, (d) incorporates the Homekey+ Program Requirements by reference, and (e) is otherwise in form and substance acceptable to HCD.

No exceptions will be made to the requirement to record the Affordability Covenant in first position.

The Affordability Covenant must be approved by HCD prior to disbursement and recorded as part of the escrow transaction. Upon its execution, the Affordability Covenant shall be binding, effective, and enforceable against all successors, transferees, and assignees, and it shall continue in full force and effect for a period of not less than 55 years after a certificate of occupancy or its equivalent has been issued for the Project, or if no such certificate is issued, from the date of initial occupancy of the Project.

Permanent Supportive Housing Projects located on Tribal trust land shall be duly encumbered with an Affordability Covenant containing all of the terms listed above excepting that they shall have an initial term of 50 years to match the period of affordability restrictions under the Low-Income Housing Tax Credit (LIHTC) program, commencing with the date of recordation of HCD's Affordability Covenant. Prospective applicants are advised to also review the Tribal Entity Homekey+ NOFA for Tribal applicants, which may have different requirements.

Article III. Threshold and Scoring Criteria

Section 300. Threshold Requirements

To be eligible to receive Homekey+ funding, all applications must meet the threshold requirements of this Section. HCD reserves the right to request clarification of unclear or ambiguous statements made in an application and other supporting documents.

- i. Applications may be submitted independently by an Eligible Applicant, as defined in Section 200 and Article VII. Alternatively, each Eligible Applicant may apply jointly with a Co-Applicant, as specified. No additions of Co-Applicants or special purpose entities will be considered subsequent to the date of application, including after Standard Agreement execution.
- ii. Projects must serve persons qualifying or households that include persons qualifying as members of the Target Population.
- iii. Applicants must submit a completed application workbook with all worksheets, documents and supplemental information.
- iv. Applications must include a Project-specific Supportive Services Plan, that shall be consistent with any representations made in the application, and it shall meet the Homekey+ Program Requirements noted in NOFA Section 302.
- v. Project Ownership Structure submitted with the application workbook that demonstrates the relationship of the Applicants, Co-applicants, and Project entities within the ownership structure.
- vi. Required documents from each Eligible Applicant and Co-Applicant as applicable, including but not limited to:
 - a. A duly executed resolution authorizing the entity to apply for funds and to participate in the Homekey+ Program in connection with each discrete Project; attested to by a person other than the person identified as the authorized signatory. If there is more than one authorized signatory identified, state whether one or all signatories are required to submit and execute program documents. If the application is being signed by a designee of the authorized signatory, the Applicant must also submit a designee letter or other proof of signing authority. The resolutions should materially comport with the Homekey+ resolution templates that will be available on the Homekey+ [website](#) when the application is released.
 - b. Organizational documents supporting the resolutions submitted with the application. Eligible Applicants are exempted from this requirement. Notwithstanding the foregoing, HCD reserves the right to request additional documentation at any point to verify any entity's authority and/or organizational structure. For a complete list of organizational documents, refer to Appendix B.

- vii. Applicants shall provide a written non-discrimination policy that complies with the requirements in Section 508.
- viii. Applications shall provide a statement how the Project will address equity that must answer the following question: What specific actions will the Applicant take to ensure equitable access to housing and services for groups that are overrepresented among residents experiencing homelessness in its jurisdiction and region? Examples of what applicants should consider include race, ethnicity, age (e.g. youth, elderly), disability status, LGBTQ+ status, etc. The response shall reference the latest Continuum of Care (CoC) Homelessness Management Information System (HMIS) demographics data to explain. Please see the Homekey+ [website](#) for the template at the time of Application release.
- ix. Applications shall provide a statement how the Project will engage the Target Population that must answer the following question: How did/will the Applicant engage with the Target Population to inform the design of the Project operations and Supportive Services? Please see Homekey+ [website](#) for guidance documents at the time of Application release.
- x. The Applicant shall have site control of the property at the time of application, and such control shall not be contingent on the approval of any other party. The status and nature of the Applicant's title and interest in the property shall be subject to HCD's approval. Site control may be evidenced by one of the following:
 - a. Fee title, evidenced by a current title report dated within 90 days of application submission showing the Applicant holds fee title, or for Tribal trust land, a title status report (TSR) or an attorney's opinion regarding chain of title and current title status.
 - b. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all Homekey+ Program Requirements.
 - c. A leasehold estate held by a Tribal Entity in federal Tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs.
 - d. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
 - e. A fully executed sales contract, or other enforceable agreement for the acquisition of the property.
 - f. A letter of intent, executed by a sufficiently authorized signatory of the Eligible Applicant, that expressly represents to HCD, without condition or reservation, that, upon successful application, the Eligible Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to

accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Eligible Applicant.

If this form of evidence is relied upon at the time of application, HCD may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow.

- g. Other forms of site control that give HCD assurance (equivalent to items a. through f. above) that the Applicant will be able to complete the Project in a timely manner and in accordance with all the Program's objectives and requirements.
 - h. For Applicants proposing sites that will require a use change, lot split or other local approvals for Permanent Supportive Housing, include a commitment and plan to facilitate or expedite those processes, to not delay expenditure and occupancy requirements.
- xi. Applicants shall provide a preliminary title report for each site, dated within 90 days of application submission.
- xii. Applicants shall provide a detailed development plan that supports acquisition of a site, completion of Rehabilitation or construction, occupancy, and fund expenditure before all program deadlines, factoring in entitlements, permits, procurement, potential construction delays and supply chain issues, and demonstrates evidence of strong organizational and financial capacity to develop the Project. Please see Homekey+ [website](#) for guidance at the time of application release.
- xiii. Applicants shall provide an appraisal prepared no earlier than 12 months prior to application submission date for all Projects seeking acquisition funds from Homekey+ or if property value will be used as local match. The appraisal must comply with the Homekey+ requirements outlined in the Homekey+ Appraisal Guidance document, which will be available on the Homekey+ [website](#).
- xiv. All Projects seeking funding for Rehabilitation must submit the following:
 - a. Rehabilitation narrative of current condition of structure(s) and overall scope of work; and
 - b. Physical Needs Assessment (PNA) or equivalent prepared by a qualified independent third-party contractor and dated within 12 months prior to application submission.
- xv. For Projects seeking funding for master leasing and purchase of Affordability Covenants, Applicant shall provide a market study prepared no earlier than 12 months prior to application submission which conforms to TCAC guidelines, and/or a rent roll, and/or other supporting documentation.
- xvi. All Projects seeking funding for Rehabilitation and new construction are

required to submit a Phase I Environmental Site Assessment (ESA) which was prepared or updated no earlier than 12 months prior to application submission.

- xvii. Relocation Assistance Narrative. Applicant shall submit a concise, sufficiently detailed narrative to demonstrate its consideration of, and early engagement with, applicable relocation assistance laws and requirements. An Applicant's unsupported conclusion that relocation law does not apply or that the Project Site is vacant does not sufficiently demonstrate such consideration and engagement. The Applicant must support any representation that relocation law does not apply or that the Project Site is vacant by including either an explanation that supports this representation or supporting documentation that establishes that the property is vacant. This Relocation Assistance Narrative will be evaluated by HCD to determine whether a relocation plan is required by law or whether a certificate of no-relocation can be issued. The Relocation Assistance Narrative does not take the place of these two documents. Grantee shall submit either a relocation plan or a certificate of no-relocation as a condition of disbursement. See Section 507 and Homekey+ [website](#) for more information and template, which will be uploaded when the application is released.

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

- a. A diagrammatic sketch of the Project site that illustrates the boundaries of the Project Site and all existing improvements thereon.
- b. Clear, recent, high-resolution photographs of the Project site and all improvements thereon (e.g., exterior and interior photos of the buildings, parking lots, billboards).
- c. The Projected dates of any Homekey+-funded acquisition, construction, Rehabilitation, demolition, or similar development activities at the Project site.
- d. A description of any persons, businesses, or farm operations that will or may be displaced from the Project site by the foregoing development activities. Applicant shall specify whether any such displacement will be permanent or temporary.
 1. If no such displacement will occur, Applicant shall conclude the narrative by expressly confirming that Applicant's eligible use(s) of the funds will not result in the displacement of any persons, businesses, or farm operations from the Project site.
 2. If such displacement will occur, Applicant shall further develop the narrative by including the additional elements set forth at (e) – (i) below.
- e. A description and evidence of attempts made to maintain the tenure of

existing residents that may qualify under the criteria for the Target Population.

- f. A description of the aggregate relocation needs of the persons, businesses, or farm operations that will or may be displaced by the Homekey+ funded activities.
 - g. A brief description of how those relocation needs will be met, as well as the Applicant's projected timeline for fully meeting those needs, including the dates of planned notices to displaced persons, businesses, or farm operations.
 - h. An identification of the Applicant's relocation consultant and/or relocation services provider in connection with the Project site. Applicant shall also submit legible copies of its contract or letter of intent with or to the relocation consultant and/or relocation services provider.
 - i. Applicant's cost estimate (and associated funding strategy) for providing relocation assistance and benefits to the persons, businesses, or farm operations that will or may be displaced by the Homekey-funded activities.
- xviii. Enforceable Funding Commitments (EFCs) as defined by Article VII (xvii) for:
- a. Development costs with specific funding sources, including federal, state, local, private, or philanthropic sources for the proposed Project.
 - b. Rental subsidies, operations, and service costs with specific funding sources, including federal, state, local, private, or philanthropic sources for ongoing sustainability. For projects applying for a program operating Award (see Section 206) EFCs must be fully committed to match the numbers of years of the operating award. Please see Section 305(3)(a) for potential points and the Homekey+ [website](#) for EFC templates, which will be posted at the time of application release.
- xix. The Eligible Applicant or Co-Applicant applying for Homekey+ funding is the entity that HCD relies upon for experience and capacity, and will control the Project during acquisition, development, and occupancy. The Eligible Applicant or Co-Applicant shall demonstrate the following minimum experience and capacity requirements:
- a. Development, ownership, or operation of a Project similar in scope and size to the proposed Project; or development, ownership, or operation of at least two affordable rental housing Projects in the last 10 years, with at least one of those Projects containing at least one unit housing a tenant who qualifies as a member of the Target Population.
 - b. The property manager and LSP shall have three or more years of experience serving persons of the Target Population. If a property

manager or LSP is not yet selected for the proposed Project, the Eligible Applicant shall certify that this requirement will be reflected in any future solicitation or memorandum of understanding.

- c. Statement confirming experience administering a Project in accordance with the core components of Housing First (Welfare and Institutions Code Section 8255).
 - d. Current capacity to develop, own, and operate the proposed Project. For purposes of satisfying this requirement, an Applicant has “capacity” if it has adequate staff, capital, assets, and other resources to efficiently meet the operational needs of the Project; to maintain the fiscal integrity of the Project; and to satisfy all legal requirements and obligations in connection with the Project. Evidence of Permanent Supportive Housing experience and capacity must be reasonably acceptable to HCD in form and substance.
- xx. The Eligible Applicant and all Co-Applicants shall attend a pre-application consultation with HCD prior to applying, as required in Section 401.
- xxi. One-for-one replacement of assisted housing:
- a. If the acquired housing or site is to be redeveloped/repositioned as part of the Local Public Entity's overall goal to address the needs of the Target Population and the community, the Applicant shall provide as part of the application a commitment to ensure one-for-one replacement of units.
 - b. If acquired units will be subsequently combined to add kitchens, create larger units, and/or create units with additional bedrooms, the Applicant will provide such information in the application and ensure an approximate equivalence of square footage available for the benefit of Project residents.
 - c. If the acquired site is going to be demolished before any occupancy by the Target Population, no one-for-one replacement commitment needs to be provided. The unit mix will be evaluated based on the Project proposal.
 - d. The application shall include a site map indicating the original acquired housing location and all proposed housing location(s). If all proposed housing will be located within the neighborhood, no additional documentation is necessary.
 - e. If replacement housing is proposed outside the neighborhood of the acquired site, the application must also include a justification explaining why it is necessary to locate this replacement housing outside the neighborhood of the acquired site (i.e., offsite) and how doing so supports

and enables the Target Population to maintain housing.

Section 301. Additional Application Materials

In addition to requirements detailed in Section 300, to be eligible for Homekey+ funding, an application shall demonstrate to HCD the following:

- i. Applicants and Co-Applicants must be in good standing with the State of California and all agencies and departments thereof. By way of example and not limitation, an Applicant and Co-Applicant must be qualified to do business in the State of California and must be in good standing with the California Secretary of State and the California Franchise Tax Board. Applicants that are delinquent in meeting the material requirements of previous HCD Awards may, in HCD's reasonable discretion, fail threshold review. A Certificate of Good Standing, dated within 30 days of application due date, must be submitted with the application.
- ii. Completed Certification and Legal Disclosure Statement
- iii. Signature Block for all Applicants entities in Word Format
- iv. Payee Data Record STD204 (except for Eligible Applicants)
- v. Taxpayer Identification Number (FI\$Cal TIN Form)
- vi. EIN Verification (IRS form SS-4) (except for Jurisdictions)
- vii. Tax-Exempt State from IRS or FTB (if applicable)
- viii. CEQA Determination (if applicable)
- ix. NEPA Authority to Use Grant Funds (if applicable)
- x. Phase 2 Environmental Report if needed as stated in Phase I ESA report (if Applicable)
- xi. A letter from the local county behavioral health department describing the support for the Project (capital, operating or service commitments, referrals, stakeholder collaboration, etc.). If the letter can't be secured, Applicant must describe efforts to obtain the letter.

Section 302: Supportive Services Requirements

To be eligible to receive funding, all applications must include a Project-specific Supportive Services plan, that shall be consistent with any representations made in the application, and it shall meet the Homekey+ Program Requirements. HCD in its sole discretion shall make the determination (1) if the Supportive Services plan is sufficiently complete to pass threshold and (2) if the Supportive Services plan and property management plan is compliant with Housing First and other evidence-based practices for each unique Target Population served by the Project. For example,

Projects serving Veterans must incorporate evidence-based practices specific to Veterans. Applications must include:

- i. A description of the Supportive Services to be offered, how frequently each service will be offered or provided depending on the nature of the service, who is anticipated to be providing the services, and the location, whether on or off-site, and general hours of availability of the Supportive Services. Applicants must ensure that the Supportive Services are made available to Homekey+ tenants in a manner that is voluntary, flexible, and individualized, so Homekey+ tenants may continue to engage with Supportive Services providers, even as the intensity of services needed may change. Furthermore, access to or continued occupancy in housing cannot be conditioned on participation in Supportive Services or on sobriety. Adaptability in the level of services should support tenant engagement and housing retention. Behavioral health treatment services co-located onsite of Homekey+ Project sites are allowable however, tenants in Homekey+ funded housing cannot be mandated to receive behavioral health services as a condition of housing, pursuant to Housing First.
 - a. The following Supportive Services shall be made available to Homekey+ tenants based on tenant need. The lead service provider for the Project shall coordinate the provision of, referral, or linkage to services needed by individual tenants. The following required services must be provided onsite at the Project or offsite at another location easily accessible to tenants. Easily accessible to tenants means access does not require walking more than one-half mile and shall include a plan and budget for transportation to off-site Supportive Services where tenants are not able to walk less than one-half mile:
 1. A Lead Service Provider (LSP) meeting the experience requirements described in Section 302(c) of this NOFA should be selected prior to application submittal. If the LSP has been selected, a formal commitment must be established and maintained between the Applicant and the LSP. The commitment may be a commitment letter(s) or MOU, and must detail roles and responsibilities of all parties and must be consistent with organizational charts and the property management plan detailed in Section 302(ii). If the LSP has not been selected at the time of application submittal, the commitment must be submitted to the Department prior to Standard Agreement execution. If the LSP and Applicant are the same organization, the Applicant shall provide a document signed by an authorized signatory defining roles and responsibilities in implementing all elements of the Supportive Services plan. Designated Supportive Services staff shall not also be property management staff. HCD may request additional information to further demonstrate the distinction between roles (see Section 305 for potential points). In the event of a change to the LSP, the Applicant or Grantee shall provide the new formal commitment to the Department no later than 30 days after the date that the new LSP

commits Supportive Services to the Project.

2. Case management performed by a Case Manager, as defined in Article VII. Definitions. For Projects with Assisted Units serving Target Populations that require intensive services, specifically including high acuity Homeless and Chronically Homeless populations, services to be provided must include at a minimum, on-site comprehensive case management as well as on or off-site mental health care, physical health care and substance use services. Where one or more of the Restricted Units are limited under HCD Regulatory Agreements to occupancy, comprehensive case management shall be provided with staffing at ratios of full-time Case Managers directly providing services to tenants, as indicated below in Table 8.

Table 8: Required Caseload Ratios

Population	Minimum Ratio
Homeless Youth, or Youth at Risk of Homelessness	1:15
Chronic Homelessness	1:20
Disability Homelessness	1:25

3. Peer support activities, including 24/7 telephone, online, or in- person support.
4. Mental health care, including but not limited to assessment, crisis counseling, individual and group therapy, and peer support groups.
5. Substance use services, including but not limited to treatment, relapse prevention, and peer support groups. NOTE: Co-locating outpatient behavioral health treatment services onsite of Homekey+ Project sites are potentially allowable however, tenants in Homekey+ funded housing cannot be mandated to receive behavioral health services as a condition of housing, pursuant to Housing First. Additionally, these outpatient services should be available to individuals outside of Homekey+ housing to prevent creating unlicensed residential Mental Health or Substance Use Disorder treatment programs.
6. Support in linking to physical health care, including but not limited to access to routine and preventive health and dental care, medication management and medication assisted treatment, and wellness services.
7. Benefits counseling and advocacy, including but not limited to assistance in accessing and maintaining SSI/SSD, enrolling in and maintaining Medi-Cal and CalFresh;

8. Veteran serving projects shall coordinate, or make efforts to coordinate, with the applicable County Veteran Service Officer for benefits counseling and advocacy
9. Basic housing retention skills (including but not limited to unit maintenance and upkeep, identifying safety concerns in the unit, understanding lease terms, and money management).
10. Supportive Services for persons with co-occurring mental and physical disabilities or co-occurring mental and substance use disorders not listed above.
11. Recreational and social activities, including peer-led groups and events.
12. Educational services, including assessment, GED, school enrollment, assistance accessing higher education benefits and grants, and assistance in obtaining reasonable accommodations in the education process.
13. Employment services, such as supported employment, job readiness, job skills training, job placement, and retention services, or programs promoting volunteer opportunities for those unable to work, and
14. Obtaining reasonable access to other needed services, such as legal services, or access to food and clothing.
15. Projects serving 16 or more units in a single site must include an onsite manager, maintenance, or other responsible person, as required by California law 25 CCR §42. Applicants seeking an exemption from this requirement must demonstrate that they will provide an equivalent number of desk or security staff, who are not tenants, capable of responding to emergencies for the hours when property management staff is not working.
16. Physical health care, including but not limited to access to routine and preventative health and dental care.
17. Potential out-placements, should they become appropriate alternatives for current Homekey+ residents, either because a higher level of care is required (i.e., residential treatment facilities and hospitals), or because Permanent Supportive Housing is no longer required (i.e., other affordable housing or market rate housing).
18. Representative payee.
19. Legal assistance.

20. Attendant care.
 21. Adult day care.
 22. Parenting education, childcare, and family legal and counseling services including, but not limited to, family reunification.
 23. Financial counseling, and
 24. Domestic violence support, including but not limited to access to temporary shelter, family and individual counseling, and legal support.
- b. Applicants shall provide and maintain written policies and procedures covering:
1. Payment of rent by residents during periods of hospitalization.
 2. Coordination with property management for resolution of complaints from tenants or on behalf of tenants.
 3. Use of best practices in service delivery for each unique Target Population served by the Project, including but not limited to critical time intervention; trauma-informed care and de-escalation; motivational interviewing; peer support; case conferencing; and providing care in a culturally competent manner.
 - i. Supportive Services for Youth Assisted Units must also include a Positive Youth Development (PYD) model and trauma-informed care. Services may include, but are not limited to, case management, income supports, educational and employment counseling, life skills, legal assistance, health and wellness, and family connection services.

Youth Assisted Units occupied by a tenant over age 25 shall be replaced with a comparable unit in the same Project, if available. When a tenant older than 25 moves out of a unit restricted for Youth, the Youth Assisted Unit shall go back to serving Homeless Youth.
 4. Initial and ongoing staff training in all of the above, and in the operator's program philosophy, values, and principles.
 5. Description of each unique Target Population to be served by the Project, and identification of any additional subpopulation target or occupancy preference for the Homekey+ Project that the Applicant wishes to undertake beyond what is permitted under the Target Population requirements.

- c. The property manager and LSP shall have three or more years of experience serving persons of each unique Target Population of people with Behavioral Health Challenges. If a property manager or LSP is not yet selected for the proposed Project, the Eligible Applicant shall certify that this requirement will be reflected in any future solicitation or memorandum of understanding (MOU) (see Section 305 for points awarded). If the property management and/or LSP has three or more years serving persons experiencing homelessness, but not Veterans experiencing homelessness, HCD in its sole discretion may deem the property manager and/or LSP to have met this requirement, provided the property manager and/or LSP agrees to completing a training provided by CalVet.

Projects with Youth Assisted Units must jointly apply and/or partner with a nonprofit corporation(s), including community-based organization(s), with at least three years of experience serving current or former Foster Youth, Homeless Youth, or Youth at Risk of Homelessness.

- d. A tenant engagement plan (i.e., plan to encourage voluntary tenant participation in services as well as in community building, such as resident councils or similar forums) including a description of tenant outreach, engagement and stability strategies to be used. A tenant satisfaction survey shall be conducted at least annually to inform and improve services, building operations, and property management. Applicant shall make tenants aware of when summary of survey data will be prepared and shall share the results with tenants.
- e. A description of plans and measures to ensure the safety and security of residents and staff (e.g., guest and visitor policies, policies on the violation of safety rules, staff training, and building design features intended to promote security);
- f. For Supportive Services provided offsite, the plan must describe what public or private transportation options will be offered to tenants in order to provide them reasonable access to these services. Reasonable access is access that does not require walking more than one-half mile. Reasonable access shall include a plan and budget for transportation to off-site Supportive Services where tenants are not able to walk less than one-half mile.
- g. Description of how the Supportive Services will be culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, gender expressions, age, and disabilities. This includes explaining how services will be provided to Homekey+ tenants who do not speak English, or have other communication barriers, including sensory and/or cognitive disabilities, and how communication among the LSP, the property manager and these tenants will be facilitated. The services need to include reasonable accommodation and auxiliary aids and services for effective communications.

- h. A staffing plan with staffing levels sufficient to meet the needs of each unique Target Population served by the Project and in accordance with section 302(ii)(a)(1).
 - i. Estimated itemized budget, and sources of funding for Supportive Services.
 - j. Identification of outcome measures to be tracked, description of the data to be collected for each measure, and explanation of the methods for data collection and entry. Sample forms may be requested by HCD.
 - k. Other information and documentation needed by HCD to evaluate credentials of the proposed LSP and the Supportive Services to be offered for consistency with the Program.
 - l. HCD may request necessary updates to the Supportive Services plan or related documents, including fully executed written agreements. All updates must be approved prior to occupancy as determined by milestones listed in the Standard Agreement. Grantees who fail to provide all requested updates by Standard Agreement Execution shall be subject to withholding a portion of the Homekey+ Award until the Supportive Services plan is approved by HCD.
- ii. Property management and tenant selection policies submitted with the Homekey+ application will be evaluated for the following, consistent with state Housing First requirements and any other state and federal fair housing laws as applicable. These documents must identify and describe alignment with Housing First tenant screening, selection, and other practices consistent with Welfare and Institutions Code Section 8255(b). The descriptions of the use of Housing First and tenant selection in this Supportive Services plan shall be consistent with the property management and tenant selection policies. Applicants should review Assembly Bill No. 1991 (Chapter 645, Statutes of 2022) to inform the Project's property management and tenant selection policies. The property management and tenant selection policies should address the following and be consistent with state Housing First requirements, as well as other Homekey+ Program Requirements:
- a. Applicant eligibility and screening standards including identification of any and all roles in screening activities, including third-parties, and a clear description of those roles. This should include the process for verifying tenants have a Behavioral Health Challenge or suspected Behavioral Health Challenge. Verification can be from county behavioral health staff, qualified supportive service staff, etc.
 - b. Confidentiality.
 - c. Substance misuse policy.
 - d. Compliance with harm reduction principles.
 - e. Communication between property manager and LSP staff, as well as the

Project owner.

- f. Eviction policies and eviction prevention procedures, including how property management and LSP staff will work together to prevent evictions.
- g. Process for assisting tenants to apply for different forms of cash and non-cash benefits to aid the household in retaining their housing, if needed.
- h. How potential tenants and in-place tenants will be assisted in making reasonable accommodation requests, in coordination with the LSP and persuasive to outside entities, such as Housing Authorities, to ensure that persons with disabilities have access to and can maintain housing.
- i. Policies and practices to facilitate voluntary moving on strategies.
- j. Emergency plan for onsite emergencies and natural disasters.
- k. Appeal and Grievance Procedures to include how tenants are made aware of these procedures.

Section 303. Single-Family Scattered Site Housing Requirements

HCD may Conditionally Award up to \$10 million per Single-Family Scattered Site Project for acquisition, Rehabilitation, and an Award for Operating Expenses. Applications may include up to five (5) sites each. Additional funding may be approved at the discretion of the Director or his/her designee, as specified in Section 207. Applicants for this Project type must meet all requirements identified in Homekey+ NOFA Sections 202(vi), 202(v), and UMR Section 8303(b). Additionally, applications must:

- i. Submit all documents required in Article III with the following exceptions:
 - a. Eligible Projects under this Project type must meet the following threshold requirement, sixty (60) days from the date of the Conditional Award to be considered for an Award. Failure to meet this requirement will rescind the Conditional Award.
 - 1. Evidence of site control for each site, as defined in Section 300(x).
 - 2. A preliminary title report for each site, dated within 60 days of submittal, as defined in Section 300(xi).
 - b. Eligible Projects under this Project type must meet the following threshold requirements, ninety (90) days from the date of the Conditional Award to be considered for an Award. Failure to meet these requirements will rescind the Conditional Award.

1. Relocation Assistance Narrative, as defined in Section 300(xvii).
 2. Appraisal for each site, as noted in Section 300(xiii).
 3. All Projects seeking funding for Rehabilitation must submit the following, as noted in Section 300(xiv):
 4. Rehabilitation narrative of current condition of structure(s) and overall scope of work; and
 5. Physical needs assessment (PNA) or equivalent evidence of Rehabilitation costs prepared by a qualified independent third-party contractor for each site.
 6. All Projects seeking funding for Rehabilitation and new construction are required to submit a Phase I ESA or equivalent, as noted in Section 300(xvi).
 7. One-for-one replacement of assisted housing, as defined by Section 300(xxi), including a site map, as defined in Section 300(xxi)(d).
 8. Meet the minimum points score required in Section 305 of 100 points.
- c. Eligible Projects under this Project type must submit updates to the following threshold documents, previously submitted at the time of application as required by Article III, ninety (90) days from the date of the Conditional Award to be considered for an Award. Updates are limited to those pertaining to the identification of Project sites. Failure to meet these requirements will rescind the Conditional Award:
1. Authorizing resolutions, as defined in Section 300(vi)(a);
 2. Supportive Services Plan including budget, as defined in Section 302.
 3. Overview of plan and timeline for any required entitlements, permits, and environmental clearances, as defined in Section 300(xii) and supported by updated Local and Environmental Verification forms for each site, as required by the application;
 4. Equity statement, as defined in Section 300(viii).
 5. Engaging the Target Population statement, as defined in Section 300(ix).
 6. Development plan, as defined in Section 300(xii).
 7. Rehabilitation description, as defined in Section 300(xiv).

8. Enforceable Funding Commitment(s), as defined in Section 300(xviii) and Article VII.
9. Application workbook updates. Including unit mix, development and operating budgets, and all other necessary areas to complete the application package, as defined in Section 300(iii).
10. All Grantees must coordinate disbursement of funds into an escrow account. Funds shall only be disbursed once all special conditions of disbursement are satisfied and HCD has determined that the Project has sufficiently demonstrated the unification of all sites into one Project, with a single owner and property manager.

Section 304. Recording, Income and Underwriting Requirements

- i. Homekey+ may fund all units in a Project or a portion of the units. If seeking Homekey+ funding for a portion of the units in a Project, Applicants must identify committed sources for the non-Homekey+ units. The non-Homekey+ units are not required to serve the Homekey+ Target Population and may therefore be restricted at higher AMI levels, which may help promote Project feasibility.
- ii. If, at the time of acquisition, an existing tenant's household income is at or below 50 percent AMI, but the tenant does not qualify as a member of the Target Population, the tenant may remain in place and the unit may still be funded by Homekey+. An Applicant may not include units in the Homekey+ application intended for Veterans if the existing tenant household is not a Veteran or a member of a Veteran's household. When, in the course of normal tenant turnover, the ineligible household moves from the unit, the unit shall thereafter be occupied by the Target Population. There should be no more than 49 percent of the Assisted Units that do not meet the Target Population at the time of acquisition. An existing household who meets the Target Population definition or was a member of the Target Population at the time they moved into the property will not be counted towards the 49 percent cap. Evidence confirming that existing tenants qualify as either at or below 50 percent AMI or Target Population will be required of the Applicant.
- iii. At year 15 from the recordation of the Affordability Covenant, in circumstances where the Grantee has not waived their right and Grantee has exhausted available operating funding and demonstrated to HCD that the Project is no longer feasible, HCD may approve an increase in income levels, to the minimum extent required for fiscal integrity, in five percent increments of Assisted Units up to 50 percent AMI.
 - a. HCD reserves the right to set restrictions on the unit mix, rent levels, and other factors deemed necessary. To the maximum extent possible, these changes shall minimize the impact on the lowest income Project residents and shall be phased in as gradually as possible. If, following any increase in rents and income limits, or modification of Target Population

occupancy requirements, new resources become available, or market demand changes, allowing reversion to the former income and rent limits or Target Population occupancy requirements, HCD may re-impose these income limits and rent limits or Target Population occupancy requirements, in whole or in part, subject to an analysis of Project feasibility.

- iv. In addition to Section 300 above, Applicants purchasing Affordability Covenants and restrictions will also be evaluated on the following requirements:
 - a. The Grantees that purchase Affordability Covenants and restrictions for existing residential units shall restrict those units to individuals and households with an individual with Behavioral Health Challenges and who are Homeless or who are At Risk of Homelessness, as defined in 24 CFR part 578.3. Such restriction shall run for 55 years.
- v. In addition to Section 300 above, master leasing Projects will also be evaluated on the following requirements:
 - a. The Grantee shall provide a 15-year plan from the recordation of the Affordability Covenant to cover operations and service costs for the Project with specific funding sources (government/philanthropic/private).
- vi. As described in Section 101, the Project shall comply with the UMRs (Cal. Code Regs., tit. 25, § 8300 et seq.), to the extent those regulations are consistent with Homekey+ requirements, and shall meet the following Homekey+ underwriting requirements:
 - a. In analyzing Project feasibility, Projects planning to use Tenant Based Vouchers (TBV) for rental income/subsidy sources shall limit projected TBV revenue sources to no more than 50% of the Project's assisted housing units in the application. Nothing in this NOFA shall be construed to conflict with or limit the operation of state law prohibiting discrimination against tenants based on source of income. Refer to section 508 for non-discrimination policy requirements.
 - b. Projects that do not have debt service, Project cashflow shall not exceed 12 percent of Operating Expenses in the first 15 years of operations.

Section 305. Scoring Criteria

In addition to meeting the other minimum Homekey+ Program Requirements outlined in Article III, Applicants must score a **minimum of 100 points to be eligible for funding**. Points earned from the application scoring criteria will be incorporated into the project report and the Standard Agreement. Applicants should select criteria based on what accurately represents the Project and is achievable. By earning these points, the Applicant commits to the deliverable throughout the tenure of Homekey+ Project. Scores will be based on the following:

Table 9: Homekey+ Application Scoring Criteria

Categories and Maximum Point Scores	Evaluation Criteria
1. Site Control (Up to 20 points)	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) - Fee title (20 points) - Leasehold (20 points) - Option agreement/sales contract (20 points) - Exclusive negotiating agreement (15 points) - Letter of intent (15 points) - Other forms approved by HCD (10 points)
2. Cost Containment (Up to 15 points)	a. For any Project where the average total cost per Assisted Unit is below baseline per door of \$200,000, one (1) point will be assigned for every \$10,000 under the baseline amount. (up to 10 points) b. Utilizing Publicly Owned Land: 5 points will be awarded to Project that is located on a site selected under Excess Sites (Executive Order N-06-19) or any land declared as Surplus Land by a local agency. (5 points)

3. Sustained
Operating
Leverage

(Up to 45 points)

Documented commitment of non-Homekey+ rental or operating subsidies (including funded services) that will be used to maintain the ongoing affordability and sustainability of operations of the Project. Sources include, but not limited to, Project-based vouchers, VASH vouchers, Mainstream vouchers, Faircloth to RAD conversions, tenant-based vouchers, or locally funded rental assistance. **(up to 45 points)**

a. Score is based on weighted subsidy type, percentage of costs covered, and length of commitment. Applications will need to score at least **10 points** to be prioritized by the Homekey+ Program. See Section 400 on the process and determination for Projects that will be prioritized in Homekey+.

- Project operation subsidies: Up to one (1) point for each year through year fifteen (15). **(up to 15 points)**

Weighted Point Value by Subsidy Type	
Project-Based Rental Subsidy	1
Committed Operating Subsidy	1
Renewable Source*	0.75
Tenant Based Voucher	0.5
Supportive Services / Healthcare Reimbursement	0.5
Intent to pursue funding	0.25
*For years that are uncommitted or not allocated. Years with existing current subsidy will be considered Committed Operating Subsidy.	

b. Homekey+ Award Utilization:

Applications that request less Homekey+ Operating Award than the Maximum Eligible Award amount will earn more points. Applications that do not request an operating Award will automatically earn 20 points. **(up to 20 points):**

- Two (2) points for each 10% increment of Maximum Eligible Homekey+ Operating Award not utilized.
- No Homekey+ Operating Award Requested (20 points)

c. Mental Health Services Act or Behavioral Health Services Act funds committed to the Project as evidenced by a letter from the local county behavioral health department meeting the EFC requirements in Article VII of this NOFA. **(10 points)**

Categories and Maximum Point Scores	Evaluation Criteria
4. Experience and Coordination (Up to 40 points)	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. - 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) b. Documented evidence of LSP's experience helping persons address barriers to housing stability and providing other support services, not necessarily within a housing Project. The LSP may be an Applicant, or a member of the development team described in Applicant's response to point category 4.c., below. LSP experience must be with the specific population(s) with Behavioral Health Challenges housed within the Homekey+ units to count toward points in this section (e.g., families, singles, veterans, Homeless Youth, Chronically Homeless) and must describe how the Supportive Services are culturally and linguistically competent for persons of different races, ethnicities, sexual orientations, gender identities, gender expressions, ages, and disabilities. NOTE: Sections 300-303 of this NOFA further outline threshold experience requirements. - One point awarded for each year of service experience, after 3 years. (up to 10 points) c. Commitment letter(s), MOU(s) or other formal agreement between the Primary and Co-Applicant(s) and/or other involved partners documenting how the complete development and management team (which includes the Applicant, developer, property manager, LSP, etc.) are connected and will work together on the Project. Applicants are encouraged to complete due diligence checklists to ensure all members of the team are aware of roles and responsibilities. (15 Points)

Categories and Maximum Point Scores	Evaluation Criteria
5. Community Impact (Up to 40 points)	a. Assisted Units include units for large family housing types (10 points) - At least 25% of the Assisted Units in the Project shall be two-bedroom or larger units, consistent with TCAC Regulations (4 CCR § 10325(g)(1)(A-I)), (10 points) b. Applicant waives any potential accommodation by HCD to increase income limits at year 15 from the recordation of the Affordability Covenant, as described in Section 304(iii). (up to 20 points) - 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) c. The extent to which the Project commits to being accessible to persons with disabilities. (up to 10 points) - Exceeds the state and federal accessibility requirements set forth in Section 508, specifically providing a minimum of 15 percent of units with features accessible to persons with mobility disabilities, as defined in 24 C.F.R. Section 8.22 and the parallel ADAAG 2010 and CBC provisions; (5 points) - A minimum of 10 percent of units with features accessible to persons with hearing or vision disabilities, as defined in 24 CFR Part 8.22 and the parallel ADAAG 2010 and CBC Chapter 11B provisions. (5 points)

6. Site Selection (Up to 40 points)	Site Selection (Up to 12 points; for Rural Projects: up to 16 points; for Youth Projects: up to 15 points) a. The Project site is located within 1/2 mile of a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop OR the Project includes an alternative transportation service for residents (e.g., van or dial-a-ride service), if costs of obtaining and maintaining the van and its service are included in the budget and the operating schedule is either on demand by tenants or a regular schedule is provided. (4 points) The Project site is in proximity to essential services: b. Grocery store – a full-scale grocery store/supermarket where staples, fresh meat, and fresh produce are sold. (up to 2 points) - 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) NOTE: If applying for TCAC, it is advisable that the grocery store be at least 25,000 gross interior square feet. c. Health facility – a medical clinic (not merely a private doctor's office) with a physician, physician's assistant, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (health facilities operated by Veterans Health Administration qualify if project is veteran serving). (up to 1 point) - 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) 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. d. Library – a book-lending public library. (up to 1 point) - 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)

6. Site Selection (continued) (Up to 40 points)	e. Pharmacy – may be included in a grocery store or health facility. (up to 2 points) - 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) f. A public park or a community center accessible to the general public. (up to 1 point) - 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) g. High speed internet service, with a minimum average download speed of 25 megabits/second must be made available to each Unit for a minimum of 15 years, free of charge to the tenants, and available within six months of the Project's placed-in-service date. Documentation of internet availability must be included in the application. (up to 2 points) - 2 points - 3 points for rural Projects h. For Projects with units serving Homeless Youth: community colleges, universities, trade schools, apprenticeship programs, employment programs, childcare centers for parenting youth, and/or community centers for youth (e.g., LGBTQ+ centers, drop-in youth centers). (up to 2 points) - at least two amenities located within 1 mile radius of Project (2 points)
7. Relocation Impacts (Up to -20 points)	a. For any Project resulting in the permanent displacement of residents (not businesses or farm operations), as outlined below: - The Project permanently displaces existing residents in 5% of total units. (- 5 points) - Applicants lose one point (up to an additional 15 points) for each additional percentage point of households displaced out of total units.

8. Negative Points	a. Negative Points assessed by HCD to the Applicant pursuant to the Department's Negative Points Policy .
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In the event of program oversubscription, where Applicants have the same score and the same date and time stamp, HCD may consider additional criteria as a tiebreaker, including, but not limited to, cost-effectiveness, community impact (i.e. meeting the needs of individuals with behavioral health challenges), affirmatively furthering fair housing, innovative housing types, tenant stability and proximity to transit, and services and amenities.

Article IV. Application Submission, Review, and Award Process

Section 400. Application Process and Submission

For Over the Counter (OTC) processing, except for the prioritization criteria enumerated below, applications will be accepted and evaluated on a first-come, first-served basis at any time from the release of the application until the final application due date, or until the available funds are exhausted, whichever occurs first. Funds will be awarded to Applicants that successfully meet threshold criteria and the minimum point score, with HCD reserving the right to prioritize applications that demonstrate Project readiness and committed long-term sustainable operating sources, regardless of the timestamp of the application submission.

Homekey+ application materials must be submitted electronically to HCD's [website](#). Applications must be on HCD's forms and HCD's forms cannot be altered or modified by the Applicant. Excel forms must be submitted in Excel format, not as a PDF document. Supplemental documents should follow program guidance documents or templates provided on the Homekey+ website.

Electronic Submission - Requirements for uploading the Homekey+ application and required supporting documentation, including naming conventions, are described in the Homekey+ application instructions/checklist tab. Per Section 102, Applicants must upload all complete application materials to HCD's website no later than 5:00 p.m. Pacific Time on the due date.

HCD reserves the right to prioritize the review and awarding of applications based on the following criteria:

- i. Demonstrate Project Readiness by providing a completed and accurate application workbook; providing all required support documentation and application materials at time of application submission; identifying all Special Purpose Entities and other entities that will be a party to the Project and Standard Agreement; and confirming that all Project entities are appropriately listed as Co-Applicants and are formed at the time application; and
- ii. Applications have a minimum of 10 points in Section 305(3)(a) of the Application Scoring Criteria to demonstrate to HCD the Project has operating and rental subsidies to support long-term operations for the Project.
- iii. Applications not achieving a minimum score of 10 points in Section 305(3)(a), but which have higher scores than other submitted applications.

Application packages that do not meet the above-mentioned criteria may be placed on hold for Award consideration by HCD and may not be considered for funding.

- i. Applications will be prioritized as described in Section 203 and Section 400.
- ii. HCD will evaluate applications for compliance with the minimum Homekey+ Program Requirements set forth in this NOFA.

- iii. After each Applicant has been certified to meet the minimum Homekey+ Program Requirements, each Project must receive a minimum overall score of 100 points, as outlined in Section 305, to be considered for a funding Award.
- iv. Each Applicant and Co-Applicant shall submit an authorizing resolution that, in HCD's reasonable determination, materially comports with the Program's requirements and is legally sufficient. In addition, each Co-Applicant shall submit a complete set of its organizational documents (including any amendments thereto). HCD will not execute the Standard Agreement until it receives the foregoing documentation, as specified.
- v. Applicant shall self-acknowledge the ability to obtain the insurance coverages outlined in Section 606 of this NOFA.
- vi. The application is a public record, which may be available for public review pursuant to the California Public Records Act (CPRA) (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code). After final Homekey+ Awards have been issued, HCD may disclose any materials provided by the Applicant to any person making a request under the CPRA. HCD cautions Applicants to use discretion in providing information not specifically requested, including but not limited to bank account numbers, personal phone numbers, and home addresses. By providing this information to HCD, the Applicant is waiving any claim of confidentiality and consents to the potential disclosure of submitted material upon request.
- vii. HCD reserves the right to do the following:
 - a. Score an application as submitted even if information is missing from the application.
 - b. Consult with CalVet on any Veteran serving Project's Application.
 - c. Request clarification of unclear or ambiguous statements made in an application or request additional clarifying documentation or information; and
 - d. Upon the final application due date or the date when funds are exhausted, whichever is earlier, deploy unused funds from an undersubscribed allocation to fund other Eligible Applicants for other subsets of the Target Population.
- viii. HCD will review, and score based on information provided in the application. If there is a significant departure from the application after a Project has been awarded, HCD may re-evaluate the Project's score, reduce the grant amount, or assign negative points to the Applicant.

Section 401. Required Pre-Application Consultation and Technical Assistance

HCD requires all Eligible Applicants and Co-Applicants to engage in a pre-application consultation with HCD prior to applying. The consultation will allow the prospective Applicant to provide basic information about the proposed Project, along with other applicable programmatic considerations, including those related to site acquisition; operating match requirements; the CEQA, land use and land entitlements; local county behavioral health department coordination and other services partnerships; and long-term financing approaches. Applicants will be able to request a pre-application consultation using the pre-application survey to meet with Homekey+ program staff prior to applying. Information on pre-application consultations will be available and posted on the Homekey+ [website](#).

Section 402. Award Process

HCD will send a Conditional Award Commitment and Acceptance of Terms and Conditions letter (Conditional Award letter) to the successful Applicant. This Conditional Award may only be accepted by timely delivery of a fully executed Acceptance of Terms and Conditions of Conditional Award form to the Department. Funds will be disbursed after the Standard Agreement has been fully executed and approved by HCD and after the Grantee has satisfied all conditions precedent to disbursement.

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

HCD must be notified and invited to participate in any and all groundbreakings, grand openings, and press conferences related to the Award by emailing HCD Homekey@hcd.ca.gov. Awardees must follow all marketing/promotional guidelines from HCD. Please see Appendix D for details on communication procedures.

Section 403. Appeals

- i. Basis of Appeals.
 - a. Applicants may appeal HCD's written determination that an application is incomplete, has failed threshold review, or has otherwise been determined to provide an insufficient basis for an Award.
 - b. At the sole discretion of HCD, HCD's written determination may include a request for clarifying and/or corrective information. For purposes of this Section, "clarifying information" includes information and/or documentation that resolves ambiguities in any application materials that will inform HCD's determinations.
 - c. No Applicant shall have the right to appeal a decision of HCD relating to another Applicant's application (e.g., eligibility, Award).
 - d. If the Applicant is subject to negative points assessment, HCD shall notify the Applicant in writing within the point score letter and will provide

opportunity to appeal negative points assessment, or any disagreed points assessment, pursuant to the appeals process as set forth in the NOFA. Any request to appeal HCD's decision regarding an application shall be reviewed for compliance with the Guidelines and the NOFA. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of HCD.

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

ii. Appeal Process and Deadlines.

- a. Process: To file an appeal, Applicants must submit to HCD, by the deadline set forth below, a written appeal which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide(s) clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to HCD, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to HCD at homekeyappeals@hcd.ca.gov according to the deadline set forth in HCD's written determination letter.
- b. Filing Deadline: Appeals must be received by HCD no later than 5:00 p.m. five (5) business days from the date of HCD's written determination letter made in response to the application.

Article V. Additional Program Requirements

Section 500. Veterans Assisted Units

- i. Homekey+ Projects proposing to serve Veterans may also serve other qualifying members of the Target Population. The Veterans units will be funded from the Veterans allocation, and the remaining units will be funded from the other applicable allocation(s).
- ii. The remaining units should still be used to house the most vulnerable Veterans, and the Grantee is required to demonstrate a good faith effort to place the Target Population in Veteran units. Good faith efforts include 1) adequate marketing of vacant units for at least 90 days prior to the commencement of initial lease-up or at least 60 days after a unit turns over, 2) partnering with local homeless and Veterans service providers to identify the Target Population, 3) coordination with the local Continuum of Care to receive prioritized Target Population referrals, 4) coordination with the U.S. Department of Veterans Affairs to identify the Target Population, and 5) documented contacts with the Target Population, along with their Case Manager(s), who were referred to the Project with vacant Veteran units and choose not to lease the unit.
- iii. HCD reserves the right to review documentation that substantiates the timing and frequency of such good faith efforts, including the date that the Grantee was notified of the vacancy, whenever such documentation exists and provide a descriptive timeline in the absence of documents to evidence activities such as phone calls and meetings. Documentation by the Grantee of these good faith efforts, along with information about Applicants that were not matched with a unit, is required as part of the Secondary Tenant process.
- iv. If units cannot be filled with Veterans at or below 30% AMI, Secondary Tenants can be housed. Secondary Tenants are defined in statute as either: Veterans experiencing homelessness with an income of up to 60% of the AMI. Rents for any redesignated units are determined by income that corresponds to the Secondary Tenant's household income.
- v. Upon vacancy, the Grantee is required to redesignate the next vacant unit as a PSH unit available to Veterans with incomes at or below 30% AMI with the goal of returning the Project into compliance with the unit mix required by the Project's Standard Agreement.
- vi. For new construction the vacancy period will be measured from the date the Certificate of Occupancy or Temporary Certificate of Occupancy is issued and for Rehabilitation Projects the vacancy period will be measured from the date the Notice of Completion is issued. Vacancy for previously occupied Homekey+ units during regular Project operations will be measured from the

- vii. date the Grantee or their operator takes possession of the unit. The Grantee or their operator may use the time from abandonment noticing timeframes and unlawful detainers at its discretion.
- viii. In no instance shall a Project have less than 30% of its Veterans units leased to 30% AMI households*. In no instance shall a Project have less than 30% of its Veterans units leased to 30% AMI households*.
- ix. HUD-VASH Special Rule: On August 13, 2024, HUD published the “Section 8 Housing Choice Vouchers: Revised Implementation of the HUD Veterans Affairs Supporting Housing Program (VASH)”¹ (“special rule”) that provides a new requirement to exclude Veterans’ service-connected disability benefits from household income calculations for the purpose of determining income eligibility. This rule for VASH applicants applies for both Project-based and tenant-based vouchers. Homekey+ income determinations for VASH applicants must exclude Veterans’ service-connected disability income and therefore are excluded from the Homekey+ Secondary Tenant alternative requirements and process. Eligible HUD-VASH program tenants are not considered Secondary Tenants and are not counted against the cap on the number of Veteran units that can be leased to Secondary Tenants under this policy.

The purpose of this is to resolve issues with matching unhoused Veterans with vacant PSH units restricted to Veterans, while retaining the program’s original intent of serving the highest need Veterans experiencing homelessness.

**Veterans who are experiencing homelessness that are eligible to occupy veteran 30% AMI units after excluding VA service-connected disability benefits are recognized as eligible tenants. They are not treated as Secondary Tenants.*

- x. Each Veteran Project shall establish a goal of no amount less than five percent of total construction costs for work performed, or supplies provided to be spent with entities certified by the California Department of General Services (DGS) as a Disabled Veteran Business Enterprise (DVBE).

Pursuant to a five percent DVBE goal on total construction, each Project shall identify a DVBE Specialist who shall coordinate directly with CalVet in the identification and use of DVBEs.

Upon the commencement of construction, the Project shall submit a report to the Department and CalVet on DVBE plan implementation. This report will include: (A) The total amount budgeted for construction costs; (B) The names and addresses of DVBE contractors, subcontractors and/or suppliers that have received or are scheduled to receive payment.

¹ Section 8 Housing Choice Vouchers: Revised Implementation of the HUD Veterans Affairs Supporting Housing Program Development, 89 Fed. Reg. 65769 (Aug. 13, 2024) (amending 24 CFR Parts 982 and 983).

Upon completion of construction, the DVBE Specialist shall submit a report to the Department and Calvet detailing actual payments to DVBEs.

If the lead applicant is an established [DVBE Reciprocity Partner \[dgs.ca.gov\]](https://dgs.ca.gov) with DGS before the start of construction, then the Project shall only submit to the Department and Calvet a report detailing actual payments to DVBEs upon completion of construction.

Section 501. New Construction Cost Containment

A hallmark of Homekey has been producing housing quickly and cost-effectively, mostly through adaptive reuse. HCD will continue to retain and build upon these principles by requiring that Applicants seeking funding for new construction incorporate cost-containment strategies and commit to Total Development Cost (TDC) per unit caps.

New construction cost containment Projects will be eligible for the same Award structure as outlined in Section 205, but in addition must agree to and provide evidence that the Project can be completed based on the applicable TDC per unit cap. The TDC per unit cap is inclusive of the Homekey+ Award and all other capital sources and expenditures, with the exceptions of land costs, COSRs, and other required reserves.

TDC per unit caps will be the lesser of: \$450,000 per unit, OR the [2024 TCAC Basis Limits](#) for the applicable county where the Project is located and unit size.

Like other Homekey+ Project types, Awards will be in the form of a grant and will provide up to 80% of the funds upfront. Unlike other Homekey+ Project types which must complete construction within 12 months starting 60 days from the date of Award, all new construction Projects awarded must commence construction within 6 months, starting 60 days after the Homekey+ Award, and have a temporary certificate of occupancy (TCO) no later than 24 months, starting 60 days from the date of Award. The remaining 20% of funds will be disbursed upon submission of the TCO.

Applicants are advised that Homekey+ new construction Projects are not contemplated to be paired with tax credits or other highly competitive sources which are not secured by the date of application, in light of the above 6-month and 24-month deadlines. Rather, like other Homekey+ Project types, the Project must be fully funded and ready to proceed following a Homekey+ Award.

Applicants are further advised that construction shall not be contingent or reliant on any reasonably foreseeable externalities or timelines not disclosed in the application. Grantees unable to meet critical milestone dates within applicable cure periods will be in breach of the Standard Agreement and may be subject to negative points under HCD's Negative Point Policy.

As with all Homekey+ applications, a Local Public Entity must be the lead entity and may apply with a Co-Applicant developer.

Section 502. Gap Financing

Consistent with the Homekey principles of flexibility and innovation, HCD will accept gap financing applications from Projects which meet, or could meet, the population targeting requirements of Homekey+, but have not started construction. The intent is to move Projects forward that are otherwise “shovel ready” and thereby quickly increase the number of units available.

Projects within this use must be submitted by the application due date listed in the program timeline table above. At the close of the application period, the applications will be prioritized as follows:

- i. Projects with an Existing HCD Award Commitment with a pending disencumbrance per HCD’s disencumbrance policy within 6 months of the date of this NOFA.
- ii. Projects with an Existing HCD Award Commitment with at least one prior unsuccessful application for tax credit/bonds ranked by total HCD funds committed.
- iii. All other HCD funded Projects ranked by total amount of HCD funds committed.
 - a. All prior Homekey Projects awarded as “interim to permanent”, seeking funding to convert interim units to Permanent Supportive Housing, fall into this category. Only Projects that complied with the terms of the original Homekey “interim to permanent” award by completing construction and are currently achieving full on-site occupancy as interim housing will qualify for this funding. HCD at its sole discretion will determine compliance.
- iv. All other Projects that are stalled due to an unsuccessful tax credit/bond application ranked by total amount of public resources committed (may include resources such as local or federal funding, donated land, etc.).

HCD will rank projects within each priority based on total gap per unit. Depending on total demand for this typology, HCD reserves the right to prioritize funding for Priority (i.), above, either in full or partially, and to not fund or fund a subset of, otherwise eligible Projects from ii, iii, and/or iv above. All prospective Applicants are encouraged to use cost containment strategies to seek the lowest amount of gap financing possible that will allow the Project to commence and complete construction.

Qualifying HCD funding programs include the following:

- a. Affordable Housing and Sustainable Communities Program
- b. Community Development Block Grant Program – Disaster Recovery
- c. HOME American Rescue Plan

- d. HOME Investment Partnerships Program
- e. Homekey
- f. Housing for a Healthy California Program Article I
- g. Infill Infrastructure Grant Program
- h. Joe Serna, Jr. Farmworker Housing Grant Program
- i. Local Government Matching Grants Program
- j. Multifamily Housing Program
- k. Multifamily Super NOFA
- l. National Housing Trust Fund
- m. No Place Like Home Program – competitive and non-competitive HCD-administered funds and Alternative Process County funded Projects
- n. Permanent Local Housing Allocation Competitive Allocation
- o. Veterans Housing and Homelessness Prevention Program

All prior HCD award(s) must not have expired, or been terminated, disencumbered, or otherwise held to be void.

As with all other Homekey+ Projects, a Local Public Entity is required as a lead Applicant. In addition, the gap financing application must include all Sponsors in connection with Existing HCD Award Commitment(s). Homekey+ gap financing funds are not intended to supplant Performing Debt. The amount and terms of Performing Debt shown in the Homekey+ gap financing application must generally remain the same or be higher and more restrictive than the amount and terms shown in previous HCD applications unless there are extenuating circumstances that are clearly explained in writing by the Applicant and agreed to in writing by HCD.

For the purposes of this gap financing Projects only, Homekey+ will award no more than \$450,000 per unit, inclusive of any Operating Award needed to buy down units originally contemplated as higher than 30% AMI. Any amount over \$450,000 per unit will be required to provide an Enforceable Funding Commitment at the time of application.

Applicants may seek gap financing for all units or a portion of units. If Applicants seek gap financing for only a portion of units, an alternative, non-Homekey+ source is required at the time of application to fill any capital gaps associated with the non Homekey+ units. All units funded by Homekey+ will be required to serve the Target Population.

Funds shall be used only for expenses that would be categorized as Project costs by the federal low-income housing tax credit program, including, but not limited to, commercial costs and reasonable reserves. HCD reserves the right to disallow costs that do not constitute reasonable Project costs, as determined by HCD in its sole and absolute discretion.

Gap financing applications should request the full capital amount needed to proceed with and complete construction, thereby avoiding the need to apply for tax credits or seek other sources of funds.

Homekey+ gap financing awards are not intended to supplant local public agency funds. Accordingly, any local agency resources shown as committed in the applications for any Existing HCD Award Commitments must be included in the financing proposed in the Homekey+ gap financing application at the same or higher level of funding as previously identified.

Homekey+ Gap Financing Terms, Deadlines, and Restrictions

Requests for reducing Performing Debt or the term of the Performing Debt will be reviewed on a case-by-case basis and are not a guaranteed approval. Reduced principal loan amounts of Performing Debt must include a corresponding reduced amount in the development budget.

- i. Gap financing awards will be in the form of a grant. All Homekey+ gap financing awarded Projects must commence construction no later than 6 months, starting 60 days from the date of the Homekey+ Conditional Award letter. For the purposes of the Homekey+ Award, commencement of construction means the first land-disturbing activity associated with a Project, including land preparation such as clearing, grading, and filling, or the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building. HCD may, in its sole and absolute discretion, extend this deadline due to conditions beyond the control of the Sponsor, for a period not to exceed 90 days.
- ii. The Homekey+ gap financing awarded Project must receive, and submit evidence to HCD, a temporary certificate of occupancy (TCO) within 24 months, starting 60 days from the Homekey+ Award.
- iii. All Homekey+ gap financing Grantees are prohibited from applying for or receiving a tax credit allocation on a Homekey+ funded Project for a period of 20 years from the Homekey+ Conditional Award date for that Project. This prohibition will be memorialized in the Homekey+ Standard Agreement and in amendments to the Standard Agreements for any Existing HCD Award Commitment.
- iv. If, following a Homekey+ application and award, a Sponsor syndicates and sells a portion of their ownership interest to a partner or equivalent party seeking tax losses associated with the Project, nine-tenths of the gross proceeds of that sale shall be remitted to HCD. Negative points may be assessed to the Sponsor in the event the Project is sold or refinanced with a distribution of net equity.

Section 503. Article XXXIV

Homekey+ provides permanent supportive housing for persons (including Veterans and Youth) who are homeless, chronically homeless, or at risk of homelessness, and who are living with a Behavioral Health Challenge. As such, article XXXIV, section 1 of the California Constitution is not applicable to Homekey+ funded development, consistent with Health and Safety Code sections 37000-37002.

Section 504. Housing First

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

Section 505. Tenant Referrals

Referrals to Homekey+ Assisted Units shall be made through the local Coordinated Entry System (CES), or another comparable prioritization system based on greatest need for housing and services, to determine the most appropriate referral. Homekey+ units should be reserved for serving the Target Population where households are more appropriately served by PSH, including referrals from persons exiting encampments. Households with lower levels of need may be better served by other housing and less intense service interventions.

Applicants must demonstrate efforts to coordinate with their local county behavioral health department, to ensure the referral process to the Homekey+ units is aligned with the requirements of this NOFA.

If referrals will be made using a prioritization system other than CES, the Applicant must describe the plan for tenant referrals in detail, including which agency is responsible for managing the referral approach and what stakeholders are involved in the prioritization process. Awardees are encouraged to consider an alternative referral system consisting of referrals for persons exiting encampments, incarceration, or treatment facilities. Prioritization for Homekey+ units should be based on greatest need factors and assessments established by the local jurisdiction in collaboration with the Continuum of Care (CoC). CoC collaboration in Project and Supportive Services design is also strongly encouraged to help target and serve those with the greatest need.

Section 506. Participation in the Homeless Management Information System (HMIS)

Pursuant to Assembly Bill 977 (Statutes of 2021-22), Grantees who have been awarded HCD funding under the Homekey+ program must enter Universal and Common Data Elements as defined by HUD, on the individuals and families served into the Homeless

Management Information System (HMIS). For more information about this requirement visit [Homelessness Program Data Reporting | California Department of Housing and Community Development](#)

Any health information provided to, or maintained within, the statewide Homeless Management Information System shall not be subject to public inspection or disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code). “Health information” means “protected health information” as defined in Part 160.103 of Title 45 of the Code of Federal Regulations, and “medical information,” as defined in subdivision (j) of Section 56.05 of the Civil Code.

Section 507. Relocation

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

- i. An HCD-approved relocation plan; or
- ii. An HCD-issued Certification Regarding Non-Application of Relocation Benefits and Indemnification Agreement (certificate of no-relocation), which has been duly executed and approved by HCD.

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

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

Section 508. Non-Discrimination and Accessibility

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

of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this NOFA.

Grantees shall comply with the Fair Housing Amendments Act (42 U.S.C § 3601 et seq.), the California Fair Employment and Housing Act (Gov. Code, § 12900 et seq. and Cal. Code of Regs. Tit. 2, §§ 12264 – 12271), the Unruh Civil Rights Act (Civ. Code, § 51), Government Code section 11135, Government Code section 8899.50, Government Code § 65583 et seq., Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), and all regulations promulgated pursuant to those statutes, including 24 C.F.R. Part 8, 24 C.F.R. Part 100 and its design and construction requirements, including ANSI A117.1 Standards and the March 6, 1991 Fair Housing Accessibility Guidelines, in conjunction with the June 28, 1994 Supplement to Notice of Fair Housing Accessibility Guidelines: Questions and Answers About the Guidelines, 28 C.F.R. Part 35, and 28 CFR Part 36.

Grantees shall comply with the requirements of the Americans with Disabilities Act of 1990 (U.S.C § 12101 et seq.). All developments shall adhere to the accessibility requirements set forth in California Building Code Chapter 11A and 11B and the Americans with Disabilities Act, Title II and Title III. In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 8, or HUD's modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 F.R. 29671 (5/23/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Notice"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the Project and be available in a sufficient range of sizes and amenities consistent with 24 CFR part 8.26.

Applicants are further advised that while Homekey+ incorporates the [MHP guidelines](#), as explained in Section 101, as a courtesy and point of emphasis, HCD directs prospective Applicants to Section 7314 (a) and (b) of the MHP guidelines, which further articulates Fair Housing, Nondiscrimination, and Accessibility requirements. HCD also suggests Applicants review its April 2021 Affirmatively Furthering Fair Housing document at this [link](#).

Section 509. Prevailing Wages

Applicant's contemplated use of Homekey+ funds is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Applicant is urged to seek professional legal advice about the law's requirements. Prior to disbursing the Homekey+ funds, HCD will require a certification of compliance with California's prevailing wage law, as well as all applicable federal prevailing wage law, or a certification that the development is exempt from prevailing wage as defined in Government Code 65913.4(a)(9). The certification must verify that prevailing wages have been or will be paid, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by the general contractor(s) and the Grantee. The Department will not disburse funds for Rehabilitation or construction until the certification is signed by the general contractor.

Section 510. Environmental Clearances

Projects, including phased Projects, that satisfy the requirements HSC 50675.1.5, shall be exempt from the California Environmental Quality Act (CEQA) Projects under this section are considered a “use by right”, which are specifically exempt from CEQA (CA Public Resources Code section 21000 *et seq.*). (HSC 50675.1.5(e)(2)(A)). Moreover, HSC 50675.1.5(c) specifically exempts HCD actions taken to “provide financial assistance or insurance for the development and construction of Projects” from CEQA review. HCD encourages Eligible Applicants to fully engage with HCD’s technical assistance and to review the CEQA exemption set forth at HSC section 50675.1.5 and the provision for land use consistency and conformity set forth at HSC section 50675.1.3, subdivision (i).

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

Applicants must provide National Environmental Act (NEPA) clearance, as applicable. According to the National Environmental Policy Act (NEPA), Grantees must consider environmental impacts early in the planning process before decisions are made, and actions are taken. The Project must assess environmental impacts if a Project has applied for HUD assistance (HOME, CDBG, PBVs, Choice Neighborhoods Grant, ShelterCare Plus, etc.). HUD’s regulations prohibit grant recipients and their partners/contractors from committing or spending HUD or non-HUD funds on an activity that could limit the choice of reasonable alternatives before completing the environmental review process. The prohibition of choice-limiting actions does not apply to commitments of non-federal funds before the Project has applied for HUD funding. When an application is submitted for a federal grant/loan, all activity must stop until the environmental review process is complete.

There is no flexibility or waiver of NEPA environmental review requirements. The Project must receive an Authority to Use Grant Funds (AUGF) before the Project proceeds with the acquisition or physical activities, including non-HUD-funded activities. A choice-limiting action can result in a violation that jeopardizes HUD funding for the Project.

The prohibition on choice-limiting actions prohibits physical activity, including acquisition, Rehabilitation, and construction, as well as contracting for or committing to any of these actions before completion of the environmental review. Some examples of choice-limiting actions are:

- Acquisition
- Rehabilitation
- Demolition
- Site improvements (including site clearance/grubbing)
- Leases or Transfers
- Entering into contracts such as construction bidding
- A change in Project conditions or unexpected conditions arise

Choice-Limiting Actions are not:

- Plans or designs
- Activities necessary to support an application for federal, state, Tribal, or local permits
- Option agreement on a proposed property (make sure that the contract is contingent on environmental review clearance and don't close escrow before the review process is complete)

HCD does not determine which Projects will require NEPA clearance. Applicants shall provide HCD a status of any required NEPA review at the time of application. For more information, visit the [HUD Exchange](#), review HCD's Environmental Review Guidance by clicking [here](#), or contact HCD's Environmental Services Team at NEPA@hcd.ca.gov.

Section 511. Land Use

HSC Section 50675.1.5 outlines the criteria by which a Homekey+ Project shall be a use by right and subject to a streamlined, ministerial review process. Appendix C provides the full list of criteria for 50675.1.5. Applicants should consult with their counsel for legal advice in the application of the law to their Project. HCD may also request documentation that Applicants have considered the law in their development planning.

Section 512. State Requirements

All Assisted Units and other Units of the Projects must meet all applicable state and local requirements pertaining to rental housing, including but not limited to, requirements for minimum square footage, and requirements related to maintaining the property in a safe and sanitary condition.

Section 513. Grantee Liability

All entities in the Grantee structure (to include the Eligible Applicant, any Co-Applicants, and any other entities added to the ownership structure of the Project pursuant to [Section 303 vi.] of this NOFA) shall be bound by the Homekey+ Program Requirements; and shall remain jointly and severally liable to HCD for performance under the Standard Agreement and for compliance with all Homekey+ Program Requirements. This provision shall remain applicable notwithstanding any Department-approved transfer or assignment of interest, or any designation of a third party for the undertaking of all or any part of the Scope of Work in the Standard Agreement.

Article VI. Project Operations

Section 600. Project Oversight

As specified by HCD and upon request, Grantees shall provide progress reports in connection with completed milestones and any updates to the timeline for completion of the Project. Grantees shall promptly notify HCD upon any changes to the Project development, changes to the Project and changes in Grantee organization, authorization, or capacity.

Section 601. Reporting

Grantees shall submit a Homekey+ annual report (annual report) to HCD following Standard Agreement execution. The annual report will be due no later than March 31 for the prior calendar year of January 1 to December 31. The annual report will continue to be required for at least five years following full occupancy of the Project and until the Homekey+ operating subsidy has been fully expended. The report shall be in such form and contain such information as required by HCD in its sole and absolute discretion. At minimum, the Annual Report shall include the following data:

- i. The amount of funds expended for the Project.
- ii. The location of any properties for which the funds are used.
- iii. The number and bed size of useable housing units produced, or planned to be produced, using the funds.
- iv. The number of individuals housed, or likely to be housed, using the funds.
- v. The number of units, and the location of those units, for which operating subsidies have been, or are planned to be, capitalized using the funds.
- vi. Any lessons learned from the use of the funds.
- vii. Proposed changes to the program to address lessons learned.
- viii. An explanation of how funding decisions were made for acquisition, conversion, or Rehabilitation Projects, or for COSRs, including what metrics were considered in making those decisions.
- ix. Total project development costs
- x. Total operating costs

If a Project received an operating Award, Grantees shall also report their operating expenditures in the annual report.

In addition to the foregoing, the Grantee shall submit to HCD such periodic reports, updates, and information as deemed necessary by HCD to monitor compliance and/or perform program

evaluation. Any requested data or information shall be submitted in electronic format on a form provided by HCD.

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

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

Grantees receiving an Award for Veteran Assisted Units shall submit any additional information as requested by HCD or CalVet, including but not limited to staffing and training details, tenant demographic and veteran-oriented data, and tenant survey results.

Section 602. Disbursement of Grant Funds

HCD may disburse funds to cover Homekey+-critical expenditures that were incurred prior to Homekey+ application pursuant to Section 204. Homekey+ program funds will be disbursed to the Grantee after HCD has approved the relocation plan or issued a certificate of no-relocation, received a request for funds from the Grantee, received and approved an Affordability Covenant for recordation at close of escrow, and approved a fully executed Standard Agreement between the Grantee and HCD. The Grantee cannot request funds for rehabilitation or construction until they have provided a certification of compliance with prevailing wage laws signed by the Grantee and their selected general contractor, as detailed in Section 509.

The Standard Agreement will set forth the general conditions of disbursement, any conditions precedent to disbursements (e.g., proof of recordation of the Affordability Covenant, documentation requirements for pre-Standard Agreement expenditures or conditional performance measures), and HCD's remedies upon an event of default. The Standard Agreement will also identify which of the Co-Grantees will be the designated payee.

Homekey+ funds awarded to an Applicant may not be transferred to another entity to expend on an eligible use unless that other entity is a signatory on the Standard Agreement.

All Homekey+ funds must be wired to an escrow company. The Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by HCD. The appropriate Affordability Covenant must be on file and approved by HCD to be included in the escrow transaction for recordation. The Grantee may only request awarded operating funds, if applicable, after providing confirmation that construction and/or Rehabilitation on the Project is completed, and the Project is ready to begin leasing up. HCD reserves the right to disburse funds prior to construction completion if the Grantee sufficiently demonstrates need for Homekey+ operational funds prior to construction completion.

Section 603. Legal Documents

Upon the Award of Homekey+ funds to a Project, HCD shall enter into one or more agreements with the Grantee, including a Standard Agreement, which shall encumber funds from the Homekey+ program, subject to specified conditions. The agreement or agreements shall include, but not be limited to:

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

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

Section 604. Sales, Transfers, and Encumbrances

An Applicant(s) shall not sell, assign, transfer, encumber, or convey the awarded Project, or any interest therein or portion thereof, without the express prior written approval of HCD, which may be granted, delayed, or withheld in HCD's sole and absolute discretion. All Applicants and Co-Applicants must be signatories on the Standard Agreement and may not be removed, even upon an approved transfer to another entity.

Section 605. Defaults and Grant Cancellations

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

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

Section 606. Insurance Requirements

- i. Commercial General Liability

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

If available in the open market at a reasonable cost, the policy shall also include an endorsement for physical abuse and child/sexual molestation coverage. Coverage shall include actual or threatened physical abuse, mental injury, sexual molestation, negligent hiring, employment, supervision, investigation, reporting to proper authorities, and retention of any person for whom the Applicant is responsible. This insurance shall apply separately to each insured against which claim is made, or suit is

brought subject to the Applicant's limit of liability. Coverage shall include the cost of defense and the cost of defense shall be provided outside the coverage limit.

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

ii. Automobile Liability

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

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

iii. Workers' Compensation and Employer's Liability

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

iv. Builder's Risk/Installation Floater

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

to waive all rights of recovery against the state.

v. Property Insurance

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

vi. Self-Insured

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

Article VII. Definitions

Below are the definitions for purposes of the Homekey+ program:

- i. "Affordability Covenant" means the legally binding 55-year instrument which (a) is recorded in first position against the Project real property for the benefit of the state, regional, local, or Tribal Grantee; (b) imposes use, operation, occupancy, and affordability restrictions on the real property and improvements; (c) duly names HCD as a third-party beneficiary with the right and privilege, but not the obligation, of enforcement thereof; (d) incorporates the Homekey+ Program Requirements by reference, and (e) is otherwise in form and substance acceptable to HCD. Upon its execution, the Affordability Covenant shall be binding, effective, and enforceable against all successors, transferees, and assignees, in accordance with Section 208 of this NOFA, after a certificate of occupancy or its equivalent has been issued for the Project, or if no such certificate is issued, from the date of initial occupancy of the Project. Affordability Covenants on Tribal trust land are addressed separately under Section 208 of this NOFA.
- ii. "Applicant" means the "Eligible Applicant," as that term is defined in this NOFA, as well as the Eligible Applicant's Co-Applicant(s), if applicable. As allowed or required by context, the term "Applicant" shall refer to all such entities in their individual and/or collective capacity.
- iii. "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or HCD.
- iv. "Assisted Unit" means a Homekey+-funded residential dwelling unit in PSH that is subject to rent, income, occupancy, or other restrictions associated with Homekey+ requirements. See also "Youth Assisted Unit."
- v. "At Risk of Homelessness" has the same meaning as defined in Title 24 CFR Part 578.3.
- vi. "Award" means the portion of program funds available for a Grantee to expend toward eligible program uses.
- vii. "Behavioral Health Challenge" is defined within the California Welfare and Institutions Code (WIC) Section 5965.01, subdivision (b). The term includes, but is not limited to a serious mental illness, as described in subdivision (c) or (d) of Section 14184.402 and below, **however enrollment in Medi-Cal as a beneficiary is not a conditions for Homekey+ housing**. Behavioral Health Challenge may also include a substance use disorder, as described in Section 5891.5, subdivision (c)..

For those who meet the criteria of this definition, enrollment in Medi-Cal as a Beneficiary is not a condition for Homekey+ housing.

WIC §14184.402(c), defines “serious mental illness” pursuant to the following criteria for individuals that are 21 years of age or older:

- (1) The [individual] has one or both of the following:
 - (A) Significant impairment, where impairment is defined as distress, disability, or dysfunction in social, occupational, or other important activities.
 - (B) A reasonable probability of significant deterioration in an important area of life functioning; and
- (2) The beneficiary's condition as described in paragraph (1) is due to either of the following:
 - (A) A diagnosed mental health disorder, according to the criteria of the current editions of the Diagnostic and Statistical Manual of Mental Disorders and the International Statistical Classification of Diseases and Related Health Problems.
 - (B) A suspected mental disorder that has not yet been diagnosed.

WIC §14184.402 (d.) defines “serious mental illness” pursuant to either of the following criteria for individuals that are under 21 years of age:

- (1) The [individual] has a condition placing them at high risk for a mental health disorder due to experiencing trauma evidenced by scoring in the high-risk range under a trauma screening tool approved by the (non-HCD) department, involvement in the child welfare system, juvenile justice involvement, or experiencing homelessness; OR
- (2) The [individual] meets both of the following requirements:
 - (A) The [individual] has at least one of the following:
 - (i) A significant impairment.
 - (ii) A reasonable probability of significant deterioration in an important area of life functioning.
 - (iii) A reasonable probability of not progressing developmentally as appropriate.

- (iv) A need for specialty mental health services, regardless of presence of impairment, that are not included within the mental health benefits that a Medi-Cal managed care plan is required to provide;
AND

(B) The beneficiary's condition as described in subparagraph (A) is due to one of the following:

- (i) A diagnosed mental health disorder, according to the criteria of the current editions of the Diagnostic and Statistical Manual of Mental Disorders and the International Statistical Classification of Diseases and Related Health Problems.
- (ii) A suspected mental health disorder that has not yet been diagnosed.
- (iii) Significant trauma placing the beneficiary at risk of a future mental health condition, based on the assessment of a licensed mental health professional.

WIC §5891.5, subdivision (c.) (1).:

(c)(1) For purposes of this section, "substance use disorder" means an adult, child, or youth who has at least one diagnosis of a moderate or severe substance use disorder from the most current version of the Diagnostic and Statistical Manual of Mental Disorders for Substance-Related and Addictive Disorders, with the exception of tobacco-related disorders and non-substance-related disorders.

- viii. "Case Manager" is a social worker or other qualified person who has or is supervised by a person with a relevant master's degree. At its sole discretion, the Department may approve Supportive Service plans where Case Managers cannot be supervised by a person with a master's degree. A Case Manager facilitates individualized service planning, and the assessment, coordination, monitoring, referral, and advocacy of services to meet tenants' Supportive Services needs, including, but not limited to, access to medical and mental health services, substance use disorder treatment and services, vocational training, employment, home and community-based services and crisis management and interventions. Resident service coordinators are not Case Managers. For Homekey+ tenants who are also HUD-VASH program participants, the Case Manager for services will be the applicable U.S. Department of Veterans Affairs (VA) Case Manager (or third-party provider selected by the VA), in accordance with the HUD-VASH Program.
- ix. "Chronic Homelessness" means a person who is chronically homeless, as defined in Title 24 CFR Part 578.3.

- x. "City" means a City or City and County that is legally incorporated to provide local government services to its population. A City can be organized either under the general laws of this state or under a charter adopted by the local voters.
- xi. "Co-Applicant" means the nonprofit corporation, for-profit corporation, limited liability company (LLC), and/or limited partnership (LP) that is jointly applying for Homekey+ funds with a state, regional, or Local Public Entity, or with a Tribal Entity.
- xii. "Conditional Award" or "Conditional Award Commitment and Acceptance of Terms and Conditions letter" means a letter specifying the portion of program funds available for a Grantee to expend toward eligible program uses once the Grantee has acknowledged and fulfilled the terms and conditions.
- xiii. "Continuum of Care" means the same as defined by Title 24 CFR Part 578.3.
- xiv. "Coordinated Entry System" means a centralized or coordinated process developed pursuant to Section 578.7 of Title 24 of the Code of Federal Regulations, as that section read on January 10, 2019, designed to coordinate homelessness program tenant intake, assessment, and provision of referrals. To satisfy this subdivision, a centralized or coordinated assessment system shall cover the geographic area, be easily accessed by individuals and families seeking housing or services, be well advertised, and include a comprehensive and standardized assessment tool.
- xv. "HCD" means the California Department of Housing and Community Development.
- xvi. "Discretionary Reserve" means the same as in Section 203 (i)(c) and will be prioritized in the manner described in Section 400 of this NOFA.
- xvii. "Eligible Applicant" means a City; county; a City and county; any other state, regional, and Local Public Entity, including a council of government, metropolitan planning organization, and regional transportation planning agency designated in Section 29532.1 of the Government Code; or a Tribal Entity(ies) as defined in this NOFA. For purposes of this definition, a "Local Public Entity" is further defined in accordance with HSC section 50079. As allowed or required by context, "Applicant" shall be interpreted to include any of the foregoing entities, as well as that entity's Co-Applicant. Upon receiving an Award of Homekey+ funds, the Eligible Applicant and any Co-Applicant(s) will, both individually and collectively, be referred to as the "Grantee" for purposes of this NOFA. Please see Section 200 for specific eligible applicant requirements for Homekey+ HHAP Supplemental Funds.

- xviii. “Enforceable Funding Commitment” (EFC) means a letter or other document, in form and substance satisfactory to HCD, which evidences an enforceable commitment of funds or a reservation of funds by a Project funding source, and which contains the following:
- a. The name of the Applicant.
 - b. The Project name.
 - c. The Project site address, assessor’s parcel number, or legal description; and
 - d. The amount, interest rate (if any), and terms of the funding source including eligible and ineligible costs.

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

Contingencies in commitment documents based upon the receipt of tax-exempt bonds or low-income housing tax credits will not disqualify a source from being counted as committed. EFC types include sustained sources such as Project-based vouchers, Renewable Sources such as Continuum of Care, tenant-based subsidies like tenant-based vouchers, or intent to pursue sources like private funding or HHAP sources exceeding expiration and yet to be announced in the legislature.

Where local sources may be dependent upon future budget allocations or are in the process of being allocated, please submit one of the two documents below. For further information on this, please see Definition (xl.) on Renewable Sources below. Applicants can demonstrate funding commitments by submitting one of the following:

- i. An executed authorizing resolution from the governing body of the Local Public Entity describing the commitment or intent to commit the funds to the Eligible Project (by name) upon allocation approval, or
- ii. A formal letter, on official letterhead, from the Local Public Entity’s governing body or from an official with authority, that demonstrates the Local Public Entity’s intent to commit funds to the Eligible Project (by name) upon allocation approval. These funding commitments will be noted in the Homekey+ Standard Agreement.

- xix. "Existing HCD Award Commitment" means the existing commitment of Department funds to the Project, as well as the Department loan program making that commitment.
- xx. "Extremely Low Income" or "ELI" has the same meaning as in Title 24 CFR Part 93.2.
- xxi. "Foster Youth" means a child or nonminor dependent, as defined by Section 475 of Title IV-E of the Social Security Act (42 U.S.C. Sec. 675(8)) and subdivision (v) of Section 11400 of the Welfare and Institutions Code, who has been removed from the custody of their parent, legal guardian, or Indian custodian pursuant to Section 361 or 726 of the Welfare and Institutions Code, and who has been ordered into any placement described in paragraphs (2) to (9), inclusive, of subdivision (e) of Section 361.2 of, or paragraph (4) of subdivision (a) of Section 727 of, the Welfare and Institutions Code.
- xxii. "Grantee" means the Eligible Applicant (and, if applicable, the Co-Applicant) that has been awarded funds under Homekey+, and that will be held responsible for compliance with and performance of all Homekey+ Program Requirements. The Grantee may comprise one or more entities, so long as the Grantee structure includes an "Eligible Applicant," as that term is defined in this NOFA. All such entities shall, in their individual and collective capacity as the "Grantee," be bound by the Homekey+ Standard Agreement and each and every one of the Homekey+ program terms, conditions, and requirements.
- xxiii. "Homekey+ Program Requirements" means the following, all as amended and in effect from time to time:
 - a. the Homekey+ Program Notice of Funding Availability
 - b. Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code.
 - c. the Grantee's application for Homekey+ funding.
 - d. the Project report prepared by HCD in reliance on the representations and descriptions included in the Grantee's application for Homekey+ funding.
 - e. the award letter issued by HCD to the Grantee.
 - f. the relevant STD 213, Standard Agreement for the Homekey+ funding; and
 - g. all other applicable law.
- xxiv. "Homeless" has the same meaning as defined in Title 24 CFR Part 578.3.

- xxv. "Homeless Youth" means a child, youth, or current or former Foster Youth through the age of 25 who qualifies as "Homeless" under any of the relevant definitions set forth or identified in Title 24 CFR Part 578.3.
- xxvi. "Housing First" has the same meaning as in Welfare and Institutions Code section 8255, including all the core components listed therein.
- xxvii. "HUD" means the U.S. Department of Housing and Urban Development.
- xxviii. "Interim Housing" means any facility whose primary purpose is to provide a temporary shelter for the Homeless in general or for specific populations identified in this NOFA and which does not require occupants to sign leases or occupancy agreements. Interim Housing is not an eligible use under this NOFA with the exception noted in Section 201.
- xxix. "Lead Service Provider" or "LSP" is the organization that has overall responsibility for the provisions of Supportive Services and implementation of the Supportive Services plan in the Project. The LSP may directly provide comprehensive case management services or contract with other agencies that provide services. For HUD-VASH tenants, the LSP will enable the applicable Veterans Affairs Case Manager to administer services in accordance with the HUD-VA Supportive Housing (VASH) Program.
- xxx. "Local Public Entity" is defined in accordance with HSC section 50079, and means any county, City, City and county, the duly constituted governing body of an Indian reservation or rancheria, Tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. "Local Public Entity" also includes two or more Local Public Entities acting jointly.
- xxxi. "Manager's Unit" is a unit in which the onsite manager of the Project resides. A Manager's Unit will not be an Assisted Unit. Manager's Units may be included for Homekey+ funding under the development budget, however no Manager's Unit may be included in funding requests for a Homekey+ operating award. Manager's Units shall be restricted to households at or below 60% AMI.
- xxxii. "NOFA" means this Notice of Funding Availability.
- xxxiii. "Operating Expenses" means the amount approved by HCD that is necessary to pay for the recurring expenses of the Project, such as utilities; maintenance; management fees; taxes; licenses; and Supportive Services costs, which may

include staffing and service coordination. Operating Expenses do not include debt service or required reserve account deposits.

- xxxiv. "Performing Debt" refers to non-government, long-term (or permanent) financing of a Project intended to generate a profit for a private or non-profit lender requiring ongoing mandatory debt service payments.
- xxxv. "Permanent Supportive Housing" or "PSH" means housing with no limit on length of stay, that is occupied by the Target Population, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community, as defined at California Government Code Section 65582 (g) , except that "Permanent Supportive Housing" shall include associated facilities if used to provide services to housing residents.
- xxxvi. "Point-in-Time Count" or "PIT" means a count of sheltered and unsheltered Homeless persons on a single night conducted by Continuums of Care as prescribed by HUD.
- xxxvii. "Positive Youth Development" (PYD) is an intentional, prosocial approach that engages youth within their communities, schools, organizations, peer groups, and families in a manner that is productive and constructive; recognizes, utilizes, and enhances young people's strengths; and promotes positive outcomes for young people by providing opportunities, fostering positive relationships, and furnishing the support needed to build on their leadership strengths.
- xxxviii. "Project" means a structure or set of structures providing housing with common financing, ownership, and management.
- xxxix. "Project Ownership Structure" means a Project-specific entity organizational chart that shows the ownership relationship between the Project Applicants and all Project entities (including the special purpose entity). This document is used by HCD to connect the Project Ownership Structure with the provided legal organizational documents (i.e. Operating Agreement, Limited Partnership Agreement, By Laws, etc.) to ensure the Primary Applicant or Co-Applicant has legal control over the Project site. This is NOT a staff organizational chart. The Project Ownership Structure chart must be provided with the application.
- xl. "Rehabilitation" means repairs and improvements to a substandard residential structure necessary to make it meet Rehabilitation standards. As used in this section, "substandard residential structure" has the same meaning as the term "substandard building," as defined in HSC Section 17920.3. "Rehabilitation" also includes improvements and repairs made to a residential structure acquired for the purpose of preserving its affordability and use by the Target Population.

- xli. “Renewable Sources” means funding sources that are dependent upon future budget allocations, competitive applications, or are in the process of being allocated. Per UMR Section 8310 (i) HCD may assume funds may be renewed, where the renewal of the rental assistance or operating assistance is likely. The Homekey+ Program will evaluate the following to determine whether renewal is likely:
 - a. The number of years that the funding has been renewed and/or that the Homekey+ Applicant has received the renewal; and
 - b. Any back-stop funds or alternative funds the Project may utilize should the funds fail to renew.
- xlii. “Rural Area” in accordance with HSC Section 50199.21, means an area, which, on January 1 of any calendar year satisfies any of the following criteria:
 - a. The area is eligible for financing under the Section 515 program, or successor program, of the Rural Development Administration of the United States Department of Agriculture.
 - b. The area is located in a nonmetropolitan area as defined in HSC Section 50090; or
 - c. The area is either:
 - i. An incorporated City having a population of 40,000 or less as identified in the most recent Report E-1 published by the Demographic Research Unit of HCD of Finance; or
 - ii. An unincorporated area which adjoins a City having a population of 40,000 or less, provided that the City and its adjoining unincorporated area are not located within a census tract designated as an urbanized area by the United States Census Bureau. HCD shall assist in determinations of eligibility pursuant to this subdivision upon request. With respect to areas eligible under subdivision (b) and this subdivision, the committee may rely upon the recommendations made by HCD. Any inconsistencies between areas eligible under subdivisions (a) and (b), and this subdivision, shall be resolved in favor of considering the area a Rural Area. Eligible and ineligible areas need not be established by regulation.
- xliii. “Secondary Tenant” is defined as 1) Veterans who are Homeless whose incomes are up to 50% AMI and are receiving income as a result of service-connected disability benefits, or 2) Veterans experiencing homelessness with an income of up to 60% AMI.
- xliv. “Severely Rent-Burdened” means being Extremely Low-Income (under 30% AMI) and paying more than 50% of income for rent.

- xliv. “Sponsor” means the definition of “Sponsor” at UMR Section 8301(s), which is: the legal entity or combination of legal entities with continuing control of the Project. Where the borrowing entity is or will be organized as a limited partnership, Sponsor includes the general partner or general partners who have effective control over the operation of the partnership, or, if the general partner is controlled by another entity, the controlling entity. Sponsor does not include the seller of the property to be developed as the Project, unless the seller will retain control of the Project for the period of time necessary to ensure Project feasibility as determined by the Department.
- xlvi. “Standard Agreement” means the STD 213, Standard Agreement, and all exhibits thereto.
- xlvii. “Supportive Services” means social, health, educational, income support, employment, and housing stability services and benefits; coordination of community building and educational activities; individualized needs assessment and case management; and individualized assistance with obtaining services and benefits.
- xl. “Target Population” means individuals, or households with an individual, who are experiencing homelessness or who are At Risk of Homelessness as defined under part 578.3 of Title 24 of the Code of Federal Regulations and who have or are suspected of having a Behavioral Health Challenge. These individuals and households must include a person described in subdivision (c) or (d) of Section 14184.402, or a person with a substance use disorder, as described in Section 5891.5. However, enrollment in Medi-Cal or in any other health plan shall not be a condition for accessing housing or continuing to be housed. For Veteran-serving Projects the Target Population also includes Veterans.
- xli. “Tribal Entity(ies)” means an Applicant that is any of the following:
 - a. Applicant meets the definition of Indian Tribe under Section 4103(13)(B) of Title 25 of the United State Code.
 - b. Applicant meets the definition of Tribally Designated Housing Entity under 25 USC 4103(22).
 - c. If not a federally recognized Tribe, either:
 - i. Applicant is listed in the Bureau of Indian Affairs Office of Federal Acknowledgement petitioner list pursuant to Section 82.1 of Title 25 of the Federal Code of Regulations.
 - ii. Applicant is an Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of consultation pursuant to Section 65352.3 of the Government Code.

- iii. Has organized a separate legal entity, either a non-profit or for-profit entity, in compliance with CCR Title 25, Section 8301(s) and it has demonstrated to the satisfaction of the Department that the separate legal entity is controlled by the Tribal Applicant.
- xlii. "Unit" means a residential unit that is used as a primary residence by its occupants, including individual units within the Project.
- xliii. "Veteran" means a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable and who is experiencing or at risk of homelessness as defined in Title 24 CFR Part 578.3.
- xliv. "Youth Assisted Unit" means an Assisted Unit serving Homeless Youth, or Youth at Risk of Homelessness, as defined in Title 24 CFR Part 578.3. Pursuant to Section 203, Youth Assisted Units may also serve current and former Foster Youth through the age of 25.
- xlvi. "Youth at Risk of Homelessness" means a child, youth, or current or former Foster Youth through the age of 25 who qualifies as "At Risk of Homelessness" or "Homeless" under any of the relevant definitions set forth or identified at Part 578.3 of Title 24 of the Code of Federal Regulations.

APPENDIX A: Homekey+ Capital Contributions

Assisted Unit, 1:1 Match	Homekey+ Capital Contributions		
	Total Cost Per Door *	Maximum Homekey+ Contribution	Applicant Contribution
Homekey+ Target Population and Manager's Units	\$180,000	\$180,000	\$0
	\$190,000	\$190,000	\$0
	\$200,000	\$200,000	\$0
	\$220,000	\$210,000	\$10,000
	\$240,000	\$220,000	\$20,000
	\$260,000	\$230,000	\$30,000
	\$280,000	\$240,000	\$40,000
	\$300,000	\$250,000	\$50,000
	\$320,000	\$260,000	\$60,000
	\$340,000	\$270,000	\$70,000
	\$360,000	\$280,000	\$80,000
	\$380,000	\$290,000	\$90,000
	\$400,000+	\$300,000	\$100,000+

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

APPENDIX B: Homekey+ Organizational Document Requirements

	Documents to submit with Application	Needed to pass Threshold	Needed to pass Feasibility
All Applicants	Certification & Legal Disclosure		x
	Signature Block (in Word document format)		x
	Payee Data Record (STD 204) (except jurisdictions)		x
	EIN Verification (IRS form SS-4) (except jurisdictions)		x
	Tax-Exempt Status from IRS and FTB (if applicable)		x
Eligible Applicant or Co-Applicant	Project Ownership Structure (<i>only one needed</i>)	x	
Eligible Applicant (Jurisdiction)	Authorizing Resolution	x	
	Taxpayer Identification Number (FI\$Cal TIN Form)	x	
Tribal Entity	Authorizing Resolution	x	
	Tribe Formation Documents (constitution, charters, etc.)	x	
	Federal Register of Indian Entities Recognized (if applicable)	x	
Corporation	Authorizing Resolution	x	
	Articles of Incorporation	x	
	Certificate of Amended Articles of Incorporation, if applicable	x	
	Corporate Bylaws (all amendments and/or restatements)	x	
	Restated Articles of Incorporation	x	
	Cert of Good Standing (dated within 30 days of app due date)		x
	Statement of Information		x
	Shareholder Agreements (if applicable)		x
Limited Liability Company	Authorizing Resolution	x	
	Articles of Organization including restatements (LLC-1)	x	
	Certificate of Amended Articles of Organization (LLC-2) if applicable	x	
	Operating Agreement	x	
	Cert of Good Standing (dated within 30 days of app due date)		x
Limited Partnership	Authorizing Resolution	x	
	Certificate of Limited Partnership (LP-1)	x	
	Amendment to Certificate of Limited Partnership (LP-2)	x	
	Limited Partnership Agreement	x	
	Cert of Good Standing (dated within 30 days of app due date)		x
LLC: Manager of LLC if applicable	See org doc requirement based on organization type	x	
Limited Partnership: MGP	See org doc requirement based on organization type	x	
Limited Partnership: AGP	See org doc requirement based on organization type	x	

	Documents to submit with Application	Needed to pass Threshold	Needed to pass Feasibility
Limited Partnership: LP or GP	See org doc requirement based on organization type	x	

APPENDIX C: Homekey+ Streamlining

State of California Health and Safety Code Section 50675.1.5: Streamlined Ministerial Review Process (excerpt from Homekey+ authorizing statute)

50675.1.5. (a) (1) Notwithstanding any other law, projects to provide housing pursuant to paragraph (1) or (2) of subdivision (a) of Section 5965.04 of the Welfare and Institutions Code, shall be a use by right and shall be subject to the streamlined, ministerial review process, pursuant to subdivision (b), if it meets all of the following criteria:

(A) It is located in a zone where multifamily residential use, office, retail, or parking are a principally permitted use.

(B) At least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(C) It satisfies the requirements specified in subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision (a) of Section 65913.4 of the Government Code.

(D) It is not on a site or adjoined to any site where more than one-third of the square footage on the site is dedicated to industrial use.

(E) The development will meet the following objective zoning standards, objective subdivision standards, and objective design review standards:

(i) The applicable objective standards shall be those for the zone that allows residential use at a greater density between the following:

(I) The existing zoning designation for the parcel if existing zoning allows multifamily residential use.

(II) The zoning designation for the closest parcel that allows residential use at a density deemed appropriate to accommodate housing for lower income households in that jurisdiction as specified in paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code.

(ii) The applicable objective standards shall be those in effect at the time that the development application is submitted to the local government pursuant to this section.

(iii) A development proposed pursuant to this section shall be eligible for the same density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratios applicable to a project that meets the criteria specified in subparagraph (G) of paragraph (1) of subdivision (b) of Section 65915 of the Government Code.

(F) No housing units were acquired by eminent domain.

(G) The housing units will be in decent, safe, and sanitary condition at the time of their occupancy.

(H) The project meets the labor standards contained in Sections 65912.130 and 65912.131 of the Government Code.

(I) The project provides housing for persons who meet the criteria specified in subdivision (a) of Section 5830 of the Welfare and Institutions Code and their families.

(J) Long-term covenants and restrictions require the housing units to be restricted to persons who meet the criteria specified in subdivision (a) of Section 5830 of the Welfare and Institutions Code for no fewer than 30 years.

(2) (A) For purposes of this subdivision, parcels only separated by a street or highway shall be considered to be adjoined.

(B) For purposes of this subdivision, “dedicated to industrial use” means any of the following:

- (i) The square footage is currently being used as an industrial use.
- (ii) The most recently permitted use of the square footage is an industrial use.
- (iii) The site was designated for industrial use in the latest version of a local government’s general plan adopted before January 1, 2022.

(b) The project shall be subject to the following streamlined, ministerial review process:

(1) (A) If the local government determines that a development submitted pursuant to this section is consistent with the objective planning standards specified in this section, it shall approve the development.

(B) If a local government determines that a development submitted pursuant to this section is in conflict with any of the objective planning standards specified in this section, it shall provide the development proponent written documentation of which standard or standards the development conflicts with, and an explanation for the reason or reasons the development conflicts with that standard or standards, within the following timeframes:

- (i) Within 60 days of submission of the development proposal to the local government if the development contains 150 or fewer housing units.
- (ii) Within 90 days of submission of the development proposal to the local government if the development contains more than 150 housing units.

(C) If the local government fails to provide the required documentation pursuant to subparagraph (B), the development shall be deemed to satisfy the required objective planning standards.

(D) (i) For purposes of this section, a development is consistent with the objective planning standards if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(ii) For purposes of this section, a development is not in conflict with the objective planning standards solely on the basis that application materials are not included, if the application contains substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(E) The determination of whether a proposed project submitted pursuant to this section is or is not in conflict with the objective planning standards is not a “project” as defined in Section 21065 of the Public Resources Code.

(2) Design review of the development may be conducted by the local government’s planning commission or any equivalent board or commission responsible for design review. That design review shall be objective and be strictly focused on assessing compliance with criteria required for streamlined, ministerial review of projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local jurisdiction before submittal of the development to the local government and shall be broadly applicable to developments within the jurisdiction. That design review shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(A) Within 90 days of submittal of the development proposal to the local government pursuant to this section if the development contains 150 or fewer housing units.

(B) Within 180 days of submittal of the development proposal to the local government pursuant to this section if the development contains more than 150 housing units.

(c) Division 13 (commencing with Section 21000) of the Public Resources Code shall not apply to actions taken by HCD of Housing and Community Development, the State Department of Health Care Services, or a local agency to provide financial assistance or insurance for the development and construction of projects built pursuant to this section.

(d) The applicant shall file a notice of exemption with the Office of Planning and Research and the county clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of Section 21152 of the Public Resources Code.

(e) For purposes of this section, the following definitions shall apply:

(1) “Objective zoning standards,” “objective subdivision standards,” and “objective design review standards” mean standards that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal. These standards may be embodied in alternative objective land use specifications adopted by a City or county, and may include, but are not limited to, housing overlay zones, specific plans, inclusionary zoning ordinances, and density bonus ordinances.

(2) “Use by right” means a development project that satisfies both of the following conditions:

(A) The development project does not require a conditional use permit, planned unit development permit, or other discretionary local government review.

(B) The development project is not a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.

APPENDIX D: Homekey+ Grantee Publicity Guidelines

Grantees are required to acknowledge HCD in all publications, websites, signage, invitations, and other media-related and public-outreach products and events related to the Homekey+ Project. HCD staff will provide their respective logo file(s) and guidance on their usage directly to the Grantees.

- i. Long-form written materials, such as reports, must include the following standard language about HCD and Homekey+:
 - a. Housing stability is vital to mental health wellness. With safe, affordable housing and Supportive Services to address Behavioral Health Challenges California's most vulnerable residents will have the foundation they need to thrive. With funding allocated from the passage of Proposition 1 and HHAP Supplemental funds, HCD will expand on the success of its Homekey program through Homekey+ to help support the development of PSH for Veterans and individuals (or households with individuals) who are At Risk of or experiencing homelessness and with mental health or substance use challenges.
- ii. Informational materials that do not qualify as long-form, but include at least a paragraph of text, such as press releases, media advisories, short case studies, some flyers, etc., should include the following language:
 - a. Long version: Homekey+ is funded by almost \$2.145 billion from Proposition 1 bond and HHAP supplemental funds, allowing HCD to expand on the success of its Homekey program to help support the development of Permanent Supportive Housing for Veterans and individuals At Risk of or experiencing homelessness and with mental health or substance use challenges.
 - b. Short version: Funded by Proposition 1 and HHAP, Homekey+ creates Permanent Supportive Housing for Californians with Behavioral Health Challenges.
- iii. Grantees may at times produce promotional materials that are primarily visual in nature, such as banners, signage, certain flyers, and sharable images for social media. In such cases, when including the boilerplate language acknowledging Homekey+ support is not practical, Grantees should instead include the official logo of HCD preceded by the words "Funded by."
- iv. Grantees are required to identify a point of contact for all press inquiries and communications needs related to the Project and provide the name, phone number, and email address of this individual to HCD.

- v. Grantees are encouraged to distribute a press release after grant decisions are made public by the HCD or Governor's Office and any embargo lifted, and for other major milestones throughout the lifecycle of the Project. All press releases must be approved by HCD prior to distribution, and HCD must be alerted and invited to participate in any and all groundbreakings, grand openings, and press conferences related to the Award by emailing HCD Homekey@hcd.ca.gov.
- vi. Grantees are required to prepare one or more two- to four-page documents that provide a summary of the Project components and tell the story of the Homekey+ development process and/or implementation. All such materials must be approved by HCD prior to distribution. These materials may be displayed on the Homekey+ website.
- vii. Applicants and Grantees are encouraged to use social media to share the process of creating a Homekey+ proposal and to inform the public throughout implementation. @California_HCD and @CAbcsh should be tagged on all posts related to the Homekey+ grant. Use of the hashtags #Homekey+ and #WhereFoundationsBegin is encouraged.



County of San Diego

KIMBERLY GIARDINA, DSW, MSW
DEPUTY CHIEF ADMINISTRATIVE OFFICER

HEALTH AND HUMAN SERVICES AGENCY
1600 PACIFIC HIGHWAY, SUITE 206, MAIL STOP P-501
SAN DIEGO, CA 92101-2417
(619) 515-6555 • FAX (619) 515-6556

PATTY KAY DANON
CHIEF OPERATIONS OFFICER

April 16, 2025

Lisa Jones
President & CEO
San Diego Housing Commission
1122 Broadway, Suite 500
San Diego, CA 92101

Dear Ms. Jones,

Supportive services are critical to the success of new permanent supportive housing, and the County of San Diego (County) is pleased to be a partner in the regional effort to address homelessness in San Diego County. Building on the success of Homekey Rounds 1.0, 2.0, and 3.0, the new round of State of California Homekey+ funding is an essential effort to expand housing for people experiencing homelessness.

Based on the service requirements stated within the Homekey+ Program Notice of Funding Availability and application, County staff intend to recommend that the San Diego County Board of Supervisors (Board) authorize necessary supportive services, as outlined in Attachment A, for up to 49% of the units (40 units) at the property located at 7798 Starling Drive, San Diego, California 92123. Supportive services for the 40 units would align with Homekey+ requirements, along with Behavioral Health Services Act (BHSA) criteria by providing care to people with serious mental illness and/or substance use disorders.

Initial analysis of the project, for which the San Diego Housing Commission (SDHC) is applying to Homekey+, indicates the project would require approximately \$2,100,000 of County funding over five years toward the necessary behavioral health supportive services, inclusive of outreach, engagement to tenants, light case management, and clinical case management for residents of BHSA units; up to \$7,000,000 in one-time capital funds; and approximately \$3,360,000 in matching funds over a five-year period to be used as operating subsidy for 40 units reserved for BHSA-eligible households. The ongoing operational needs for remaining households are expected to be met through the SDHC's utilization of up to 40 SDHC VASH vouchers. The County intends to commit up to \$12,460,000 (total County funding), contingent upon Board approval. Additional conditions of County funding are included in the request to the Board to be presented May 6, 2025.

The new permanent supportive housing units to be created through this project would be an important addition to the housing inventory needed for individuals experiencing homelessness, including veterans and

Lisa Jones, President & CEO
San Diego Housing Commission
April 16, 2025
Page 2 of 2

people with behavioral health challenges who are experiencing homelessness.

The County looks forward to continuing to work closely with the City of San Diego, SDHC, and homelessness service providers to provide stable, permanent homes for residents for years to come.

Sincerely,



KIMBERLY GIARDINA, DSW, MSW
Deputy Chief Administrative Officer
Health and Human Services Agency

KG/de
Attachment

Attachment A

Services Summary for Homekey+ Funded Units

Residents of the 40 BHSA-designated units created with Homekey+ funds will have access to a range of onsite case management and supportive services provided by a direct service provider, along with connections to community resources to support housing stability and overall well-being. All services will be offered using Housing First principles and in alignment with evidence-based practices such as Trauma-Informed Care, Motivational Interviewing, Harm Reduction and Client-Centered Counseling. Services will be person-centered, low-barrier, and focus on promoting housing stability as the first step towards long-term stabilization. All services will be delivered through a lens of equity and inclusivity and in consideration of the trauma experienced by marginalized subpopulations such as, but not limited to, persons of color and persons with non-conforming gender identities. Furthermore, services will be culturally appropriate and consider communication barriers when crafting Individualized Service Plans. Direct services provided onsite will include the following:

- Case management offered at two levels:
 - *Case Management Light* provides health support services and support housing stability to residents not requiring clinical case management.
 - *Clinical Case Management* is for residents who are high-risk, need behavioral health screening, crisis intervention, and care coordination to link to off-site behavioral health services.
- Household-to-staff caseload ratios will comply with Homekey+ funding requirements:
 - Chronically Homeless - 20 to 1;
 - Homeless Youth or Youth at Risk of Homelessness - 15 to 1; and
 - Homeless Persons with Disabilities - 25 to 1.
- Linkages to off-site behavioral health services for residents requiring clinical case management will include the following:
 - Mental health care;
 - Substance use services;
 - Services for residents with co-occurring disorders/disabilities; and,
 - Screening and referral to Managed Care Plans (MCPs) for Enhanced Care Management and Community Support Services for eligible beneficiaries with unmet needs.
- Services offered to all residents include the following:
 - Income/financial education;
 - Assistance with accessing supportive services;
 - Assistance with meeting basic needs;
 - Linkages to healthcare;
 - Housing retention skills;
 - Onsite recreational activities;
 - Transportation options;
 - Employment and education services;

- Peer support groups; and
- Access to Naloxone.

Participation in services is not required as a condition of residency, although residents will be reengaged at intervals in a trauma-informed manner. The tenant and participant engagement plan will reinforce that services offered are voluntary, flexible, and individualized.

The service provider will collaborate with property management staff to ensure the Management Plan observes Housing First principles and aligns with the Supportive Services Plan Policies and procedures utilized by property management and the service provider will be tenant-driven and will be consistent and address these elements:

- Tenant/participant selection criteria, including the use of the Coordinated Entry System (CES) to fill vacancies;
- Eligibility and screening standards;
 - Confidentiality;
 - Behavioral health issues impacting housing retention;
 - Communication between property management and services staff;
- Eviction policies and eviction prevention;
 - Housing retention;
- Reasonable accommodation requests;
 - Voluntary moves;
- Appeals and grievance procedures; and,
 - Harm Reduction: low-barrier engagement, sobriety/substance abstinence not required for tenancy, and education on strategies for safe substance use.

Outcomes for tenants participating in services will be measured using the community standards for supportive housing as published by the Regional Task Force on Homelessness:

- Mainstream resources: 32% of adults without a source of reportable income at program entry will obtain cash benefits at Annual Assessment or Exit.
- Non-cash benefits: 58% of adults without a source of reportable income at program entry will obtain non-cash benefits at Annual Assessment or Exit.
- Non-cash benefits: 95% of participants will be enrolled in health insurance.
- Recidivism: At least 90% of households served will achieve housing stability by remaining in the permanent housing program as of the end of the operating year or exit to permanent housing.



THE CITY OF SAN DIEGO

TODD GLORIA

MAYOR

April 16, 2025

Lisa Jones
President and Chief Executive Officer
San Diego Housing Commission
1122 Broadway, Suite 500
San Diego, CA 92101

Re: City of San Diego Enforceable Commitment Letter for Starling Place (Homekey+ Application)
Permanent Supportive Housing Capital Funds

Dear Ms. Jones,

The City of San Diego is pleased to partner in this collaborative, regional effort to address homelessness in San Diego. The new, one-time State of California Homekey+ (Proposition 1) funding provides the opportunity to build on the success of previous Homekey funding rounds to provide housing for people experiencing homelessness and behavioral health challenges.

Based on the need to expand housing inventory for vulnerable populations, including housing for veterans and individuals at risk of or experiencing homelessness, and those living with mental health and/or substance use challenges, the City of San Diego intends to commit capital funds to the acquisition of a current hotel to be known as Starling Place. Specifically, the City plans to provide the project with a total of \$10,000,000 in U.S Department of Housing and Urban Development, Community Development Block Grant (CDBG) funds.

The Project will convert an existing extended stay hotel located at 7798 Starling Drive, San Diego, California 92123 (City Council District 7) into 81 affordable housing units. The Homekey+ program provides a one-time opportunity to pull down Proposition 1 funding to add much needed housing inventory for individuals experiencing homelessness.

The City of San Diego looks forward to continuing to work closely with the San Diego Housing Commission and our other regional partners to provide stable, permanent homes for residents for many years to come.

Sincerely,

A handwritten signature in blue ink, reading "Todd Gloria", is positioned above the printed name.

TODD GLORIA
Mayor
City of San Diego

AUTHORIZING RESOLUTION

RESOLUTION NO. _____

A RESOLUTION OF THE GOVERNING BODY OF THE SAN DIEGO HOUSING COMMISSION AUTHORIZING APPLICATION TO AND PARTICIPATION IN THE HOMEKEY+ PROGRAM

WHEREAS:

- A. The Department of Housing and Community Development (“**HCD**”) has issued a Notice of Funding Availability, dated November 26, 2024 (“**NOFA**”), for the Homekey+ Program (“**Homekey+**” or “**Program**”). HCD has issued the NOFA for Homekey+ grant funds pursuant to Health and Safety Code Section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.); Health and Safety Code Section 50675.1.5 (Assem. Bill No. 531 (2023-2024 Reg. Sess.); Section 14184.402 of the Welfare and Institutions Code; Section 5891.5 of the Welfare and Institutions Code; and Round 5 and 6 of the Homeless Housing, Assistance and Prevention (HHAP) grant program. (Assem. Bill No. 129 (Chapter 40, Statutes 2023) and Assem. Bill No. 166 (Chapter 48, Statutes 2024), respectively.
- B. **The San Diego Housing Commission** (“**Applicant**”) desires to apply for Homekey+ grant funds with respect to the property at 7798 Starling Dr., San Diego, CA 92123. Therefore, Applicant is submitting an application for Homekey+ funds (“**Application**”) to HCD for review and consideration.
- C. HCD is authorized to administer Homekey+ pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey+ funding allocations are subject to the terms and conditions of the NOFA, the Application, the HCD-approved STD 213, Standard Agreement (“**Standard Agreement**”), and all other legal requirements of the Homekey+ Program.

THEREFORE, IT IS RESOLVED THAT:

- 1. Applicant is hereby authorized and directed to submit an Application to HCD in response to the NOFA, and to apply for Homekey+ grant funds in a total amount not to exceed **\$35,000,000** with respect to the property at 7798 Starling Dr., San Diego, CA 92123.
- 2. If the Application is approved, Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$35,000,000**, any and all other documents required or deemed necessary or appropriate to secure the Homekey+ funds from HCD and to participate in the Homekey+ Program, and all amendments thereto (collectively, the “**Homekey+ Documents**”).
- 3. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and

made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.

4. Lisa Jones, President and CEO of the San Diego Housing Commission, or designee, is authorized to execute the Application and the Homekey+ Documents on behalf of Applicant for participation in the Homekey+ Program.

Approved as to Form
Christensen & Spath

By _____
Charles B. Christensen
General Counsel
San Diego Housing Commission

I certify that the foregoing actions in this Resolution were approved by the San Diego Housing Commission Board of Commissioners at its meeting on April 22, 2025.

By: _____
Scott Marshall
Vice President of Communications
and Government Relations

Approved: _____
Lisa Jones
President and Chief Executive Officer
San Diego Housing Commission

AUTHORIZING RESOLUTION

RESOLUTION NO. HC-2034

**A RESOLUTION OF THE GOVERNING BODY OF THE SAN DIEGO HOUSING
COMMISSION AUTHORIZING APPLICATION TO AND PARTICIPATION IN
THE HOMEKEY+ PROGRAM**

WHEREAS:

- A. The Department of Housing and Community Development (“**HCD**”) has issued a Notice of Funding Availability, dated November 26, 2024 (“**NOFA**”), for the Homekey+ Program (“**Homekey+**” or “**Program**”). HCD has issued the NOFA for Homekey+ grant funds pursuant to Health and Safety Code Section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.); Health and Safety Code Section 50675.1.5 (Assem. Bill No. 531 (2023-2024 Reg. Sess.); Section 14184.402 of the Welfare and Institutions Code; Section 5891.5 of the Welfare and Institutions Code; and Round 5 and 6 of the Homeless Housing, Assistance and Prevention (HHAP) grant program. (Assem. Bill No. 129 (Chapter 40, Statutes 2023) and Assem. Bill No. 166 (Chapter 48, Statutes 2024), respectively.
- B. **The San Diego Housing Commission (“Applicant”)** desires to apply for Homekey+ grant funds with respect to the property at 7798 Starling Dr., San Diego, CA 92123. Therefore, Applicant is submitting an application for Homekey+ funds (“**Application**”) to HCD for review and consideration.
- C. HCD is authorized to administer Homekey+ pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey+ funding allocations are subject to the terms and conditions of the NOFA, the Application, the HCD-approved STD 213, Standard Agreement (“**Standard Agreement**”), and all other legal requirements of the Homekey+ Program.

THEREFORE, IT IS RESOLVED THAT:

- 1. Applicant is hereby authorized and directed to submit an Application to HCD in response to the NOFA, and to apply for Homekey+ grant funds in a total amount not to exceed **\$35,000,000** with respect to the property at 7798 Starling Dr., San Diego, CA 92123.
- 2. If the Application is approved, Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$35,000,000**, any and all other documents required or deemed necessary or appropriate to secure the Homekey+ funds from HCD and to participate in the Homekey+ Program, and all amendments thereto (collectively, the “**Homekey+ Documents**”).
- 3. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and

made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.

4. Lisa Jones, President and CEO of the San Diego Housing Commission, or designee, is authorized to execute the Application and the Homekey+ Documents on behalf of Applicant for participation in the Homekey+ Program.

Approved as to Form
Christensen & Spath

By



Charles B. Christensen
General Counsel
San Diego Housing Commission

I certify that the foregoing actions in this Resolution were approved by the San Diego Housing Commission Board of Commissioners at its meeting on April 25, 2025.

By:



Scott Marshall
Vice President of Communications
and Government Relations

Approved:



Lisa Jones
President and Chief Executive Officer
San Diego Housing Commission

Passed and adopted by the San Diego Housing Commission on April 25, 2025, pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(1), by the following vote:

	Yeas	Nays	Excused	Not Present
Eugene “Mitch” Mitchell	☒	☐	☐	☐
Ryan Clumpner	☒	☐	☐	☐
Stephen Cushman	☒	☐	☐	☐
Johanna Hester	☒	☐	☐	☐
Kellee Hubbard	☒	☐	☐	☐
Antoine “Tony” Jackson	☒	☐	☐	☐
Melinda K. Vásquez	☒	☐	☐	☐

AUTHENTICATED BY:

Lisa Jones

President & Chief Executive Officer of the
San Diego Housing Commission [seal]

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of
RESOLUTION NO. 2034 passed and adopted by the San Diego Housing Commission on
April 25, 2025.

By: 

Scott Marshall
Secretary of the San Diego Housing Commission

RESOLUTION NO. HC-____

**A RESOLUTION OF THE GOVERNING BODY OF THE SAN DIEGO HOUSING
COMMISSION AUTHORIZING APPLICATION TO AND PARTICIPATION IN
THE HOMEKEY+ PROGRAM**

WHEREAS:

- A. The Department of Housing and Community Development (“**HCD**”) has issued a Notice of Funding Availability, dated November 26, 2024 (“**NOFA**”), for the Homekey+ Program (“**Homekey+**” or “**Program**”). HCD has issued the NOFA for Homekey+ grant funds pursuant to Health and Safety Code Section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.); Health and Safety Code Section 50675.1.5 (Assem. Bill No. 531 (2023-2024 Reg. Sess.); Section 14184.402 of the Welfare and Institutions Code; Section 5891.5 of the Welfare and Institutions Code; and Round 5 and 6 of the Homeless Housing, Assistance and Prevention (HHAP) grant program. (Assem. Bill No. 129 (Chapter 40, Statutes 2023) and Assem. Bill No. 166 (Chapter 48, Statutes 2024), respectively.
- B. **The San Diego Housing Commission (“Applicant”)** desires to apply for Homekey+ grant funds with respect to the property at 7798 Starling Dr., San Diego, CA 92123. Therefore, Applicant is submitting an application for Homekey+ funds (“**Application**”) to HCD for review and consideration.
- C. This site is considered existing housing as defined by the regulations contained at 24 CFR 983.3. Specifically, as stated in the environmental review and physical needs assessment, and as verified by SDHC, the dwelling units substantially comply with Housing Quality Standards, any deficiencies can be reasonably corrected within a 30-day period, and there are no plans to undertake substantial improvements, as defined by 24 CFR 983.3, during the first two years the units are subject to a Housing Assistance Payment Contract.
- D. As existing housing, for PBV purposes this project is not subject to the Requirements for Rehabilitated and Newly Constructed Units contained in 24 CFR 983 Subpart D.
- E. HCD is authorized to administer Homekey+ pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey+ funding allocations are subject to the terms and conditions of the NOFA, the Application, the HCD-approved STD 213, Standard Agreement (“**Standard Agreement**”), and all other legal requirements of the Homekey+ Program.

THEREFORE, IT IS RESOLVED THAT:

- 1. Applicant is hereby authorized and directed to submit an Application to HCD in response to the NOFA, and to apply for Homekey+ grant funds in a total amount not to exceed **\$35,000,000** with respect to the property at 7798 Starling Dr., San Diego, CA 92123.

2. If the Application is approved, Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$35,000,000**, any and all other documents required or deemed necessary or appropriate to secure the Homekey+ funds from HCD and to participate in the Homekey+ Program, and all amendments thereto (collectively, the **"Homekey+ Documents"**).
3. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.
4. Lisa Jones, President and CEO of the San Diego Housing Commission, or designee, is authorized to execute the Application and the Homekey+ Documents on behalf of Applicant for participation in the Homekey+ Program.

Approved as to Form
Christensen & Spath

By _____
Charles B. Christensen
General Counsel
San Diego Housing Commission

I certify that the foregoing actions in this Resolution were approved by the San Diego Housing Commission Board of Commissioners at its meeting on October 30, 2025.

By: _____
Scott Marshall
Vice President of Communications
and Government Relations

Approved: _____
Lisa Jones
President and Chief Executive Officer
San Diego Housing Commission