

1 [Standard Agreement - California Department of Housing and Community Development -
2 Homekey Grant - Permanent Supportive Housing - Tourist Hotel at 440 Geary Street - Not to
3 Exceed \$30,000,000]

4 **Resolution authorizing the Department of Homelessness and Supportive Housing**
5 **(HSH) to execute a Standard Agreement and Homekey Documents for up to \$30,000,000**
6 **of Homekey grant funds from the California Department of Housing and Community**
7 **Development to Episcopal Community Services for the acquisition of a 130-room**
8 **tourist hotel located at 440 Geary Street (Assessor's Parcel Block No. 0306, Lot No.**
9 **007) for use as proposed future permanent supportive housing; approving and**
10 **authorizing HSH to commit approximately \$27,473,340 in City funds to satisfy local**
11 **match and operational subsidy requirements for five years, to commence following**
12 **Board approval and upon the final award; and affirming the Planning Department's**
13 **determination under the California Environmental Quality Act.**

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15 WHEREAS, The California Department of Housing and Community Development
16 ("Department" or the "State") issued a Notice of Funding Availability ("NOFA") dated July 16,
17 2020, for the Homekey Program ("Homekey" or "Homekey Program") pursuant to Health and
18 Safety Code, Section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.); and

19 WHEREAS, The Department is authorized to administer Homekey funds pursuant to
20 the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of
21 Division 31 of the Health and Safety Code); and

22 WHEREAS, The City and County of San Francisco ("City), through its Department of
23 Homelessness and Supportive Housing ("HSH"), together with Episcopal Community
24 Services, a nonprofit corporation ("ECS") as its co-applicant, submitted an application for
25 Homekey funds (the "Application") to enable ECS to purchase and renovate the 130-room

1 tourist hotel at 440 Geary Street (Assessor’s Parcel Block No. 0306, Lot No. 007) (the
2 “Property”) for future use as Permanent Supportive Housing (the “440 Geary Project”); and

3 WHEREAS, A copy of the Application is on file with the Clerk of the Board of
4 Supervisors in File No. _____; and

5 WHEREAS, Upon approval of the Application, the Department may issue an award to
6 the City in an amount not to exceed \$30,000,000, subject to the terms and conditions of the
7 Department’s STD 213, Standard Agreement (the “Standard Agreement”), a copy of which is
8 on file with the Clerk of the Board of Supervisors in File No. _____; and

9 WHEREAS, The Property currently operates as a 130-room tourist hotel plus
10 associated retail functions, and after acquisition by ECS, will create 130 new units of
11 Permanent Supportive Housing (“PSH”) for adults experiencing chronic homelessness; and

12 WHEREAS, HSH determines PSH to be the most effective evidence-based solution to
13 ending chronic homelessness and also prevents new incidents of homelessness among
14 highly vulnerable people with long experiences of homelessness; and

15 WHEREAS, As of July 2020, the City has approximately 8,000 units of PSH under its
16 control to provide permanent homes and services to approximately 10,000 San Franciscans,
17 and has the goal of adding 1,500 additional units of such housing over the next two years as
18 part of the Mayor’s Homelessness Recovery Plan; and

19 WHEREAS, Additional PSH furthers the City’s commitment to dismantle systematic
20 racial inequities that disproportionately affect communities of color; and

21 WHEREAS, The 440 Geary Project will also provide units for occupancy by vulnerable
22 individuals experiencing homelessness currently sheltering in place in temporary placements
23 under public health guidance related to COVID-19; and

24 WHEREAS, If the State approves the Application and finally awards an amount not to
25 exceed \$30,000,000 of Homekey funds for the 440 Geary Project (the “Final Award”), the

1 Final Award will require a local match from the City in the amount expected to be
2 approximately \$27,473,340 for permanent financing of the project including five years of
3 operations subsidy, which will be provided to ECS under one or more future agreements with
4 the City for the 440 Geary Project; and

5 WHEREAS, The 440 Geary Project will be restricted as PSH and this restriction will not
6 be subordinated to any third-party financing instrument except as may be required by the
7 State, consistent with standard City policies; and

8 WHEREAS, ECS will enter into a purchase option agreement under terms and
9 conditions to have been reviewed in consultation with the Office of the City Attorney, providing
10 the City with an option and right of first refusal to acquire the Property upon any proposed
11 transfer of the Property and/or other certain events; and

12 WHEREAS, To satisfy the requirements of the Standard Agreement, ECS must
13 purchase the Property no later than December 2, 2020, and the City and ECS must satisfy the
14 State's occupancy requirements within 90 days following acquisition; and

15 WHEREAS, The Planning Department has determined that the 440 Geary Project is
16 not subject to environmental review under the California Environmental Quality Act under
17 SB35, California Government Code, Sections 65400, 65582.1 and 65913.4, a copy of this
18 determination is on file with the Clerk of the Board of Supervisors in File No. ___ and is
19 incorporated herein by reference; now, therefore, be it

20 RESOLVED, This Board affirms the Planning Department's determination that actions
21 contemplated by this Resolution are not subject to environmental review under CEQA; and,
22 be it

23 FURTHER RESOLVED, Upon the Final Award, the Director of HSH is authorized, in
24 consultation with the City Attorney, to enter into, execute and deliver a Standard Agreement in
25 a total amount not to exceed \$30,000,000, plus any and all other documents required or

1 deemed necessary or appropriate to secure the Homekey funds from the Department and to
2 participate in the Homekey Program for the 440 Geary Project, including agreements to
3 provide the required City-match funds and operation subsidies in accordance with the City’s
4 standard documents, and all amendments thereto (collectively, the “Homekey Documents”);
5 and, be it

6 FURTHER RESOLVED, Upon the Final Award, the Director of HSH and the Real
7 Property Director are authorized, in consultation with the City Attorney, to enter into a
8 purchase option for the City’s acquisition of the Property, provided any final acquisition is
9 subject to the approval of the Board of Supervisors in its sole discretion; and

10 FURTHER RESOLVED, Upon the Final Award, HSH will ensure that all Homekey
11 funds are used in a manner consistent and in compliance with all applicable state and federal
12 statutes, rules, regulations, and laws, including without limitation all rules and laws regarding
13 the Homekey Program, as well as any and all contracts HSH may have with the Department;
14 and, be it

15 FURTHER RESOLVED, Upon the Final Award, HSH shall ensure that any funds
16 awarded for capital expenditures are spent by December 2, 2020, or as otherwise may be
17 extended by the State, and that any funds awarded for operating subsidies are spent by June
18 30, 2022; and, be it

19 FURTHER RESOLVED, The City acknowledges and agrees that (1) it shall be subject
20 to the terms and conditions of the Standard Agreement, and that the NOFA and Application
21 will be incorporated in the Standard Agreement by reference, (2) any and all activities,
22 expenditures, information and timelines represented in the Application are enforceable
23 through the Standard Agreement, and (3) the Homekey funds will be used for the allowable
24 expenditures and activities identified in the Standard Agreement; and, be it

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1 FURTHER RESOLVED, Upon the Final Award, the Director of HSH is authorized to
2 enter into any additions, amendments, or other modifications to the Standard Agreement and
3 the Homekey Documents that they determine, following consultation with the City Attorney,
4 are in the best interests of the City and that do not materially increase the obligations or
5 liabilities of the City or materially decrease the benefits to the City; and, be it

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

8 FURTHER RESOLVED, That within thirty (30) days of the execution of the Standard
9 Agreement and Homekey Documents by all parties, HSH shall provide copies of these
10 documents to the Clerk of the Board for inclusion into the official file.

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14 RECOMMENDED:

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16 /s/ _____

17 Interim Director, Abigail Stewart-Kahn
18 Department of Homelessness and Supportive Housing
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