

File No. 201193

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 4, 2020

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Program Guidelines</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Notice of Funding Availability</u> |
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Completed by: Linda Wong

Date October 30, 2020

Completed by: Linda Wong

Date _____

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.**

14
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
4 of Supervisors in File No. 201193; 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
8 is on file with the Clerk of the Board of Supervisors in File No. 201193; 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

25

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:

15
16 /s/ _____

17 Interim Director, Abigail Stewart-Kahn
18 Department of Homelessness and Supportive Housing
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Item 6 File 20-1193	Department: Homelessness and Supportive Housing (HSH)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would authorize the Department of Homelessness and Supportive Housing (HSH) to execute a Standard Agreement and Homekey Documents for up to \$30,000,000 of Homekey grant funds from the California Department of Housing for the acquisition of a 130-room hotel at 440 Geary Street for use as permanent supportive housing, approve and authorize HSH to commit approximately \$27,473,340 in City funds to satisfy local match and operational subsidy requirements, and affirm the Planning Department’s determination that the project is exempt from review under the California Environmental Quality Act (CEQA). <p>Key Points</p> <ul style="list-style-type: none"> • In July 2016, HCD announced the availability of approximately \$600 million of Homekey Program grant funding through a Notice of Funding Availability (NOFA). The focus of the Homekey Program is to sustain and expand housing for people experiencing homelessness and impacted by COVID-19. • HSH, along with co-applicant ECS, was awarded a \$29,120,000 Homekey grant to purchase and renovate the 130-room Hotel Diva for use as permanent supportive housing, including two years of operating costs. The hotel has been in use as a Shelter-in-Place temporary housing site since April 2020 for up to 130 homeless individuals vulnerable to COVID-19, with ECS operating the facility. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The total cost for acquisition and renovation of the facility is approximately \$53,473,300, which includes \$26,000,000 funded by the Homekey Program grant funds and \$27,473,340 provided through a bridge loan. A permanent source of City funds to repay the bridge loan is subject to future Board of Supervisors approval. • The proposed Standard Agreement requires the City to provide operating subsidies for at least five years, which will cost approximately \$13.3 million. The Homekey grant will cover \$3,120,000 of operating costs, leaving a City cost of approximately \$10.2 million, which HSH plans to fund with the City’s General Fund or other local funding. HSH intends to continue funding permanent supportive housing at the site beyond five years. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

The Homekey Program

In July 2016, the California Department of Housing and Community Development (HCD) announced the availability of approximately \$600 million of Homekey Program grant funding through a Notice of Funding Availability (NOFA). The focus of the Homekey Program is to sustain and expand housing for people experiencing homelessness and impacted by COVID-19. Homekey also encourages eligible applicants to utilize funding to ameliorate the disproportionate racial impacts of homelessness and COVID-19. In August 2020, the Board of Supervisors approved the Department of Homelessness and Supportive Housing's (HSH) application for Homekey grant funding (File 20-0817).¹ HCD notified the City of an award of \$29,120,000 in Homekey funds on October 23, 2020, three days after the proposed resolution was submitted to the Board of Supervisors. The grant will provide funding to enable the applicant, Episcopal Community Services (ECS), to purchase and renovate the 130-room Hotel Diva at 440 Geary Street for use as permanent supportive housing for adults experiencing chronic homelessness.

Project and Vendor Selection

ECS, a supportive housing service provider, was selected by HSH to serve as the co-applicant with the City for State funding. According to Ms. Gigi Whitley, HSH's Deputy Director for Administration and Finance, a nonprofit co-applicant was included in the City's application to make it more competitive and meet the Homekey program's aggressive timeline for spending the funds. Prior to the release of the Homekey Program NOFA, the City issued a Request for Qualifications (RFQ) in June 2020 to solicit bids to provide services at Shelter-in-Place sites. The RFQ established that in the event the City has the opportunity to convert these sites into more permanent settings or secure additional permanent sites, applicants may have the opportunity to qualify to provide ongoing services such as property management or support services. ECS was selected as one of the providers under this initial RFQ to run a Shelter-in-Place site. Upon release of the Homekey Program NOFA, HSH issued a Request for Information (RFI) to identify properties that are available for acquisition and could be used as a permanent supportive housing site. ECS, in partnership with the Hotel Diva, was determined to be the only qualified RFI respondent with running a Shelter-in-Place site and experience with affordable housing acquisition and development.

¹ File 20-0817 authorized HSH to apply for Homekey grant funds not to exceed \$45,000,000, which was approved and used to fund ECS's acquisition of The Granada (File 20-1063). According to Ms. Dylan Schneider, HSH Acting Director of Strategy and External Affairs, HSH submitted an additional application with HCD for Homekey grant funds to acquire the Hotel Diva, which did not require further Board of Supervisors approval.

440 Geary Street Property

The property is located at 440 Geary Street and includes a 130-room tourist hotel and approximately 4,949 square feet of ground floor retail spaces, which are occupied by a café and restaurant uses. The hotel has been used by the City since April 2020 as a Shelter-in-Place temporary housing site for up to 130 individuals vulnerable to COVID-19, with ECS operating the facility. The City selected the location as permanent supportive housing site because it is centrally located, close to public services, transportation, and other amenities beneficial to very low-income residents who may rely on public transportation. It is also located outside of neighborhoods that have a higher concentration of permanent supportive housing.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) authorize HSH to execute a Standard Agreement with HCD for up to \$30,000,000 of Homekey grant funds for the acquisition of a 130-room hotel at 440 Geary Street for permanent supportive housing, and (2) approve and authorize HSH to commit approximately \$27,473,340 in City funds to satisfy local match and operational subsidy requirements. The proposed resolution would also affirm the Planning Department's determination that the project is exempt from environmental review under the California Environmental Quality Act (CEQA).

The award of funds requires the Board of Supervisors to approve the Standard Agreement, which commits the City to identify funds for the remaining portion of the acquisition cost and to provide at least five years of operating subsidies for the project.

According to Mr. Josh Keene, Special Projects Manager at the Real Estate Division, an appraisal of the property is currently being conducted, but not yet complete. Mr. Keene expects the appraisal will be finalized before ECS acquires the property. According to a discussion with Real Estate Division staff, the Real Estate Division finds this proposed transaction to be below the expected net acquisition cost the City would expect to incur for units of comparable nature.

Standard Agreement

The proposed Standard Agreement has a five-year term and requires funds to be spent on interim or permanent supportive housing consistent with the application for Homekey grant funds.

Expedited Timeline

Because the State's Homekey Program is supported by the Federal Coronavirus Relief Act (for acquisition costs) and the State General Fund (for operating subsidy costs), the Standard Agreement requires that Coronavirus Relief Act funds must be spent by December 30, 2020, otherwise the U.S. Department of Treasury would recoup the funds that have not been used. The deadline for expending State General Funds is June 30, 2022.

According to the proposed resolution, ECS will close the acquisition of the property by December 2, 2020. ECS has 90 days after closing to reach 50 percent occupancy of the building. According to Ms. Whitley, most of the renovations needed for the building are related to increasing office space for support services staff. The City and ECS expect renovations to be completed within the first few months of operations, allowing ECS to meet the occupancy requirements.

Ensuring Affordability

The proposed Standard Agreement requires ongoing affordability of the project for at least 55 years. A permanent gap loan from the Mayor’s Office of Housing and Community Development (MOHCD) to fund acquisition costs will require a Declaration of Restrictions that limits tenant incomes, rents, and rent increases as well as a Deed of Trust to secure the property in favor of the City. The proposed resolution states that the City and ECS have agreed to a purchase option agreement, providing the City with an option and right of first refusal to acquire the property upon any proposed transfer.

FISCAL IMPACT

Homekey Grant Program

The total Homekey grant award is \$29,120,000, which includes \$26,000,000 allocated to acquire the property at 440 Geary Street, and \$3,120,000 for two years of operating subsidy. According to Ms. Whitley, Homekey grant funds are limited to \$200,000 per unit for acquisition and \$1,000 per unit per month for two years for operating subsidy.

Acquisition and Renovation

The proposed acquisition cost of the hotel is \$48,000,000, funded by Homekey Program and City funds, as shown in Table 1 below. The bridge loan will cover the City’s share of the acquisition and rehabilitation cost in order to close in early December 2020. The total budget to acquire and renovate the property is approximately \$53,473,340. However, the City is conducting a seismic evaluation of the building, so there may be additional capital costs for renovation related to structural improvements and physical needs, which would be at the City’s expense. In addition, the total cost of the acquisition may increase if ECS purchases

Table 1: Acquisition and Renovation Budget

Sources	Amount
City Funds	\$27,473,340
HCD Homekey Grant	26,000,000
Total Sources	\$53,473,340
Uses	
Acquisition	\$48,000,000
Rehabilitation	520,000
Architecture/Engineering	26,000
Contingency	169,740
Financing Expenses	1,098,000
Legal Fees	85,000
Other Soft Costs	784,600
Capitalized Reserves	1,790,000
Developer Fee	1,000,000
Total Uses	\$53,473,340

Source: HSH. Costs do not include possible seismic work.

According to Ms. Whitley, the San Francisco Housing Accelerator Fund will provide a bridge loan for acquisition of hotel. HSH is working with MOHCD to allocate City funds as a permanent financing source to repay the bridge loan and will submit the permanent loan to the Board of Supervisors for approval in 2021.

According to Mr. Joshua Keene, Real Estate Division, the \$48,000,000 purchase price does not include all of the commercial components on the ground floor. Any commercial property not included would likely be removed from the sale of the property through an air parcel subdivision. ECS's acquisition, with the City's concurrence, may include all of the commercial property, understanding such inclusion might result in a proportionately increased purchase price so ECS can eventually use all the ground floor spaces for future supportive functions upon expirations of any leases. Revenues from any commercial spaces assumed by ECS would be used to offset the City's operating subsidy to ECS.

Operating Subsidy

According to Ms. Whitley, the estimated operating and services costs of the project is approximately \$2.5 million annually, with three percent annual escalation. The Homekey grant includes \$3.12 million which would cover a majority of the operating subsidy over the first two years of the project.

In addition, the Standard Agreement requires the City to provide operating subsidies for at least five years. According to Ms. Whitley, the estimated five-year operating and services subsidy is approximately \$13.3 million. After accounting for the Homekey grant, the City's share is approximately \$10.2 million, which HSH intends to fund with the City's General Fund or other local funds. According to Ms. Whitley, in order to maintain permanent supportive housing at the site, the City will need to subsidize housing operations and services over the long-term. HSH intends to use 2018 Proposition C funds for future operating costs.

RECOMMENDATION

Approve the proposed resolution.

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

Assembly Bill No. 83 (2019-2020 Reg. Sess.) added section 50675.1.1 and 50675.1.2 to the Multifamily Housing Program (“MHP”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.1 is the statutory basis for the Homekey Program (“Homekey” or “Program”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“Department” or “HCD”) to administer MHP.

The Department issued a Notice of Funding Availability (“NOFA”) for the Homekey Program on July 16, 2020. The NOFA incorporates by reference the MHP, as well as the MHP Final Guidelines (“MHP Guidelines”), dated June 19, 2019, both as amended and in effect from time to time. In addition, the NOFA states that Homekey grant funds are derived primarily from Coronavirus Relief Fund (“CRF”) money received from the U.S. Department of the Treasury. The CRF was established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136).

This STD 213, Standard Agreement (“Agreement”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Sponsor, as defined below, for funding under the Program (the “Grant”). As such, this Agreement shall be executed by the Sponsor. Where the Sponsor comprises a Local Public Entity (as defined below) and a private entity, both entities shall execute the Standard Agreement.

This Agreement hereby incorporates by reference the Application in its entirety. This Agreement is governed by the following (collectively, the “Program Requirements”), and each of the following is incorporated hereto as if set forth in full herein:

- A. The above-referenced MHP statutory scheme;
- B. The NOFA issued on July 16, 2020, and as may be subsequently amended;
- C. The MHP Guidelines;
- D. The CARES Act and related federal guidance;
- E. The award letter issued by the Department to the Sponsor; and
- F. Any and all other applicable law.

2. Purpose

The Homekey Program is intended to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic (“Target Population”).

Homekey Program (Homekey)

NOFA Date: July 16, 2020

Approved Date: 8-03-2020

Prep. Date: [To maintain version control, insert the date of each draft version and the finalized document]

EXHIBIT A

Sponsor applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Sponsor agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. Definitions

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. **"Application"** means the application for Grant funds that was submitted in response to the Department's Homekey Program 2020 Notice of Funding Availability, issued on July 16, 2020.
- B. **"CRF Covered Period"** means the time period running from **March 1, 2020 through December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred during this time period, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- C. **"CRF Expenditure Deadline"** means **December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred on or before this date, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- D. **"Designated Payee"** means the Co-Sponsor that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- E. **"Development Sponsor"** has the same meaning as **"Sponsor"** below.
- F. **"Eligible Uses"** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.1, subdivision (a).
- G. **"Interim Housing"** means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does require occupants to sign leases or occupancy agreements.
- H. **"Local Public Entity"** is defined at Health and Safety Code 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. In addition, and in

EXHIBIT A

accord with this Health and Safety Code definition, the term “**Local Public Entity**” also includes two or more local public entities acting jointly.

- I. “**Performance Milestones**” means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Sponsor’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- J. “**Permanent Housing**” means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of stay or restrict the tenant’s movements, and where the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- K. “**Program Requirements**” means the legal authority and Program materials listed at Paragraph 1.A – F, above.
- L. “**Project**” means a structure or set of structures with common financing, ownership, and management, and which provides Permanent Housing or Interim Housing for the Target Population.
- M. “**Scope of Work**” or “**Work**” means the work to be performed by the Sponsor to accomplish the Program purpose.
- N. “**Sponsor**” is defined by the Multifamily Housing Program at Health and Safety Code section 50675.2, subdivision (g). (See also Health & Saf. Code, § 50669, subd. (c).) “**Sponsor**” refers, both individually and collectively, to the private entity and/or the Local Public Entity that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Sponsor comprises two entities, each entity may be referred to as a “**Co-Sponsor**.” On the STD 213 portion of this Agreement, the Sponsor is identified as the Contractor.
- O. “**State General Fund Expenditure Deadline**” means **June 30, 2022**. Grant expenses for capitalized 24-month operating subsidies (which are funded by the State General Fund) must be incurred on or before this date, or they will not be reimbursed.
- P. “**Target Population**” means individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic.

4. Eligible Uses

Sponsor shall apply the Program Grant funds to one or more of the following uses. Sponsor’s use of the funds and scope of work (“Scope of Work” or “Work”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation of motels, hotels, or hostels.
- B. Master leasing of properties.

Homekey Program (Homekey)

NOFA Date: July 16, 2020

Approved Date: 8-03-2020

Prep. Date: [To maintain version control, insert the date of each draft version and the finalized document]

EXHIBIT A

- C. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- D. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- G. Capitalized operating subsidies for units purchased, converted, or altered with funds provided under the Program.

5. **Performance Milestones**

Sponsor shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each a "Milestone Completion Date"). Sponsor may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's sole and absolute discretion. In no event will the Department approve an extension request in the absence of Sponsor's demonstration of good cause for said extension, along with Sponsor's reasonable assurances that the extension will not result in Sponsor's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

6. **Reporting Requirements**

Sponsor shall comply with all reporting requirements set forth at Section 402 of the NOFA or in this Agreement, all in accordance with, without limitation, the deadline(s) set forth under Performance Milestones at Exhibit E of this Agreement.

7. **Department Contract Coordinator**

The Department's Contract Coordinator for this Agreement is the [Assistant Deputy Director] of the Division of Financial Assistance, or the [Assistant Deputy Director's] designee. Unless otherwise informed, Sponsor shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development
Attention: Homekey Program (Homekey)
Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

Homekey Program (Homekey)

NOFA Date: July 16, 2020

Approved Date: 8-03-2020

Prep. Date: [To maintain version control, insert the date of each draft version and the finalized document]

EXHIBIT A

8. Sponsor Contract Coordinator

The Sponsor Contract Coordinator for this Agreement may coordinate with the [REDACTED] for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Sponsor Contract Coordinator at the address specified at Exhibit E of this Agreement.

DRAFT

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Applicant has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Sponsor after this Agreement has been fully executed, and after the Department receives the Sponsor's request for funds, with all required supporting documents appended thereto. The Sponsor shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comport with the Program's requirements (if the Sponsor has not already submitted same);
- C. Certification of compliance with California's prevailing wage law;
- D. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- E. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- F. A current title report (dated within 15 days of the request for funds);
- G. Any forms, certifications, or documentation required pursuant to Paragraph 5 – Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- H. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

3. Performance

After disbursement of the funds, the Sponsor shall meet each Performance Milestone set forth at Exhibit E by the designated deadline. After satisfaction of each Performance Milestone, the Sponsor shall promptly report its progress, in writing, to the Department. Sponsor may apply to the Department for an extension of the Performance Milestone deadlines based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Milestones.

EXHIBIT B

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT, AND ENTITLES THE DEPARTMENT TO MANDATE THE SPONSOR TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO SPONSOR.

4. **Fiscal Administration**

- A. Sponsor shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any CRF Grant funds that have not been expended by the CRF Expenditure Deadline must be returned to the Department with accrued interest. Any State General Fund moneys that have not been expended by the State General Fund Expenditure Deadline must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

5. **Duplication of Benefit**

Homekey funding is not required to be used as funding of last resort. However, Sponsor may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

EXHIBIT D

HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "Effective Date").
- B. This Agreement shall terminate five (5) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "Expiration Date").
- C. Sponsor will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B. All Program funds must be disbursed by **December 30, 2020**.
- D. Grant expenses for CRF-funded Eligible Uses must be incurred from **March 1, 2020 through December 30, 2020** (the "CRF Covered Period"). **December 30, 2020** is the deadline for all such expenditures (the "CRF Expenditure Deadline" or "Expenditure Deadline"). CRF-funded Eligible Uses are those listed at Paragraph 4.A – F of Exhibit A.
- E. Grant expenses for capitalized 24-month operating subsidies (which are funded by the State General Fund) must be incurred by **June 30, 2022** (the "State General Fund Expenditure Deadline" or "Expenditure Deadline").
- F. Any expenses incurred prior to the CRF Covered Period, after the CRF Expenditure Deadline, or after the State General Fund Expenditure Deadline, respectively and as applicable, are not eligible for payment under the Program. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department.

2. Termination

The Department may terminate this Agreement for cause at any time by giving at least 14 days' advance written notice to the Sponsor. Upon such termination, Sponsor shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

Cause shall consist of Sponsor's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

Homekey Program (Homekey)

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EXHIBIT D

- A. Sponsor's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified, by **December 30, 2020**.
- B. Sponsor's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Special Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Sponsor's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Sponsor in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Sponsor has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

Sponsor's failure to meet any applicable Expenditure Deadline shall result in the automatic termination of this Agreement, and Sponsor shall return all disbursed Grant funds to the Department within thirty (30) calendar days of the applicable Expenditure Deadline.

In the event of any other breach, violation, or default by the Sponsor, the Department may give written notice to the Sponsor to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department at its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. Eligible Activities

Grant funds awarded to the Sponsor shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

4. Performance Milestones

Sponsor shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

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EXHIBIT D

5. Article XXXIV

Article XXXIV, section 1 of the California Constitution (“Article XXXIV”) is not applicable to development involving the acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, of lodging facilities or dwelling units using moneys receiving from the CRF established by the federal CARES Act (Public Law 116-136), pursuant to Health and Safety Code section 37001, subdivision (h).

6. Appraisals

Sponsor shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

7. Compliance with California’s Prevailing Wage Law

Sponsor’s Project may be subject to California’s prevailing wage law (Lab. Code, § 1720 et seq.). Sponsor is urged to seek professional legal advice about the law’s requirements. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California’s prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Sponsor and its general contractor.

8. Environmental Conditions

Sponsor shall provide a Phase I Environmental Site Assessment (“ESA”) for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Sponsor desires to proceed with the Project, the Sponsor shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Sponsor shall also provide an asbestos assessment and a lead-based paint report for the Department’s approval if the Project involves rehabilitation or demolition of existing improvements.

9. Insurance

Sponsor shall obtain the insurance coverages identified at Article VI of the NOFA; Sponsor shall maintain such insurance coverages for either the term of this Agreement or the term of any required use restriction or affordability covenant, whichever applicable term is longer. Sponsor shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Sponsor

EXHIBIT D

shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Sponsor is a Local Public Entity and is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Local Public Entity shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Local Public Entity abandons its self-insured status at any time after execution of this Agreement, the Local Public Entity shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

10. **Operating Funds**

Sponsor shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Sponsor shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

11. **Relocation**

If there is or will be any residential or commercial displacement directly or indirectly caused by the Project, the Sponsor shall provide a relocation plan to the Department for review. The relocation plan must comply with the requirements of state law (Gov. Code, § 7260 et seq.) and the regulations adopted by the Department (Cal. Code Regs., tit. 25, § 6000 et seq.). The Project budget shall include enough funds to pay all costs of relocation benefits and assistance, as identified in the relocation plan accepted by the Department. If the Project will not cause any displacement, the Sponsor must provide corroborating documentation to the Department for approval. If there is separate federal funding of the Project, the Sponsor shall comply with federal Uniform Relocation Act requirements to the extent applicable.

12. **Site Control**

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Sponsor shall at all times have control of the property and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- 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, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Sponsor's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.

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- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Sponsor, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Sponsor 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 duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Sponsor. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other forms of site control that give the Department assurance (equivalent to A-E above) that the Sponsor will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

13. Adaptability and Accessibility

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility in the design, construction and rehabilitation of residential projects for persons with disabilities.

14. Title Report

Sponsor shall provide a current title report for the real property on which the Project is located. If Sponsor's interest in the property is leasehold, then Sponsor shall provide a current title report for the leasehold interest and the fee interest.

15. Title Insurance

Sponsor shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Sponsor holds good and marketable title (fee simple or leasehold).

EXHIBIT D

16. Supportive Services Plan

Where a project features on-site supportive services, Sponsor shall submit a supportive services plan to the Department for its review and approval. Such plan shall meet the Program Requirements.

17. Non-Discrimination

During Sponsor's performance under this Agreement, Sponsor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. Sponsor shall ensure that the evaluation and treatment of employees and applicants for employment are free from such discrimination and harassment. Sponsor shall comply with California's laws against discriminatory practices relating to specific groups: the California Fair Employment and Housing Act (FEHA) (Gov. Code, § 12900 et seq.); the regulations promulgated thereunder (Cal. Code Regs., tit. 2, § 11000 et seq.); and the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code, §§ 11135 - 11139.5). Sponsor shall give written notice of its obligations under this provision to labor organizations with which it has a collective bargaining or other agreement.

18. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Sponsor shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing or Permanent Housing. Sponsor is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development ("HUD"). Sponsor shall comply with all state and federal fair housing laws.

19. Sponsor Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Sponsor acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit, subject to applicable state laws and local governmental ordinances related to public health, animal control, and animal anticruelty.

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20. Final Certificate of Occupancy

Sponsor shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

21. Occupancy

The units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Sponsor shall certify, upon occupancy, that it will employ the core components of Housing First (set forth at Health and Safety Code section 8255) as part of its property management and tenant selection practices.

22. Reporting Requirements

Sponsor shall submit expenditure and program reporting to the Department by **February 1, 2021**. Such reporting shall include the data outlined at Section 402 of the NOFA.

If Sponsor has received State General Fund moneys to fund a 24-month operating subsidy, Sponsor shall submit relevant expenditure reporting to the Department on **January 31, 2021; July 31, 2021; January 31, 2022; and July 31, 2022**. Such reporting shall include the data set forth at Section 402.i. – vi. of the NOFA.

23. Use Restrictions and Affordability Covenants

Either a use restriction or an affordability covenant shall be recorded against the Project real property, depending on the Project type. For Interim Housing Projects that will not result in permanent housing, the Department shall cause a 10-year use restriction to be recorded against the Project real property. For Interim Housing Projects that will ultimately result in permanent housing, the Local Public Entity shall cause a 10-year use restriction to be recorded against the Project real property. For Permanent Housing Projects, the Local Public Entity shall cause a 55-year affordability covenant to be recorded against the Project real property.

All use restrictions and affordability covenants shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions and affordability covenants are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

24. Restrictions on Sales, Transfers, and Encumbrances

Sponsor shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

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25. Retention, Inspection, and Audit of Records

Sponsor is responsible for maintaining records which fully disclose the activities funded by the Grant. Sponsor shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. Sponsor shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Sponsor shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Sponsor in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Sponsor, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Sponsor shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

26. Site Inspection

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

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NOFA Date: July 16, 2020

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EXHIBIT D

27. Compliance with State and Federal Laws, Rules, Guidelines, and Regulations

Sponsor agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

28. Updated Information

If there is any change in the information that has been provided to the Department, Sponsor shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval.

29. Survival of Obligations

The obligations of the Sponsor, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

30. Litigation

Sponsor shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

31. Severability

This Agreement constitutes the entire agreement between the Sponsor and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

32. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Sponsor's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

EXHIBIT D

33. Disputes

In the event of any conflict between this Agreement and any Sponsor documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

34. Consent

The parties agree that wherever the consent or approval of the Department or Sponsor is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

35. Sponsor Liability

Sponsor shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Sponsor shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Sponsors' identification of a Designated Payee.

36. Defense and Indemnification

Sponsor agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Sponsor's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Sponsor shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

37. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

Homekey Program (Homekey)

NOFA Date: July 16, 2020

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EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS

A. PROJECT-SPECIFIC PROVISIONS

1. Project Description

- i. Identify the Grant Amount.
- ii. Identify the payee or the Designated Payee.
- iii. Identify the Eligible Use of the Grant funds.
- iv. Identify the street address and assessor's parcel number (APN) of the Project site(s).
- v. Include additional information about the Project. Examples include, but are not limited to, the following:
 - a) Unit mix chart.
 - b) A description of how the Project will address racial equity and inequities for the Target Population (if Sponsor received points for this showing under Section 204, Table 7, Item 3 of the NOFA).
 - c) A description of the Project's proximity to transit (if Sponsor received points for this feature under Section 204, Table 7, Item 4 of the NOFA).
 - d) A description of the alternative transportation service available at the Project site (if Sponsor received points for this feature under Section 204, Table 7, Item 4 of the NOFA).
 - e) A description of the Project's proximity to essential services (if Sponsor received points for this feature under Section 204, Table 7, Item 4 of the NOFA).

2. Scope of Work

- i. Include a clear, precise description of the work to be performed; the services to be provided; and the goals and objectives to be met.

3. Sponsor Contract Coordinator

Authorized Representative Name:	Insert Name Here
Authorized Representative Title:	Insert Title Here
Entity Name:	Insert Name Here
Address:	Insert Contact Info Here
Phone No.:	Insert Contact Info Here

Homekey Program (Homekey)

NOFA Date: July 16, 2020

Approved Date: 8-03-2020

Prep. Date: [To maintain version control, insert the date of each draft version and the finalized document]

E-Mail Address:	Insert Contact Info Here
-----------------	--------------------------

4. Budget Detail

- i. DFA: Insert specific budget detail (e.g., sources and uses, other funding sources).

5. Conditions Precedent to Disbursement

- i. Insert conditions precedent to disbursement that are specific to this Project.

6. Performance Milestones

- i. Please insert a customized list of Performance Milestones that are critical to the Project. A sample list is set forth below for informational guidance only.

Performance Milestones	Date
Site control of Project site.	
Completion of all necessary environmental clearances.	
Obtaining all discretionary public land use approvals that are required, notwithstanding Health and Safety Code section 50675.1.1, subdivision (g).	
Obtaining all enforceable funding commitments.	
Satisfaction of all conditions of disbursement set forth at <u>Exhibit B</u> .	
Program funds fully disbursed.	
Satisfaction of occupancy timeline.	
Sponsor's submission of certification that it will employ the core components of Housing First (set forth at Health and Safety Code section 8255) as part of its property management and tenant selection practices.	
Recordation of a 10-year use restriction by the Local Public Entity [for Interim Housing Projects that will convert to permanent housing]	
Recordation of a 55-year affordability covenant by the Local Public Entity [for Permanent Housing Projects]	
Submission of expenditure and program reporting	Feb. 1, 2021

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Performance Milestones	Date
Submission of expenditure reporting in connection with 24-month operating subsidy	Jan. 31, 2021
	July 31, 2021
	Jan. 31, 2022
	July 31, 2022

B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:


DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE

2020 W. El Camino Avenue, Suite 670, 95833
P.O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771
www.hcd.ca.gov



July 16, 2020

MEMORANDUM FOR: All Potential Applicants

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

SUBJECT: **NOTICE OF FUNDING AVAILABILITY**
HOMEKEY PROGRAM

The California Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$600 million of Homekey Program (Homekey) grant funding through this Notice of Funding Availability (NOFA). Building on the success of [Project Roomkey](#), Homekey is a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness and impacted by COVID-19.

Of the \$600 million in Homekey funding, \$550 million is derived from the state's direct allocation of the federal Coronavirus Relief Fund (CRF) and \$50 million is state General Fund. The \$50 million in state General Fund money is intended to supplement the acquisition of, and provide initial operating subsidies for, Homekey sites to promote Project feasibility. Accordingly, the Department will use these moneys to fund 24-month operating subsidies. **Projects receiving an award from the state's direct allocation of the federal CRF must expend the funds by December 30, 2020.** The portion of a Project's award associated with state General Fund must be expended by June 30, 2022. Depending on the funding award, the successful applicant must close escrow by the expenditure deadline.

Due to the Homekey expenditure deadline, and the potential for program oversubscription, eligible applicants are encouraged to submit their completed application as soon as possible. The Department will begin accepting applications on an over-the-counter basis on or about July 22, 2020. Review will be prioritized based on tiered criteria and date of submission. Applicants must submit a complete online application available at <https://www.hcd.ca.gov/grants-funding/active-funding/homekey.shtml>.

On July 24, 2020, the Department will hold a webinar to review the Homekey NOFA and application process. To register, please go to the Department's [Homekey webpage](#). To receive information on the workshop and other updates, please subscribe to the Department's Homelessness Prevention Programs listserv at http://www.hcd.ca.gov/HCD_SSI/subscribe-form.html.

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

Homekey Program

2020 Notice of Funding Availability



State of California

Governor Gavin Newsom

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Business, Consumer Services and Housing Agency**

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July 16, 2020

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HOMEKEY PROGRAM

NOTICE OF FUNDING AVAILABILITY

Article I – Program Overview

Section 100. Notice of Funding Availability (NOFA)

The California Department of Housing and Community Development (Department) is announcing the availability of approximately \$600 million in Homekey funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19. The COVID-19 pandemic has exacerbated existing community needs and inequalities. In many communities, homelessness was already experienced disproportionately by race and other protected classes and persons experiencing homelessness are at increased risk of infection and death due to COVID-19. The Centers for Disease Control and Prevention is also reporting that evidence points to disproportionate impacts by race and ethnicity for COVID-19 hospitalization and death. As of June 12, age-adjusted hospitalization rates are highest among non-Hispanic American Indian or Alaska Native (5 times white persons) and non-Hispanic Black persons (5 times white persons), followed by Hispanic or Latino persons (4 times white persons).

Homekey is an opportunity for local public agencies to purchase motels and a broad range of other housing types in order to increase their community's capacity to respond to homelessness and the current COVID-19 pandemic. While Homekey builds off the success of Project Roomkey, applications are not limited to Project Roomkey sites.

Of the \$600 million in Homekey grant funds, \$550 million is derived from the state's direct allocation of the federal Coronavirus Aid Relief Funds (CRF) and \$50 million is derived from the state's General Fund to supplement the acquisition of and to provide initial operating subsidies for, Homekey sites.

Each Homekey allocation has the following expenditure deadlines:

- **The \$550 million in CRF must be expended by December 30, 2020.** The Department recognizes this expenditure deadline is challenging; however, the deadline is a requirement of federal CRF funding. The Department will provide ongoing support to assist Grantees in meeting the expenditure deadline and has already developed an accelerated application and award process.

NOTE: For Projects that involve an acquisition and are receiving CRF awards, Grantees must expend the funds by the expenditure deadline and the Project escrow must be closed by December 30, 2020.

- **The \$50 million in state General Funds must be expended by June 30, 2022.**

Section 101. Purpose and Program Objectives

The purpose of the Homekey program is to provide grant funding to Eligible Applicants and facilitate a partnership with the state to quickly acquire or rehabilitate or master lease a

variety of housing types. Once developed, these projects will provide interim or permanent housing options for persons experiencing homelessness and who are also at risk of COVID-19. For this NOFA, people experiencing homelessness or who are at risk of experiencing homelessness are considered inherently “impacted by COVID-19,” as they are most likely to have a lower life expectancy, be at a higher risk of infectious and chronic illness, and suffer from substance abuse and poor health. The Target Population may also have the same underlying medical conditions that result in increased risk for severe illness from COVID-19. Additionally, Homekey recognizes the disproportionate racial impacts of homelessness and COVID-19 and encourages Eligible Applicants to examine disproportionate impact in their own communities and to develop strategies to address these impacts.

Section 102. Authorizing Legislation and Applicable Law

Assembly Bill No. 83 (2019-2020 Reg. Sess.) created the statutory basis for Homekey by adding section 50675.1.1 to the Health and Safety Code and exempted certain Homekey Projects from the California Environmental Quality Act (CEQA) by adding section 50675.1.2 to the Health and Safety Code.

Health and Safety Code section 50675.1.1, subdivision (d) states, “The Department of Housing and Community Development may adopt guidelines for the expenditure of the funds appropriated to the Department [for Homekey]. 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.”

The Multifamily Housing Program (MHP) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code), and as subsequently amended, is hereby incorporated by reference. In accordance with Health and Safety Code section 50675.1.1, subdivision (c), in the event of a conflict between this NOFA and the Multifamily Housing Program, the provisions of this NOFA are controlling.

The MHP Final Guidelines (MHP Guidelines), effective June 19, 2019, and as subsequently amended, are hereby incorporated by reference. In the event of a conflict between any of the MHP Guidelines and this NOFA, the provisions of this NOFA are controlling.

This NOFA establishes the terms, conditions, forms, procedures, and other mechanisms that the Department deems necessary to exercise its powers and to perform its duties pursuant to MHP in relation to Homekey.

The Department reserves the limited right to amend this NOFA after the close of the application period. Such right does not extend to material provisions of the application submission, review, and award process (e.g., scoring and tiering criteria). Post-NOFA amendments will take immediate effect and will govern the Standard Agreement process. After Standard Agreements have been executed, the Department will only amend this NOFA as necessary to provide clarification or to avoid a conflict of law.

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]).

Section 103. Program Timeline

Homekey funds will be initially available to Eligible Applicants on an over-the-counter basis. Applications will be accepted from the release of this NOFA until September 29, 2020. The Department is also reserving a priority application period to allow for geographic equity in the disbursement of funds. The following table summarizes the Homekey program anticipated timeline.

Table 1: Anticipated timeline for Homekey applications

NOFA release	July 16, 2020
Stakeholder Call	July 16, 2020
Stakeholder Webinar	July 24, 2020
Pre-application consultations and the priority application period	July 16 – August 13, 2020
Final application due date	September 29, 2020
Award announcements	Rolling (Starting August 2020)
Final awards issued	October 2020
Standard agreements mailed	Upon submittal of required information and documentation
The Department redeploys unutilized funds	November 2020
CRF expenditure deadline	December 30, 2020
Grantee Expenditure and Program Report	Feb 1, 2021
State General Funds expenditure deadline	June 30, 2022
State General Funds expenditure report due dates	<ul style="list-style-type: none">▪ January 31, 2021▪ July 31, 2021▪ January 31, 2022,▪ July 31, 2022

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

Article II. Application Submission, Review, and Award Process

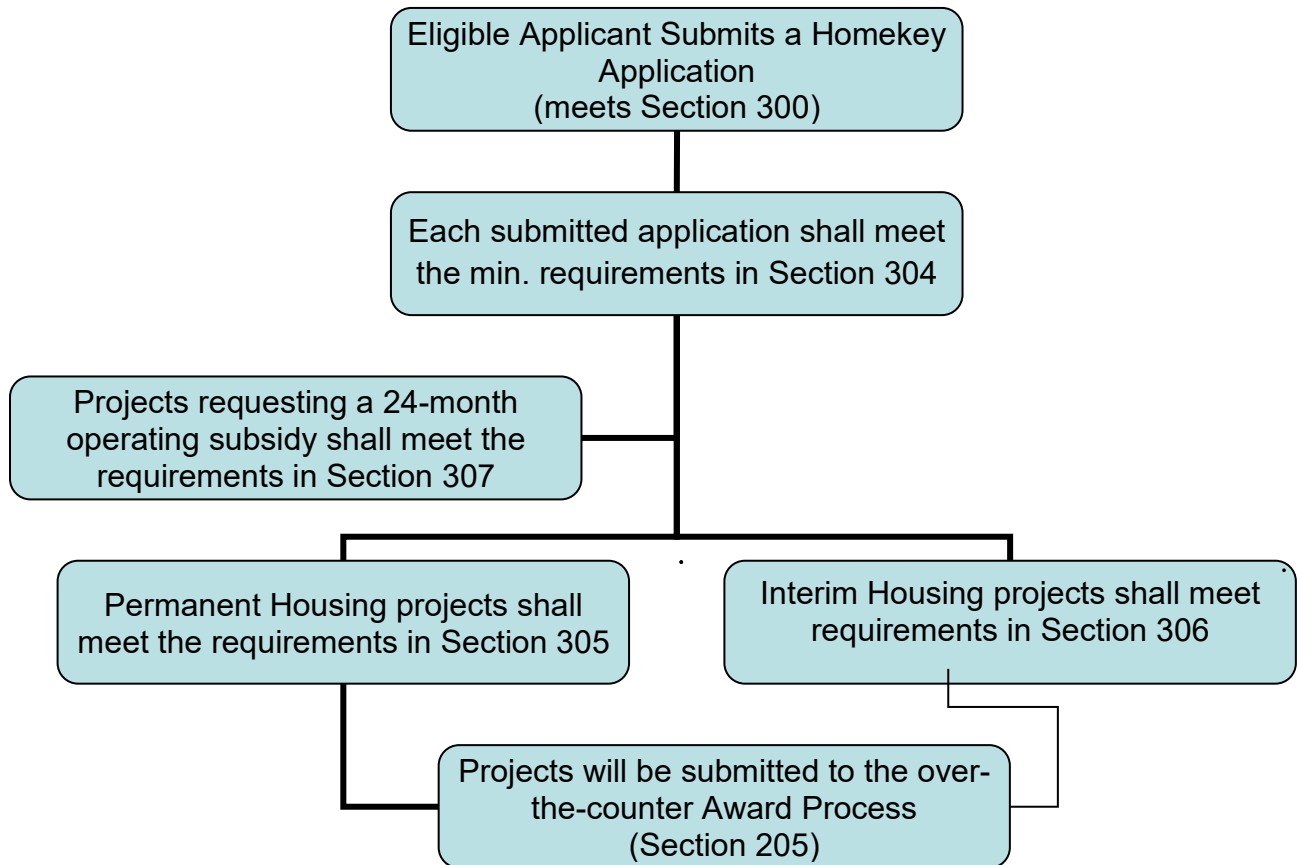
Section 200. Application Process Overview

The Homekey application is available electronically on the [Homekey webpage](#). **The Department anticipates releasing the Homekey application on or about July 22, 2020.**

- i. Applications for this NOFA will be received and reviewed on a rolling, over-the-counter basis until the CRF and the state General Fund moneys are committed.
- ii. Applications will be prioritized as described in Section 202.
- iii. The Department will evaluate applications for compliance with the minimum program requirements set forth in Section 304 and depending on the proposed Project Applicants should review requirements in Sections 304, 305, and 306. See the Homekey Application Process Flowchart at the end of this Section.

- iv. After each Applicant has been certified to meet the minimum program requirements, to be considered for a funding award, each Project must receive a minimum overall score of 110 points, as outlined in Section 204.
- v. The Department reserves the right to do the following:
 - a. Score an application as submitted even if information is missing from the application; and/or
 - b. Request clarification of unclear or ambiguous statements made in an application or request additional clarifying documentation or information.

Chart 1: Homekey Application Process Flowchart



Section 201. Pre-Application Consultation and Technical Assistance

The Department requires all Applicants to engage in a pre-application consultation with the Department and/or the Department of General Services (DGS) prior to submitting an application. The consultation will allow the prospective Applicant to discuss the proposed Project, along with other applicable programmatic considerations, including those related to site acquisition, CEQA, land use and land entitlements, and long-term financing approaches. Application consultations will be available upon the release of this NOFA and may be requested by emailing Homekey@hcd.ca.gov.

Section 202. Geographic Distribution and Project Prioritization

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

To this end, the Department has divided the state into eight regions, as outlined in Table 2, below. The regions are largely aligned with the various Councils of Government (COGs). As detailed in Table 2, 3, and 4 below, each region has funding reserved on a time-limited basis during the priority application period. Each region's share of the Homekey allocation is calculated based on its proportionate share of the persons experiencing homelessness of both the sheltered and unsheltered 2019 Homeless Point-in-Time counts and extremely low-income (ELI) renter households that are paying more than 50 percent of their income for rent.

Table 2: Homekey Counties by Region

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

Table 3: Estimated Homekey Allocations by Region

Geographic Regions	PIT Count	Severely Rent-burdened ELI	CRF Allocation	GF Allocation
Los Angeles County	58,936	415,970	\$161,572,217	\$14,688,383
SF Bay Area	35,028	213,910	\$91,134,470	\$8,284,952
Southern California (w/o LA)	15,360	200,095	\$55,577,540	\$5,052,504
San Joaquin Valley	10,271	105,370	\$32,987,450	\$2,998,859
Central Coast	8,439	38,395	\$20,025,927	\$1,820,539
Sacramento Area	8,381	73,780	\$25,125,077	\$2,284,098
San Diego County	8,102	94,480	\$27,690,283	\$2,517,298
Balance of State	7,254	32,140	\$17,087,036	\$1,553,367

Two percent (2%) of the \$550 million in Homekey funds is for Department administrative costs. Twenty percent (20%) of the remaining \$550 million in Homekey funds is being held back by the Department to ensure there is adequate flexibility to issue awards expediently.

Table 4: Estimated Homekey Allocations

Funding Categories	CRF	General Fund
Total Homekey Allocation	\$550,000,000	\$50,000,000
Administrative at 2%	\$11,000,000	\$1,000,000
Discretionary Set Aside at 20%	\$107,800,000	\$9,800,000
Total Geographic Regional Allocation	\$431,200,000	\$39,200,000

Eligible Applicants who apply within the 30-day priority application period will be grouped into one of the eight geographic regions. The Department will further sort the applications into one of two tiers.

Tier One:

1. Tier One applications will be those Projects that: (1) can be occupied within 90 days from the date of acquisition; and (2) are permanent housing or will result in permanent housing as indicated on the application; or
2. Tier One projects include Projects that can be occupied within 90 days and used for Interim Housing, provided the project is expected to be developed into permanent housing at a later date **OR** Interim Housing with a coordinated exit strategy adopted by the Continuum of Care to support transitions into other permanent housing. Interim Housing projects shall submit a letter of support from the local Continuum of Care that demonstrates the coordinated exit strategy of the Target Population.

Tier Two:

Tier Two projects are all other Projects and uses, including housing that will be used for interim only and with no expectation of development into permanent housing.

For Projects received within the priority application period, the Department will award Tier One projects meeting the program requirements on a rolling basis, up to the regional cap, on a first-come, first-served basis. Tier Two projects meeting the program requirements will be waitlisted and awarded funding if funds are available, after the priority application period, according to the date stamp. Applications that were received after the priority application period, and that met the specified program requirements, will be awarded according to date stamp, as funds are available.

The Department can reimburse eligible Homekey expenditures that occurred prior to the release of this NOFA. Applicants are encouraged to discuss their options at the required pre-application consultation described in Section 201.

The following table summarizes the Homekey application prioritization process and timeline.

Table 5: Anticipated Homekey Application Prioritization Timeline

	Priority Application Review Period July 16 - August 13	Review Period 2 August 14 - September 29	September 30 – December 30, 2020
Applications	Sorted by: a. Regions b. Within Regions, by Tier One or Two c. Within Tiers, by a date stamp	Sorted by date stamp only (not by region or tier) Note: These applications will be put on a waitlist, and not sorted by Region or Tier.	No applications submitted during this period will be accepted.
Awards	Pre-application consultations and application review period. The Department will begin awarding Tier One projects meeting threshold within each region on a rolling basis, up to cap for the region.	For applications received through August 13, the Department will continue awarding Tier One projects meeting the Homekey program requirements on a rolling basis, up to the cap for the region. If these Tier One projects are undersubscribed, the Department will award qualified Tier Two projects. If the Tier Two projects are oversubscribed, the Department will award according to date stamp. If Tier Two projects are undersubscribed, The Department will proceed with awards in the following order: a. Any waitlisted applications from other regions received up to August 13, by tier and date stamp. b. Any waitlisted applications received on August 14 or later, by date stamp. For any tiebreaker needed (e.g., applications received on the same date), the Department will use ability to spend quickly, followed by PIT count, then leverage.	

Section 203. Maximum Grant Amounts

For acquisition projects, Homekey will generally fund up to \$100,000 per door, as supported by an appraisal. "Door" refers to the number of units at the time of the acquisition, which may differ from the number of units after a future conversion. For those projects that undergo a future conversion, the number of units may need to be reduced to accommodate kitchenettes and other amenities.

The Department recognizes that some acquisitions may have a higher per-door appraised value in certain high-cost areas. Some properties may also have a higher per-door value because they need less upfront work and already have the necessary amenities to support permanent housing solutions—for example, units with kitchenettes.

To support these efforts, the Department will accept requests from Tier One projects up to \$200,000 per door. However, for this \$200,000 per door maximum, the following applies:

- i. The Department will contribute the first \$100,000 per door of the Homekey proposed Project. This contribution does not require a local match.

- ii. The Eligible Applicant will be required to contribute an identical match of \$50,000 or a 1:1 local match to receive an additional \$50,000 contribution from the Homekey program.
- iii. The Eligible Applicants will be required to contribute \$100,000 or a 2:1 local match to receive an additional \$50,000 contribution from the Homekey program.

Table 6: State contributions to projects

Homekey	Eligible Applicant Contribution	Total Per Door
FIRST \$ 100,000	No Match Required	\$100,000
NEXT \$ 50,000 (TIER ONE PROJECTS)	1:1, Up to \$50,000	\$200,000
NEXT \$ 50,000 (TIER ONE PROJECTS)	2:1, Up to \$100,000	\$350,000

Eligible Applicants can request the highest state contribution of Homekey funds if they meet the following criteria:

- i. The proposed Project meets the Tier One category specified in Section 202.
- ii. The proposed Project is close to permanent occupancy, or there is a clear demonstration of occupying the units with tenants from the Target Population within 90 days of acquisition, e.g., higher purchase price with minimal rehabilitation needed.
- iii. The Department may consider additional criteria unique to the proposed Project that reduce the overall cost of a project when future rehabilitation needs are considered, support catalytic investments in disadvantaged communities without causing displacement, and affirmatively further fair housing.

Section 204. Application Scoring Criteria

Applications meeting the minimum program requirements outlined in Article III will require a **minimum score of 110 points to be eligible for funding**. Scores will be based on the following:

Table 7: Homekey Application Scoring Criteria

Homekey Application Scoring Categories and Max Point Scores	Evaluation Criteria
<p>1. Ability to expend funds by December 30, 2020. (Up to 50 points)</p>	<p>a. Identification of the site suitable for development and evidence of site control, or a plan and timeline for obtaining site control along with other supporting evidence (e.g., letter of intent, an exclusive negotiating agreement, ground lease, etc.). (Up to 20 points)</p> <p>b. A proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the ongoing affordability of the Project. (Up to 20 points)</p> <p>c. An overview of the planned and timeline for any required entitlements, permits, environmental clearances. (Up to 10 points)</p>
<p>2. Demonstration of the development team’s experience and capacity to acquire and operate the Project. (Up to 40 points)</p>	<p>a. Demonstration of the development's team experience to acquire and/or rehabilitate and operate the project. (Up to 10 points)</p> <p>b. A map of how the development team is connected and a description of how the team will work together, e.g., MOU, etc. (Up to 10 points)</p> <p>c. Development, ownership, or operation of a project similar in scope and size to the proposed Project. (Up to 10 points)</p> <p>d. The extent to which the Project can demonstrate the range of on-site and off-site supportive services that will be provided to the target population, e.g., mental health services, substance use disorder services, primary health, employment, and other tenancy support services. (Up to 10 points)</p>
<p>3. A demonstration of how the Project will address racial equity, other systemic inequities, state and federal accessibility requirements, and serve members of the Target Population. (Up to 25 points)</p>	<p>a. Eligible Applicant shall provide non-discrimination statement per Section 311, which references the Fair Employment and Housing Act. The Fair Employment and Housing Act is supported by accompanying regulations, 2 CCR Section 12005 et seq, covering tenant screening and affirmative marketing requirements. Eligible Applicant will also include a description of how the Project will address racial equity and inequities for the target population, including any local disproportionate impact of COVID-19 and homelessness by race and other protected classes. The description should include supporting evidence of the strategies’ effectiveness if available. (Up to 15 points)</p> <p>b. The extent to which the Project exceeds the state and federal accessibility requirements set forth Section 311, specifically providing a minimum of 10 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, and a minimum of 4 percent of units with features accessible to persons with hearing or vision disabilities, as defined in 24 C.F.R. Section 8.22 and the parallel ADAAG 2010 and CBC Chapter 11B provisions. (Up to 5 points)</p>

Homekey Application Scoring Categories and Max Point Scores	Evaluation Criteria
	<p>c. The Applicant or development team has three or more years of experience serving persons of the target population. (Up to 5 points)</p>
<p>4. The extent to which the Eligible Applicant can demonstrate the Project's community impact and site selection. (This category is worth 45 points)</p>	<p>a. The extent to which the Eligible Applicant can demonstrate the Project's impact on the community as demonstrated by a reduction of at least 5 percent of the local 2019 Point-in-Time Count. (Up to 10 points)</p> <p>b. The proposed Project is a Tier One project and requires no rehabilitation, or the rehabilitation and the occupancy can be completed within 30 days after acquisition. (Up to 10 points)</p> <p>c. The Project is expected to acquire and maintain 100 or more units for the target population. (Up to 5 points)</p> <p>d. For any Project below \$350,000 per door, if the Eligible Applicant contributes more than a minimum match outlined in Table 5, above, the application will receive one (1) extra point for every additional 5% per door contributed to the Project. For example, for an acquisition that costs \$100,000 per door, the Applicant will receive 1 extra point for every \$5,000 per door in match contributed. (Up to 10 points)</p> <p>e. Site Selection (Up to 10 points) The project site is located within 1/3 mile of a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop. Commuter rail station, ferry terminal, bus station, or public bus stop OR the project includes an alternative transportation service for residents (e.g., van or dial-a-ride service), if costs of obtaining and maintaining the van and its service are included in the budget and the operating schedule is either on demand by tenants or a regular schedule is provided (4 points)</p> <p>The project site is in proximity to essential services:</p> <ul style="list-style-type: none"> i. Grocery store – within 1/2 mile of a full-scale grocery store/supermarket of at least 25,000 gross interior square feet where staples, fresh meat, and fresh produce are sold (1 mile for projects in rural areas); (2 points) ii. Health facility – within 1/2 mile (1 mile for projects in rural areas) of a qualifying medical clinic with a physician, physician's assistant, or nurse practitioner on-site for a minimum of 40 hours each week, or hospital (not merely a private doctor's office). 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; (1 point) iii. Library – within 1/2 mile of a book-lending public library (1 mile for projects in rural areas); (1 point) iv. Pharmacy: within 1/2 mile of a pharmacy (1 mile for projects in rural areas). (2 points)

In the event of program oversubscription, where Applicants have the same score and the same date stamp, the following tiebreaker system will be applied to determine the Project funding:

- i. The Department will take into consideration the highest score for each project received in the expenditure category (e.g. immediate ability to expend funds by December 30, 2020).
- ii. If a funding determination cannot be made from (i) above, the Department will provide the grant funding to the project with the highest 2019 Homeless Point-in-Time count.
- iii. If the funding determination cannot be made from (i) or (ii) above, the Department will provide funding to project that leverages the most non-Homekey funds (government, private, or philanthropic).
- iv. The Department may consider additional criteria, including but not limited to the cost-effectiveness; community impact; affirmative furtherance of fair housing; innovative housing type; tenant stability; and proximity to transit, services and amenities.

Section 205. Application Submission

The Department will be accepting over-the-counter applications beginning on or about **July 22, 2020**. Instructions for submittal of an application can be found on the website. The Department will set aside a priority application period to immediately begin reviewing and awarding qualified Projects from **July 16, 2020 to August 13, 2020**. All other applications received after the priority application period must be received by the Department no later than 5:00 p.m. PDT on **September 29, 2020**.

Applicants must submit the Homekey application and required attachments provided by the Department. The Department will not accept modified application forms. It is the Applicant's responsibility to ensure that the submitted application is accurate. Department staff may request additional clarifying information.

The application is a public record, which is available for public review pursuant to the California Public Records Act (CPRA) (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code). After final Homekey awards have been issued, the Department may disclose any materials provided by the Applicant to any person making a request under the CPRA. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

Section 206. Application Award Process

The Department will send both an award letter and a Standard Agreement to the successful Applicant. When the Standard Agreement is signed and returned by the Applicant, the Applicant will simultaneously submit a request for funds. Funds will be disbursed after the Department has received a request for funds and a fully executed Standard Agreement.

The Department is committed to disbursing Homekey funds in a timely manner. To avoid any expenditure delays, funds may be issued directly to the Applicant that is listed on the application, to the designated payee identified by successful co-Applicants, or to an escrow company that has been approved by the Department. For the latter option, the Applicant shall identify the name and address of the escrow company, the name of the escrow officer, the escrow number, and any other information requested by the Department.

Section 207. Appeals

Federal CRF money is the primary source of funding for the Homekey program, and it is subject to a short expenditure deadline. Section 601(f)(2) of the Social Security Act, as added by section 5001(a) of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides that the U.S. Department of the Treasury will recoup CRF money that have not been used to cover expenses incurred by December 30, 2020. In view of this abbreviated timeframe for award and expenditure, as well as the specific needs and objectives of the Homekey program, the Department, in accordance with its authority under Health and Safety Code section 50675.7, subdivision (d), will not accept appeals of its award determinations. The Department encourages aggrieved Applicants to resubmit their applications within the specified timeframe.

Article III Program Requirements

Section 300. Eligible Applicants

- i. Cities, counties, or any other Local Public Entity as that term is defined by Health and Safety Code section 50079; or
- ii. Cities, counties, or any other Local Public Entity as that term is defined by Health and Safety Code section 50079, in partnership with nonprofit or for-profit corporations.

Cities, counties, or other Local Public Entities, including housing authorities or federally recognized tribal governments within California, may apply independently as a Development Sponsor. Alternatively, a Local Public Entity may apply jointly with a for-profit or nonprofit corporation.

Section 301. Eligible Uses

Awarded funds must be used to provide housing for individuals and families experiencing homelessness or at risk of experiencing homelessness and who are impacted by the COVID-19 pandemic. With respect to the list of eligible uses below, an Eligible Applicant may choose to target Project Roomkey properties, or other, non-Project Roomkey properties. The list of eligible uses for the CRF \$550 million allocation and the \$50 million state General Fund allocation is as follows:

- i. Acquisition or rehabilitation of motels, hotels, or hostels.
- ii. Master leasing of properties.

- iii. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- iv. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- v. The purchase of affordability covenants and restrictions for units.
- vi. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- vii. Capitalized operating subsidies for units purchased, converted, or altered with funds provided pursuant to Health and Safety Code section 50675.1.1.*

**Projects seeking capitalized operating subsidies for units purchased, converted, or altered will be awarded with funds from the \$50 million state General Fund allocation. The \$550 million in Homekey derived from the CRF is not permitted to be used for this purpose.*

Section 302. Eligible Projects

- i. Nonresidential structures with a certificate of occupancy as a motel, hotel, or hostel.
- ii. Adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses.
- iii. Multifamily rental housing projects with five or more housing units.
- iv. Shared housing or scattered site housing is permitted as long as the housing has common ownership, financing, and property management, and each household signs a lease. For example, A single-family home is one unit, a duplex is two units, a triplex is three units, et cetera.

The above list of eligible projects is not exhaustive. The Department welcomes and will consider a variety of other forms of housing as eligible projects. Interested Applicants should discuss other projects types with the Department during the pre-application consultation.

Section 303. Match

Eligible Applicants are required to demonstrate a five-year commitment to provide operating funds for the proposed project. The first two years of operating funds may include an award from the \$50 million in state General Fund. Matching contributions may be obtained from any source, including any federal source as well as state, local, and private sources. Eligible Applicants will have an opportunity to discuss the match requirements and potential match sources during the pre-application consultation described in Section 201.

Additionally, the following requirements apply to match contributions:

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

Section 304. General Program Requirements

To be eligible to receive funding, projects must meet the following requirements as they relate to the Eligible Applicant and the project types:

- i. Applications must be submitted independently by a single County, City, Public Housing Authority, or federally recognized tribal government as the Development Sponsor. Alternatively, applications must be submitted by a single County, City, Public Housing Authority, federally recognized tribal government and jointly with another entity as the Development Sponsor.
- ii. Projects must serve persons qualifying as members of the Target Population.
- iii. Developer experience
 - a. If the Eligible Applicant is acquiring, rehabilitating, and operating an eligible project type as outlined in Section 305 below, the Eligible Applicant shall demonstrate the following minimum experience requirements:
 - 1) Development, ownership, or operation of a project similar in scope and size to the proposed Project, or at least two affordable rental housing projects in the last ten 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.
 - 2) The property manager shall have three or more years of experience serving persons of the Target Population. If a property manager is not yet selected for the proposed Project, the selected property manager shall have three or more years of experience serving persons of the Target Population, **OR** the Grantee shall certify that this requirement will be reflected in any future solicitation or Memorandum of Understanding.
 - b. If the Eligible Applicant is acquiring, rehabilitating, and operating an Interim Housing project, the Eligible Applicant shall demonstrate the following minimum experience requirements:
 - 1) Development or ownership of an Interim Housing project in the last ten years for members who qualify as the Target Population.
 - 2) The Eligible Applicant has successfully operated an emergency shelter or Transitional Housing or other Interim Housing for at least three years or more for members of the Target Population.

- 3) Demonstrated experience in linking Interim Housing program participants to permanent housing to ensure long-term housing stability.
 - 4) Experience administering a Housing First program including principles of harm reduction and low barriers to entry.
- c. The Eligible Applicant applying for the Homekey funding is the entity that the Department relies upon for experience and capacity, and will control the Project during acquisition, development, and occupancy. In a project with multiple layers of ownership, the Development Sponsor cannot have more than two corporate entities between itself and the borrowing entity.
- iv. Evidence of strong organizational and financial capacity to develop the project, including but not limited to:
 - a. The urgency to acquire a site to provide affordable housing to the Target Population;
 - b. A development plan to meet the expenditure period;
 - c. If the project will leverage other funding sources.
 - v. Assisted units and other units of the Project must meet all applicable state and local requirements pertaining to rental housing, manufactured housing, including but not limited to requirements for minimum square footage, and requirements related to maintaining the project in a safe and sanitary condition.
 - vi. The Department encourages Eligible Applicants to consider the CEQA exemption set forth at Health and Safety Code section 50675.1.2, the provision for land use consistency and conformity at Health and Safety Code section 50675.1.1, subdivision (g), as well as the additional streamlining pathways described in the appended CEQA guidance.
 - vii. The Department will require Eligible Applicants to submit the following documents:
 - a. Overview of project vision;
 - b. Description of project team, including partnerships with any other entities;
 - c. Demonstration of the development's team experience to acquire and/or rehabilitate and operate the project;
 - d. 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, exclusive negotiating agreement, ground lease, etc.);
 - e. A proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the ongoing affordability of the project;

- f. A summary of the committed and intended sources, and uses, of the project awarded with Homekey funds;
- g. A proposed timeline for the entire project, including major milestones, any required entitlements, permits, environmental clearances, board or governing body approvals, etc., and completion of the project;
- h. A proposed financing plan for any eventual development of the project;
- i. Preliminary commitment for title insurance. If no title report is available, the Applicant shall identify any known encumbrances on the property;
- j. Environmental site assessment (i.e., Phase 1 Environmental Assessment), or evidence that the assessment is in process and timeline to complete;
- k. Appraisal or evidence that the appraisal is in process and timeline to complete;
- l. Physical Needs Assessment or evidence that the physical needs assessment is in process and timeline to complete. This assessment must include consideration of accessibility requirements (Section 311);
- m. Non-Discrimination Statement and descriptions of tenant selection and/or coordinated entry system practices that meet non-discrimination requirements (Section 311);
- n. Documented ability to obtain the insurance coverages outlined in Article VI of this NOFA; and
- o. Authorizing Resolution (AR) approved by the Applicant's governing body.

The Department reserves the right to request clarification of unclear or ambiguous statements made in an application and other supporting documents.

Section 305. Permanent Housing Requirements

Permanent housing projects will be evaluated on the following requirements:

- i. The Sponsor shall have control of the property, and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property shall be subject to the Department's approval. Site control may be evidenced by one of the following:
 - a. Fee title;
 - b. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all program requirements;
 - c. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;

- d. A sales contract, or other enforceable agreement for the acquisition of the property;
 - e. A letter of intent, executed by a sufficiently authorized signatory of the Eligible Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Eligible Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Eligible Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow; or
 - f. Other forms of site control that give the Department assurance (equivalent to items a. through e. 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.
- ii. The Eligible Applicant's plan to extend a local covenant restricting the use and Target Population for 55 years.
 - iii. A plan to cover operations and service costs with specific funding sources (government/philanthropic/private) for the proposed Project for five years and must demonstrate a path to ultimate use of the site for ten years.
 - iv. To the extent possible, the project shall provide a description of the services that will be available at the housing site including but not limited to case management, behavioral health services, physical health services, assistance obtaining benefits and essential documentation, and education and employment services. Please describe the on-site staffing plan proposed to deliver these services. Also describe the approach to securing off-site services including primary care and other needed physical health and behavioral health services as well as other tenancy supports.
 - v. One-for-one replacement of assisted housing
 - a. If the acquired housing or site is to be redeveloped/repositioned as part of the locality'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 the target site is going to be demolished before it is occupied as part of the Project being proposed by the Applicant, no one-for-one replacement commitment needs to be provided. The unit mix will be evaluated based on the project proposal.
 - c. The application shall include a site map indicating the original target housing location and all proposed housing location(s). If all proposed housing will be located within the neighborhood, no additional documentation is necessary. If replacement housing is proposed outside the target neighborhood, the application must also include a justification explaining why it is necessary to locate this

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

- vi. If the development of any Project results in the displacement of tenants, regardless of whether the tenant meets the definition of the Target Population, the Applicant must describe the assistance and benefits to be provided in compliance with local, state, and federal law.

Section 306. Interim Housing Requirements

Interim Housing projects with no plan for conversion to permanent housing will be evaluated on the following requirements:

- i. The Sponsor shall have control of the property, and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property shall be subject to the Department's approval. Site control may be evidenced by one of the following:
 - a. Fee title;
 - b. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all program requirements;
 - c. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;
 - d. A sales contract, or other enforceable agreement for the acquisition of the property;
 - e. A letter of intent, executed by a sufficiently authorized signatory of the Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the 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 Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow; or
 - f. Other forms of site control that give the Department assurance (equivalent to a-e 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.
- ii. A plan to cover operations and service costs with specific funding sources (government/philanthropic/private) for the proposed Project for five years and must demonstrate a path to the ultimate use of the site for ten years.
- iii. To the extent possible, the project shall provide a description of the services that will be available at the housing site including but not limited to case management, behavioral health services, physical health services, assistance obtaining benefits

and essential documentation, and education and employment services. Please describe the on-site staffing plan proposed to deliver these services. Also describe the approach to securing off-site services including primary care and other needed physical health and behavioral health services as well as other tenancy supports.

Section 307. Other Requirements

- i. The purchase of existing residential units, or affordability covenants and restrictions require the units to be restricted to individuals and families who are experiencing homelessness or who are at risk of homelessness defined in Section 578.3 of Title 24 of the Code of Federal Regulation, for no fewer than 20 years. Additionally, the Sponsor shall provide a plan to cover operations and service costs with specific funding sources (government/philanthropic) for the proposed Project for five years and must demonstrate a path to the ultimate use of the site for ten years.
- ii. Master leasing projects will be evaluated on the following requirements:
 - a. The Sponsor shall have adequate site control of the property, and such control shall not be contingent on the approval of any other party. Site control may be evidenced by one of the following:
 - 1) Fee title;
 - 2) A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all program requirements;
 - 3) An executed disposition and development agreement, or irrevocable offer of dedication to a public agency;
 - 4) A sales contract, or other enforceable agreement for the acquisition of the property;
 - 5) A letter of intent, executed by a sufficiently authorized signatory of the Eligible Applicant, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Eligible Applicant shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be acknowledged by the party selling or otherwise conveying an interest in the subject property to the Eligible Applicant. If this form of evidence is relied upon at the time of application, the Department may impose additional milestones, in the Standard Agreement, regarding increased evidence of eventual site control closer to the likely close of escrow.
 - 6) Other forms of site control that give the Department assurance (equivalent to 1-5 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.
 - b. The Sponsor shall provide a plan to cover operations and service costs with specific funding sources (government/philanthropic) for the proposed Project for five years.

- c. To the extent possible, the Eligible Applicant shall demonstrate the range of on-site and off-site supportive services to participants, e.g., mental health services; substance use disorder services; and primary health, employment, and other tenancy support services.

Section 308. 24-Month Operating Subsidy

- i. The total amount for each project requesting the 24-month operating subsidy shall not exceed \$1,000 per month per unit to address project operating deficits attributable to the Assisted Units.
- ii. The 24-month operating subsidy must be expended by June 30, 2022.

Section 309. Article XXXIV

Per Health and Safety Code section 37001, subdivision (h), Article XXXIV, section 1 of the California Constitution ("Article XXXIV") is not applicable to development involving the acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, of lodging facilities or dwelling units using moneys received from the CRF established by the federal CARES Act (Public Law 116-136).

Section 310. Housing First

Upon occupancy, the Eligible Applicant shall certify to employ the core components of Housing First (set forth in the Welfare and Institutions Code Section 8255) in the property management and tenant selection practices.

Section 311. Accessibility and Non-Discrimination

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

All Sponsors 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.

All recipients shall comply with the requirements contained in the Americans with Disabilities Act, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Act, Government Code Section 11135, Section 504 of the Rehabilitation Act, and regulations promulgated pursuant to those statutes, including 24 C.F.R. Part 100, 24 C.F.R. Part 8, and 28 C.F.R. Part 35, in all of the Sponsor's activities.

Section 312 State Prevailing Wage

Applicant's contemplated use of Homekey funds may be subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Applicants are urged to seek professional legal advice about the law's requirements. Prior to disbursing the Homekey funds, the Department will require a certification of compliance with California's prevailing wage law. The certification must verify that prevailing wages have been or will be paid (if such payment is required by law), 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 Sponsor.

Article IV Program Operations

Section 401. Program Oversight

As requested by the Department, Grantees will be required to provide progress reports of the development plan and any updates to the timeline of the completion of the project. The development plan should include the project's completion milestones and any updates or substantial changes.

Section 402. Reporting

Grantees shall submit 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 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. The proposed development vision that identifies the financial and regulatory mechanisms to be used to maintain the long-term affordability of the project.
- viii. The progress and status in securing any required entitlements, permits, environmental clearances.
- ix. The proposed timeline for the completion of the project.

If a project received an award for a 24-month operating subsidy, Grantees shall submit the use of the expenditures bi-annually 30 days after the reporting periods of January 1 to June 30 and July 1 to December 31. The first report will be due to the Department on January 31, 2021, and the final bi-annual report is due on July 31, 2022.

The Grantee that receives funds under the Homekey Program is responsible for ensuring that the expenditure of those funds is consistent with the requirements of the Program and for eligible activities described in Section 302. The Department shall monitor the expenditures to ensure that those expenditures comply with this NOFA.

The Department may request the repayment of funds or pursue any other remedies available to it by law for failure to comply with program requirements. After the contract has expired, any funds not expended for eligible uses shall revert and must be remitted to the Department. The deadline for expenditures under the contract is June 31, 2022.

The requested data shall be submitted in electronic format on a form provided by the Department.

Section 403. Disbursement of Grant Funds

The Department will disburse funds to cover Homekey-critical expenditures that were incurred during the period of March 1, 2020 through December 30, 2020. Homekey program funds shall be disbursed to the Sponsor after the Department has received a request for funds from the Sponsor and a Standard Agreement between the Sponsor and the Department is fully executed. The Standard Agreement will set forth the general conditions of disbursement, any conditions precedent to disbursements (e.g., documentation requirements for pre-Standard Agreement expenditures), and the Department's remedies upon an event of default. The Standard Agreement will also identify the payee. Where Co-Sponsors wish to receive the grant award outside of escrow, they must identify, and memorialize in the Standard Agreement, which Sponsor will serve as the designated payee for all award amounts.

Section 404. Legal documents

Upon the award of Homekey funds to a Project, the Department shall enter into one or more agreements with the Sponsor(s), including a Standard Agreement, which shall commit funds from the Homekey program, subject to specified conditions. The agreement or agreements shall include, but not be limited to, the following provisions:

- 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, occupancy, and rent restrictions, if any, to be imposed on the project through a use restriction (e.g., covenant, regulatory agreement) recorded against the property of the project;
- iv. Performance milestones, and other progress metrics, governing the completion of the project, along with the remedies available to the Department in the event of a failure to meet such milestones or metrics;

- v. Provisions governing the manner, timing, and conditions of the disbursement of the program grant;
- vi. Special conditions imposed as part of the Department's approval of the project;
- vii. Terms and conditions required by federal and state law;
- viii. Requirements for reporting to the Department;
- ix. Remedies available to the Department in the event of a violation, breach, or default of the agreement; and
- x. Provisions regarding Sponsor liability. Specifically, the Sponsor will remain liable to the Department for the performance of all program requirements regardless of any Department-approved transfer or assignment of interest. Likewise, each co-Sponsor will remain jointly and severally liable to the Department for the performance of all program requirements regardless of any Department-approved transfer or assignment of interest, and notwithstanding the co-Sponsors' 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 405. Sales, Transfers, and Encumbrances

An Applicant(s) shall not sell, assign, transfer, or convey the awarded project, or any interest therein or portion thereof, without the express prior written approval of the Department.

Section 406. Defaults and Grant Cancellations

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

- i. The objectives and requirements of the Homekey program cannot be met and the implementation of the project cannot proceed in a timely fashion in accordance with the timeframes established in the regulatory agreement/contract.
- ii. In the event of a breach or violation by the Grantee, the Department may give written notice to the Development Sponsor to cure the breach or violation. If the breach or violation is not cured to the satisfaction of the Department within a reasonable time period, the Department, at its option, may declare a default under

the relevant document and may seek legal remedies for the default including the following:

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

Article V. Definitions

Below are the definitions for purposes of the Homekey program:

- i. "Applicant" or "Eligible Applicant" means a city, county, or other "local public entity," as that term is defined at the Health and Safety Code section 50079, applying to be a Development Sponsor either on its own or with another entity (such as a for-profit or nonprofit corporation, or another local public entity).
- ii. "Area Median Income" or "AMI" means the most recent applicable county median family income published by the California Tax Credit Allocation Committee (TCAC) or the Department.
- iii. "Assisted Unit" means a residential housing unit that is subject to rent, occupancy or other restrictions associated with a Homekey site.
- iv. "At Risk of Homelessness" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.
- v. "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.
- vi. "Chronic Homelessness" means a person who is chronically homeless, as defined in 578.3 of Title 24 of the Code of Federal Regulations.
- vii. "Continuum of Care" means the same as defined by the United States Department of Housing and Urban Development at Section 578.3 of Title 24 of the Code of Federal Regulations.
- viii. "Department" means the Department of Housing and Community Development.
- ix. "Development Sponsor" or "Sponsor", as defined in Section 50675.2 of the Health and Safety Code and subdivision (c) of Section 50669 of the Health and Safety Code, means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, duly constituted governing body of an Indian reservation or rancheria, or other legal entity, or any combination thereof, certified by the Department as qualified to own, manage, and rehabilitate a rental housing development. A Development Sponsor may be organized for profit, limited profit or be nonprofit, and includes a limited partnership in which the Development Sponsor or an affiliate of the Development Sponsor is a general partner.
- x. "Environment Assessment – Phase 1" is a report that demonstrates whether the property is free from severe adverse environmental conditions.
- xi. "Grantee" means an Eligible Applicant that has been awarded funds under the program.
- xii. "Homeless" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

- xiii. "Housing First" has the same meaning as in Welfare and Institutions Code Section 8255, including all of the core components listed therein.
- xiv. "HUD" means the U.S. Department of Housing and Urban Development.
- xv. "Interim Housing" Transitional Housing" or "Congregate Shelter" means any facility whose primary purpose is to provide a temporary shelter for the Homeless in general or for specific populations of the Homeless, and which does not require occupants to sign leases or occupancy agreements.
- xvi. "Local Public Entity" 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.
- xvii. "NOFA" means a Notice of Funding Availability.
- xviii. "Permanent Supportive Housing" has the same meaning as "supportive housing," as defined in Section 50675.14 of the Health and Safety Code, except that "Permanent Supportive Housing" shall include associated facilities if used to provide services to housing residents.
- xix. "Permanent Housing" means a housing unit where the landlord does not limit length of stay in the housing unit, the landlord does not restrict the movements of the tenant, and the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- xx. "Project" means a multifamily structure or set of structures providing housing with common financing, ownership, and management.
- xxi. "Program Award" means the portion of program funds available for a Grantee to expend toward eligible program uses.
- xxii. "Point-in-Time Count" means a count of sheltered and unsheltered Homeless persons on a single night conducted by Continuums of Care as prescribed by HUD.
- xxiii. "Rural Area" means an area defined in Health and Safety Code section 50199.21.
- xxiv. "Target Population" means members of the target population identified in Health and Safety Code section 50675.1.1(a) are individuals and families who are experiencing homelessness or who are at risk of homelessness defined in Section 578.3 of Title 24 of the Code of Federal Regulation and who are impacted by the COVID-19 pandemic.
- xxv. "Unit" means a residential unit that is used as a primary residence by its occupants, including individual units within the Project.

Article VI Insurance Requirements
Section 600. Insurance Requirements

i. Commercial general liability

Local public entities 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 local public entity's limit of liability.

The policy must name the State of California and the 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 local public entity is responsible. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the local public entity'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

Local public entity 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 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 local public entity will not have any commercially owned vehicles used during the life of the Standard Agreement, by signing the Standard Agreement, the local public entity certifies that the local public entity and any employees, subcontractors or servants possess valid automobile coverage in accordance with California Vehicle Code sections 16450 to 16457, inclusive. The Department reserves the right to request proof at any time.

iii. Workers' Compensation and Employer's Liability

Local public entity 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, local public entity acknowledges compliance with these regulations. **A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California and the Department of Housing and Community Development must be attached to the certificate.**

iv. Builder's risk/installation floater

If there is installation or construction of property/materials on or within the facility at any time during the life of the Standard Agreement, the local public entity shall maintain in force, at its own expense, Builders Risk/Installation Floater covering the local government entity's 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 Eligible Applicant agrees as a provision of the contract to waive all rights of recovery against the state.

v. Property insurance

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

vi. Self-insured

If the local public entity is self-insured in whole or in part as to any of the above-described types and levels of coverage, the local government entity shall provide the Department with a written acknowledgment of this fact at the time of the execution of this Permit. If, at any time after the execution of the Standard Agreement, local public entity abandons its self-insured status, the local public entity shall immediately notify the Department of this fact and shall comply with all of the terms and conditions of this Section pertaining to insurance requirements.

Pre-screening

Pre-screening

Have you undertaken a pre-application consultation for the Homekey program? *

Yes

Will the project serve the target population? *

Target population is individuals and families who are experiencing homelessness or who are at risk of homelessness defined in Section 578.3 of Title 24 of the Code of Federal Regulation and who are impacted by the COVID-19 pandemic.

Yes

Do you have a path for environmental approval? *

The applicant is able to provide the proof of CEQA compliance or a timeline for acquiring CEQA compliance.

Yes

Is the applicant a city, county, or other local public entity, such as a public housing authority or federally recognized tribal governments within California? *

Yes

True

Application

Application

Application Title *

Please, type the title of your project.

City and County of San Francisco - Diva Hotel

Is the applicant: *

Co-applicant/Partnership

County *

San Francisco County

Zip *

94102

Mailing Address

Same as Primary Address

Checked

Government TIN Form / Payee Data Record

Select the document you will provide *

Find the forms in the "Files" tab displayed in this site next to the "Submit" tab.

STD 204 Payee Data Record

Payee Data Record Form, STD 204 With the Application Package *
(Single File)

CCSF Payee-Data-Record-STD-204.pdf

Description of file

Payee Data Record Form for City and County of San Francisco

Authorizing Resolution

Is the applicant submitting a Authorizing Resolution form? *

Find the form in the "Files" tab located in the previous "Overview" page.

No

I commit to submit Authorized Resolution before execution of Standard Agreement

Checked

Checked

Government TIN Form / Payee Data Record

Select the document you will provide *

Find the forms in the "Files" tab displayed in this site next to the "Submit" tab.

STD 204 Payee Data Record

Payee Data Record Form, STD 204 With the Application Package *

(Single File)

ECS Payee-Data-Record-STD-204.pdf

Description of file

Payee Data Record Form for Episcopal Community Services

Authorizing Resolution

Is the applicant submitting a Authorizing Resolution form? *

Find the form in the "Files" tab located in the previous "Overview" page.

No

I commit to submit Authorized Resolution before execution of Standard Agreement

Checked

Contacts

Contacts for San Francisco (Primary Applicant)

Primary Contact

I want to provide an alternate contact

Not Checked

Contacts for Episcopal Community Services (Co-applicant #1)

Primary Contact

First Name *

Liz

Last Name *

Pocock

Title *

Senior Director of Housing Development and Asset Management

Email Address *

lpocock@ecs-sf.org

Phone Number *

Authorized Representative

First Name *

Beth

Last Name *

Stokes

Select the CA State Senator *

11 Scott Wiener

District Number

11

U.S. House Representative for California

Select the US House Representative for California *

12th Pelosi, Nancy

District Number

12th

U.S. Senators for California

Dianne Feinstein, Kamala D. Harris.

Projects

Geographical Location

The geographical location is automatically determined based on the primary Applicant address.

Geographical Location

SF Bay Area (including Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma)

Project Type

Provide escrow information

Not Checked

Sites

Site and Readiness

How many sites are part of your project? *

1

Does the applicant have Evidence of Site Control? *

Select one of the applied choices.

Yes

Submit supporting document to identify the site is suitable for development and evidence of site control *

(Single File)

Diva Hotel - LOI - Signed.pdf

Description of file

Letter of Intent between City and County of SF and Property Owner

Sites Address(es)

Site Address 1

Used for *

1 - Permanent housing or will result in permanent housing as indicated on the application

Address Lookup Tool (optional)

Only CA addresses are eligible for this application

Project Evaluation

This evaluation applies to the applicant and/or the development team.

1. Does the applicant have experience in acquiring and managing affordable housing? *

Yes

Submit Supporting Documents – File Attachment *

ECS Development, Rehabilitation, Ownership, and Operation of Similar Projects in Scope.pdf

Description of file

Description of Co-Applicant's experience

2. Does the applicant have committed and intended sources for Homekey? *

Yes

2.1. Does the applicant intend to use Homekey resources for development related expenses? *

Yes

Select the category below. *

These expenses should be expended by December 30, 2020.

\$151K to \$200K per door

3. Does the applicant have the corresponding capital match? *

The first \$100K per door of capital requires no match; the next \$50K per door of capital requires a 1:1 match; the final \$50K per door of capital requires 2:1 match.

Yes

4. Does the applicant intend to apply for the 24 month operating subsidy? *

These dollars need to be expended by June 30, 2022.

Yes

5. Does the applicant have the remainder of the required contribution to demonstrate a five-year match in operating costs? *

Submit the Project Timeline Template – File Attachment *
(Single File)

Diva - Timeline.xlsx

Description of File

Timeline for Project - Diva

7. Demonstration of the development team's experience and capacity to acquire and operate the Project. (Up to 40 points)

Demonstration of the development's team experience to acquire and/or rehabilitate and operate the Project.

A. Provide a description of the development team's experience to acquire and/or rehabilitate and operate the Project. (Up to 10 points)

Yes

File Attachment *
(Multiple Files)

ECS Development, Rehabilitation, Ownership, and Operation of Similar Projects in Scope.pdf

Description of File

Description of Co-Applicant's experience

B. Does the applicant have a plan/flowchart for its development team's connection or partner relationship with another entity? (Up to 10 points) *

Yes

Submit documents demonstrating the organizational chart of how the development team is connected and a description of how the team will work together, e.g., MOU, etc. *
(Multiple Files)

Diva - Flowchart and Teamwork Description.pdf

Description of File

Flowchart and Teamwork description

marketing requirements. Eligible applicant will also include a description of how the Project will address racial equity and inequities for the Target Population, including any local disproportionate impact of COVID-19 and homelessness by race and other protected classes. The description should include supporting evidence of the strategies' effectiveness if available.

Can the applicant demonstrate how the proposed project will address racial equity, including any local disproportionate impact of COVID-19 and homelessness by race and other protected classes? (Up to 15 points) *

Yes

Eligible Applicant shall provide non-discrimination statement per Section 311, which references the Fair Employment and Housing Act.

Submit Supporting Document – File Attachment *
(Single File)

Non-Discrimination Statement and Racial Equity.pdf

Description of File

Description of Non-Discrimination Policy and Racial Equity Impact

B - The extent to which the Project exceeds the state and federal accessibility requirements set forth Section 311, specifically providing a minimum of 10 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, and a minimum of 4 percent of units with features accessible to persons with hearing or vision disabilities, as defined in 24 C.F.R. Section 8.22 and the parallel ADAAG 2010 and CBC Chapter 11B provisions.

Does the project exceed the state and federally accessibility requirements set forth Section 311? (Up to 5 points) *

No

C - The Applicant or Development team has three or more years of experience serving persons of the Target Population.

Does the applicant or Development team have three or more years of experience serving persons of the target population? (Up to 5 points) *

Yes

Yes

Number of Units

130

D - For any project below \$350,000 per door, if the Eligible Applicant contributes more than a minimum match outlined in Table 5 in the NOFA, the application will receive one (1) extra point for every additional 5% per door contributed to the Project. For example, for an acquisition that costs \$100,000 per door, the applicant will receive 1 extra point for every \$5,000 per door in match contributed.

Will the applicant contribute more than a minimum match outlined in Table 5 in the NOFA? (Up to 10 points) *

No

E - Site Selection (Up to 10 points)

Is Project Site located within 1/3 mile of public transit, such as a bus rapid transit station, light rail station, commuter rail station, ferry terminal, bus station, or public bus stop? (Up to 4 points) *

Yes

Submit Supporting Document – File Attachment *
(Single File)

Diva - Location Supporting Documentation.pdf

Description of File

Site location supporting documentation

Is Project Site located in proximity (within 1/2 mile for urban area and 1 mile for rural area) to essential services, such as grocery store, health facility, pharmacy, and library? (Up to 6 points) *

Yes

Submit Supporting Document – File Attachment *
(Single File)

Diva - Location Supporting Documentation.pdf

Description of File

Site location supporting documentation

Description of file

Budget for project

Duplication of Benefit

Duplication of Benefit

A Duplication of Benefit (DOB) occurs when a program beneficiary receives assistance from multiple funding sources totaling an amount that exceeds the need for a particular funding need. The duplication is the amount of assistance provided in excess of the need. It is the Department's responsibility to ensure that each Homekey activity provides assistance only to the extent that the recipient's project's funding need(s) has not been met by another funding source. Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) prohibits federal agencies from providing assistance to any "person, business concern, or other entity" for any loss for which the entity has already received financial assistance from another source (See: 42 USC § 5155(a)). The Federal Register Notice, published on November 16, 2011 (Docket No. FR-5582-N-01), requires adequate policies and procedures in place to prevent a DOB and provide for the recapture of funds, if necessary. Once selected, applicant will be required to report on Duplication of Benefit metrics such as types of funding sources received, amounts received, expected persons served and actual persons served. Please check here to confirm you have read the above and agree to monitor applicant for DOB. *

Agree

Additional Information

Additional Information

Upload the Following Documents Demonstrating:

Appraisal

I will provide this document by

City of San Francisco Homekey Application
Supporting Documents

Item	Pages
Site Photos	2-4
Letter of Support from San Francisco Local Homeless Coordinating Board	5
Resolution Submitted in Support of Homekey Application Submitted to the San Francisco Board of Supervisors	6-8
Press Release: Mayor London Breed Announces Plan to Fund Homelessness Recovery Plan Prioritizing Housing Expansion	9-11
Assorted Press Coverage on COVID-19 Impacts on Homelessness in San Francisco & City response	12-on

City of San Francisco Homekey Application
Supporting Documents: Photos

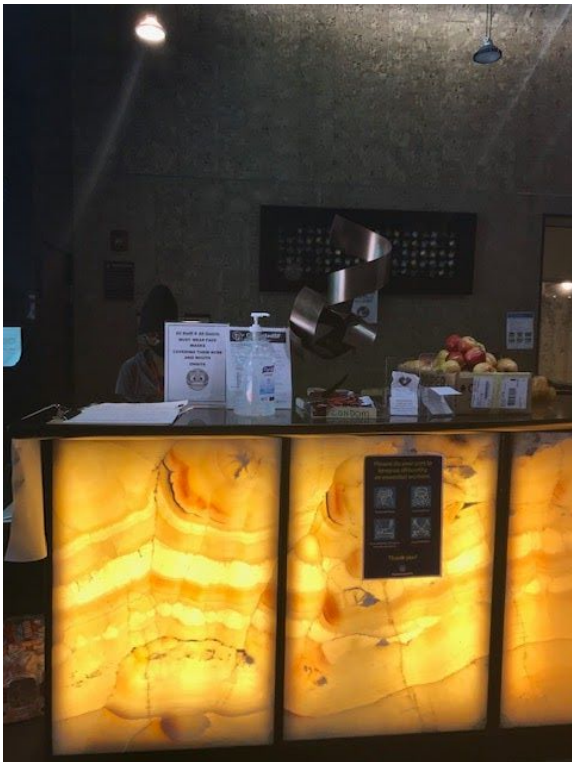
Property Location:

440 Geary Street (Currently "The Diva Hotel")
San Francisco, CA 94102

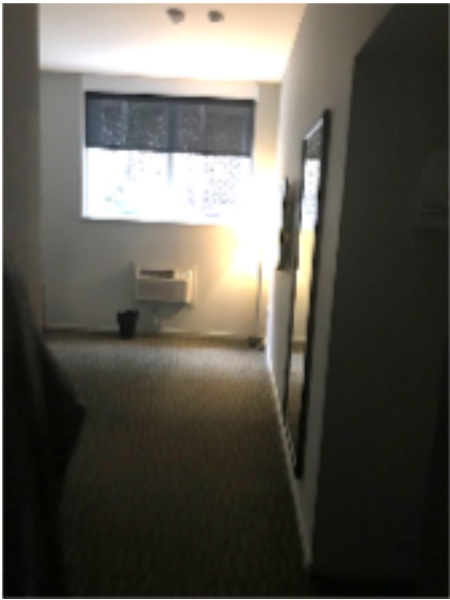
Exterior



Common Spaces



Room Interior



**SAN FRANCISCO
LOCAL HOMELESS COORDINATING BOARD**



July 30, 2020

Secretary Lourdes M. Castro Ramirez
Business, Consumer Services and Housing Agency
California Department of Housing and Community Development
2020 West El Camino Avenue
Sacramento, CA 95833

Dear Secretary Ramirez

Del Seymour -
Co-Chair

Ralph Payton -
Co-Chair

Kelley Cutler

Erick Brown

Kim-Mai Cutler

Brenda Jewett

Andrea Evans

James Loyce

Sophia Isom

Charles Minor, Staff

The Local Homeless Coordinating Board (LHCB) is pleased to submit this letter in support of the San Francisco Department of Homelessness and Supportive Housing's (HSH) proposal to the State of California's Department of Housing and Community Development, Homekey Program. LHCB endorses HSH's proposal to use these funds to assist the City in creating up to 250 new units of Permanent Supportive Housing for people experiencing chronic homelessness in San Francisco.

San Francisco's 2019 Point-in-Time Count confirmed that people of color are disproportionately represented in the homeless population. Homekey Program funds will help HSH to continue addressing this inequity head-on by creating more housing units for chronically homeless people.

LHCB is the governing body for the San Francisco Continuum of Care (CoC CA-501). While HSH is the administrative entity for the City, County, and Continuum of Care of San Francisco, LHCB serves as the lead independent body for coordinating homeless policy, McKinney funding, and San Francisco Continuum of Care implementation. LHCB is a nine-member advisory body appointed by the Board of Supervisors, Mayor, and the Controller.

In partnership with HSH, LHCB works to ensure a unified homeless strategy that is supported by the Mayor, the Board of Supervisors, City departments, nonprofit agencies, people who are homeless or formerly homeless and the community at large. Operating within a "Housing First" model, LHCB envisions developing a continuum of services whose ultimate goal is to prevent and eradicate homelessness in the City and County of San Francisco. All efforts of the LHCB are aimed at permanent solutions, and the range of services is designed to meet the unique and complex needs of individuals who are threatened with or currently experiencing homelessness.

LHCB strongly supports HSH's application for the Homekey Program that proposes to utilize these funds to serve people experiencing chronic homelessness, particularly communities of color that are disproportionately affected by COVID-19 and homelessness.

Sincerely,

Del Seymour

Del Seymour

San Francisco Local Homeless Coordinating Board

[Apply for Grant - California Department of Housing and Community Development - Homekey Grant - Not to Exceed \$45,000,000]

Resolution authorizing the Department of Homelessness and Supportive Housing to apply for Homekey grant funds in an amount not to exceed \$45,000,000 from the California Department of Housing and Community Development on behalf of the City and County of San Francisco.

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

WHEREAS, The Department is authorized to administer Homekey funds 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); and

WHEREAS, The San Francisco Department of Homelessness and Supportive Housing, on behalf of the City and County of San Francisco (“City”) (“Applicant”) desires to apply for Homekey grant funds and will submit an application for Homekey funds (“Application”) to the Department for review and consideration; and

WHEREAS, The Applicant plans to submit a placeholder application by July 31, 2020, to demonstrate San Francisco’s commitment to participate in this opportunity as Homekey grant funds are allocated on a first-come, first-serve basis to county applicants by the Department; the application is not considered final until accompanied by a Resolution approved by the San Francisco Board of Supervisors which must be approved prior to August 13, 2020; and

WHEREAS, Homekey funds will assist the City in creating up to 250 new units of Permanent Supportive Housing for people experiencing chronic homelessness; and

WHEREAS, These funds will enable the City to acquire and rehabilitate hotels, apartment buildings, or other multi-unit housing for occupancy in early 2021; and

WHEREAS, Additional permanent subsidized housing furthers the City's commitment to dismantling systematic racial inequities that disproportionately effect communities of color; and

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

WHEREAS, As of July 2020, San Francisco has approximately 8,000 units of Permanent Supportive Housing that provide permanent homes and services to approximately 10,000 San Franciscans, and has the goal of acquiring new units of such housing over the next two years; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby authorizes The Department of Homelessness and Supportive Housing on behalf of the City and County of San Francisco to submit an Application to the California Department of Housing and Community Development ("Department") in response to the Notice of Funding Availability ("NOFA"), dated July 16, 2020, for an amount not to exceed \$45,000,000; and, be it

FURTHER RESOLVED, That the Board of Supervisors acknowledges that if the Application is successful, the Department of Homelessness and Supportive Housing shall seek Board of Supervisors approval to accept and expend the funds, and to authorize execution of a Standard Agreement, and any other documents required or deemed necessary to secure the funds under the terms of the Program Guidelines.

RECOMMENDED:

/s/ _____

Interim Director, Abigail Stewart-Kahn

Department of Homelessness and Supportive Housing

Visit our [new website SF.gov](https://sf.gov)

Office of the Mayor

News Releases

The latest news and announcements from Mayor London N. Breed

Mayor London Breed Unveils City Budget with Investments in Racial Equity, Homelessness Services, Mental Health, and COVID-19 Response

Posted Date: Friday, July 31, 2020

Mayor Breed’s two-year budget proposal makes critical investments while also balancing a significant budget deficit

San Francisco, CA — Mayor London N. Breed today announced her budget proposal for Fiscal Years (FY) 2020-21 and 2021-22, which includes new investments to prioritize racial equity and reinvest in the African-American community, continue making progress on homelessness and behavioral health, and maintain the City’s response to the COVID-19 pandemic. The budget proposal makes these important investments while also balancing the two-year \$1.5 billion deficit with a responsible use of reserves, preserving jobs and with minimal impact to City services.

The annual \$13.7 billion budget for FY 2020-21 and \$12.6 billion budget for FY 2021-22 is the culmination of months of collaborative work with elected officials, City departments, and community organizations, which was made challenging this year due to the COVID-19 pandemic. The proposed budget for FY 2020-21 is higher than the budget for FY 2019-20 primarily due to one-time expenditures to respond to COVID-19, and which go away in the second year of the budget. Public outreach on the budget was done virtually in response to the COVID-19 emergency.

“This budget closes our \$1.5 billion deficit while still making critical investments in the most pressing issues facing San Francisco,” said Mayor Breed. “This time last year, we did not expect that we’d have to respond to a public health emergency like COVID-19, but we have risen to the occasion and are directing significant City resources to keep San Franciscans safe and healthy. We are listening to the African American community, which has for too long been unheard and underserved, and redirecting investments to close the disparities that we continue to see to this day. And we’re keeping our focus on helping people who are homeless get off the streets and into shelter, providing mental health and substance use treatment, and ensuring that we can continue providing essential City services for all our residents.”

Mayor Breed’s proposed budget does not include any layoffs of permanent City staff, maintains City services with minimal impacts, and closes the approximately \$1.5 billion General Fund deficit through a combination of revenue and expenditure solutions. However, the Mayor’s budget as currently proposed is contingent in part upon revenue from the consensus Business Tax Reform measure, which will be on the November 2020 ballot. Additionally, the budget assumes that the City and its labor unions will reach an agreement to defer scheduled wage increases over the two-year budget period.

Redirecting Funding to the African American Community and Prioritizing Equity

The Mayor's proposed budget acknowledges the structural inequities impacting the city's African American community, resulting from generations of disinvestment. The proposed budget reinvests \$120 million in funds over two years, predominately from the City's law enforcement departments, towards efforts to repair the legacy of racially disparate policies on health, housing, and economic outcomes for African Americans. The proposed budget also includes \$15 million in one-time funding for the San Francisco Unified School District to support San Francisco's public school students most disparately impacted by COVID-19 and the resulting school closures. The budget further includes additional General Fund investments in programs for San Francisco youth.

On Monday, July 27, Mayor Breed and Supervisor Shamann Walton released a [report](#) from the Human Rights Commission that summarizes the findings of initial community engagement and provides a framework for ongoing conversations and decisions to reinvest in San Francisco's Black community. The report highlights recommendations, research and data raised through the community input process to prioritize resources to the African American community.

Mayor Breed's budget is informed by that process and recognizes that the African American community must continue to be involved in determining the specific allocations of the funding. Therefore, the Human Rights Commission will continue leading a community process to determine how the \$120 million will be allocated. Based on the initial input from the community, Mayor Breed has proposed that 60% of the funding be directed for mental health, wellness, and homelessness, and 35% be directed to education, youth development, and economic opportunity. The disbursement of funds will be discussed, tracked, and evaluated on an ongoing basis through the Human Rights Commissions' continuing process of community engagement.

The remainder of the redirected law enforcement funds in the Mayor's proposed budget will be allocated for a thorough planning process in FY 2020-21 to divert non-emergency, low priority calls for service away from the Police Department to non-law enforcement agencies.

The Mayor's proposed budget also invests a total of \$12.5 million to extend stipend programs for SFUSD teachers in high turnover schools and for educators in the City's early care and education system. Mayor Breed's budget adds \$5.5 million over the two years to extend the Opportunities for All (OFA) pilot, a youth internship program initiated in last year's budget. Lastly, the Mayor's proposed budget allocates another \$4 million over two years to be distributed by the Office of Racial Equity within the Human Rights Commission, to maintain and prioritize ongoing community involvement and responsive programming.

Homelessness and Mental Health

To continue to address the homelessness crisis and help people suffering from mental illness and substance use disorders, Mayor Breed's proposed budget includes funding to maintain investments in behavioral health beds, rental assistance and subsidy programs, and other critical mental health and homelessness programming. The proposed budget also makes new investments to pilot a new crisis response model and seeds funding for the Office of Coordinated Care in the Department of Public Health.

Homelessness

Mayor Breed's proposed budget includes a number of critical investments in homelessness, to be largely funded by the passage of the November 2020 Business Tax Reform measure, which would unlock new revenue from the November 2018 Proposition C measure. This funding will be used in part to implement the City's [Homelessness Recovery Plan](#), which Mayor Breed announced earlier this month. Through the Homeless Recovery Plan, the City will continue emergency homelessness response initiatives in the short-term and make 6,000 placements available over the next two years for people experiencing homelessness.

The proposed budget funds a historic investment in the City's permanent supportive housing portfolio; in addition to enabling the City to newly lease or acquire 1,500 permanent supportive housing units through the Homelessness Recovery Plan, the budget funds a significant expansion of newly constructed permanent supportive housing units through the City's Local Operating Subsidy Program and the 833 Bryant project. Additionally, the budget adds \$6.6 million in funding to continue emergency shelter and eviction prevention pilot programs.

Mental Health

The Mayor's proposed budget supports the implementation of the first phase of Mental Health SF, a comprehensive overhaul of San Francisco's mental health system. Notably, the budget will fund the creation of an Office of Coordinated Care within the Department of Public Health, pilot a non-law enforcement Crisis Response Team for engaging people on the street experiencing

mental health or substance use-related crises, and increase the City's capacity for mental health and substance use treatment beds.

These investments would be supported by approximately \$66.5 million over two years, should the Business Tax Reform measure pass in November. Mayor Breed's budget includes \$5 million from the General Fund to accelerate the implementation of the Office of Coordinated Care and the Crisis Response Team, so that work can begin regardless of the outcome of the November 2020 ballot measure.

COVID-19 Ongoing Response and Recovery

Mayor Breed's proposed budget includes funding to ensure the City is able to continue its comprehensive, data-driven, and public health-focused response to the ongoing health threats and economic challenges posed by the COVID-19 pandemic. In total, the Mayor's proposed budget allocates \$446.1 million to ensure the City has the financial resources to meet the citywide priorities set forth by the COVID-19 Command Center, the centralized emergency operations center coordinating the response across City departments. The Mayor's budget assumes the City's General Fund will support \$93 million of that total amount, and that the remaining amount will be covered through a combination of FEMA reimbursement and funding from the CARES Act.

This funding will be directed to three main categories: health and human services; housing and shelter; and emergency communications and coordination. The Mayor's budget ensures there is adequate funding for COVID-19 testing, personal protective equipment, expanded capacity at hospitals and skilled nursing facilities, outbreak management, and contact tracing, among other expenses. Throughout COVID-19, addressing food insecurity has remained one of Mayor Breed's and the City's top priorities. The Mayor's proposed budget includes \$45.7 million in new expenditures for food programs. Lastly, the budget includes investments to address the needs of San Francisco's unsheltered residents in the COVID-19 environment with shelter, food, and medical care.

Community based organizations have been an integral part of the City's ongoing response to COVID-19. Mayor Breed's proposed budget includes funding to ensure that community partners can continue to work with the City to provide community-based and multi-lingual outreach and education during the COVID-19 pandemic.

Budget Timeline

In order to allow the City to be responsive to the COVID-19 emergency and to ensure sufficient time to understand the full economic impacts, the Mayor and the Board of Supervisors agreed to an updated schedule for the FY 2020-21 and FY 2021-22 budget process which extended the process by two months. After originally releasing budget instructions for the upcoming two-year budget in December 2019, the Mayor reissued instructions to departments in May 2020 to reflect the revised budget shortfall. Departments were instructed to submit new budget proposals to aid the Mayor in developing a balanced budget in June and July.

Following Mayor Breed's introduction of the proposed budget, it will now go to the Budget and Finance Committee and the full Board of Supervisors, after which it will go to the Mayor for her signature and final adoption by October 1, 2020

Mayor Breed's proposed budget for FY 2020-21 and 2021-22 is available online [here](#).

###

more homeless into permanent shelter

Dominic Fracassa

July 21, 2020 | Updated: July 21, 2020 5:26 p.m.



Mark Masonete, 64, has been sheltering in a city-paid hotel room in San Francisco, Calif. during the coronavirus pandemic.

Photo: Jessica Christian / The Chronicle

San Francisco Mayor London Breed unveiled a plan on Tuesday that attempts to chart the city’s course for addressing homelessness over the next two years, a proposal shaped in large part by the effects of the COVID-19 pandemic.

Breed’s “Homelessness Recovery Plan” seeks to find shelter or housing accommodations for 6,000 homeless people, a figure that includes 4,500 placements in permanent

Homelessness Crisis



LOCAL

BY KEVIN FAGAN

City, nonprofits team up to move 200 homeless people from...



LOCAL

BY KEVIN FAGAN

Homeless crisis: Newsom proposes ditching environmental review...



LOCAL

**BY DOMI
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of 42 p**

Breed's plan assumes the city's sanctioned tent encampments — one accommodation San Francisco has created in light of the shortage of shelter beds — will wind down starting next year and fully close by 2022. A long-planned, 200-bed Navigation Center in the Bayview at 1925 Evans St. is slated to open in January 2021.

And this fall, the city plans to open a Navigation Center for young people ages 18 to 24 at 888 Post Street.

The plan relies in part on voters passing a sweeping business-tax reform effort on the November ballot, which would unlock unspent revenues intended to be spent on homelessness that are tied up by ongoing litigation.

Voters passed Proposition C in 2018 to tax the biggest businesses in San Francisco and use the revenues to pay for permanent supportive housing and other homelessness services. But the measure has been tied up in the courts following a legal challenge over the voter threshold the city used to pass it.

Coronavirus Local Food Election Sporting Green Biz+Tech Culture Desk Datebook US & World

questions you want answered and the issues you think we should investigate on COVID-19 and our region's reopening.

Tell us your questions; what should we investigate?

NEXT

Breed opposed Prop. C in 2018, but is now relying on the proceeds of the measure to fund about \$172 million of her homelessness plan over the next two fiscal years.

The Board of Supervisors will deliberate over and adjust the city's two-year budget starting in August. Breed must sign a final version no later than October 1.

Dominic Fracassa is a San Francisco Chronicle staff writer. Email: dfracassa@sfchronicle.com [Twitter](#)

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San Francisco currently oversees a stock of around 8,000 units of permanent supportive housing. Starting this year, officials will begin moving homeless people now sheltering in city-leased hotels into permanent supportive housing units.

The costs of Breed’s program will be included as part of the balanced budget she must submit to the Board of Supervisors by August 1, one that is being crafted to close a nearly \$2 billion shortfall brought on by the pandemic. Breed will be relying on a combination of general fund dollars, money from the federal and state governments, and philanthropic contributions to see her plan through.



Fifth & Mission

What's Wrong With Herd Immunity

Why can't we defeat coronavirus by allowing to infect the majority of the population? Reporter Erin Allday breaks down...

00:00:00



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IN THIS PLAYLIST

333 EPISODES

What's Wrong With Herd Immunity

20 min

Do Face Shields Work?

13 min

“Even in the midst of this historic budget crisis, we can still do our part to move forward solutions, while still advocating for more support from the federal and state government,” Breed said in a statement. “We know housing is the solution to homelessness, and by expanding access to housing, we can help people get more stable and also create more opportunities to help people off our streets and into our system of care.”

Coronavirus Live Updates



- THU AUG 6 **COVID-19 outbreak at psychiatric hospital spurs lawsuit**
- WED AUG 5 **California health care workers urge Senate to pass COVID-19 relief**
- WED AUG 5 **Speaker Pelosi stumps for Democrats' COVID-19 relief package**
- TUE AUG 4 **Great Plates Delivered SF program extended through Sept. 9**
- TUE AUG 4 **CDCR rejects inmates' petition for release**
- TUE AUG 4 **State releases strict rules for schools to apply to reopen campuses**
- MON AUG 3 **Judge upholds SF eviction moratorium**

[More timeline](#) ▼

WEDNESDAY JULY 22 6:51 PM

SF Mayor Proposes 2-Year Plan to House and Shelter 6,000 People

San Francisco Mayor Ed Lee announced a plan to house and shelter 6,000 people over the next two years, including 4,500 in permanent, supportive housing.

The “Homeless Recovery Plan” aims to provide shelter or housing accommodations for 6,000 people, including 4,500 placements in permanent, supportive housing.

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The mayor's office said funding for the expansion plans requires the passage of two measures headed for the November ballot, as well as other state and local resources.

One ballot measure is a bond to be funded through property taxes if approved by voters. The other is a business tax reform that would allow the city to tap into existing revenue that's been collected through tax measures passed in 2018 but that's still unspent because of lawsuits filed by business groups.

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Jay Cheng, public policy director of the San Francisco Chamber of Commerce, said tax hikes and additional revenue have failed to adequately address the city's homeless crisis.

"The city budget has doubled in the last 10 years. None of our services are twice as good," Cheng said. "It becomes more than a question of money. It becomes a question of whether our programs and our services are having the intended impact."

The projected costs for Breed's homelessness plan will be part of a budget proposal that the mayor's office plans to submit to the Board of Supervisors by Aug. 1.

— *Holly McDede (@HollyMcDede)*

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THURSDAY AUGUST 6 5:57 PM

COVID-19 Outbreak at Psychiatric Hospital Spurs

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About 115 patients and 150 staff have tested positive for the coronavirus and at least two have died at Patton State Hospital in San Bernardino.

“These are individuals who are not being punished for a crime,” said Anne Hadreas, an attorney with Disability Rights California. “They are there to receive treatment, that they cannot be held legally under conditions where they are not reasonably safe.”

Advocates say that similar to jails and prisons, COVID-19 spreads easily in locked psychiatric facilities, but there hasn’t been an effort to reduce those populations. There are currently over 1,500 patients and 2,000 staff at Patton.

Hadreas says they want patients to be discharged to family or transferred to safer facilities where they wouldn’t live in congregate environments.

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Richard Hart, 66, a plaintiff in the suit, was sent to Patton after being found not guilty by reason of insanity for a 1998 crime that didn’t “result in bodily harm.” According to the complaint, Hart had lung cancer last year and is at high risk of serious illness if he contracts the virus.

According to Hadreas, Hart has been deemed “low-risk” and doesn’t need treatment aside from medication and twice-monthly therapy.

“Individuals with mental health disabilities shouldn't be left behind in ensuring that we're creating safe spaces for people who have little means to protect themselves,” she said.

A spokesperson for the California Department of State Hospitals said it doesn't comment

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WEDNESDAY AUGUST 5 4:47 PM

California Health Care Workers Urge Senate to Pass Coronavirus Relief Package

Health care workers at 24 Bay Area hospitals held protests Wednesday, calling on their employers and the government to do a better job of handling the coronavirus crisis.

The protests were part of a nationwide effort of more than 200 events, led by nurses, urging the U.S. Senate to pass the HEROES Act. If passed, it would invoke the Defense Production Act and trigger a mass production and delivery of personal protective equipment (PPE) and other medical supplies. It would also mandate the federal Occupational Safety and Health Administration (OSHA) to establish an emergency temporary standard on infectious diseases.

Zenei Cortez, a registered nurse and president of the California Nurses Association, says health care workers need “optimal” PPE, especially as COVID-19 cases continue to rise.

“We have been protesting and demanding many, many times, and still they have failed us,” Cortez said, “I don't think they're even trying. Nurses continue to put their lives on the line, and so the number of deaths among nurses and other front-line workers continues to go up.”

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pandemic,” said a Kaiser Permanente spokesperson in a statement. “We could not have achieved this without the diligent work of our staff to follow PPE protocols and conservation efforts.”

Other demands from the health care workers include better staffing and contact tracing efforts by employers, for the government to invest in public health and for the dismantling of structural racism that disproportionately affects the lives of Black, Indigenous, and people of color.

According to the [California Department of Public Health](#), nearly 25,000 health care workers have tested positive for the virus and 131 have died.

— *Julie Chang (@BayAreaJulie)*

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WEDNESDAY AUGUST 5 3:28 PM

Speaker Pelosi Stumps for Democrats' COVID-19 Relief Package

With extra unemployment benefits having run out for millions of Americans who've lost their jobs because of the coronavirus pandemic, House Speaker Nancy Pelosi, D-California, said it's critical the federal government pass another relief package.

The Democrat-controlled House passed the [HEROES Act](#) about three months ago, but it has not been taken up by the Republican-led Senate, which has its own proposal, the HEALS Act. Negotiations are continuing between the parties and President Trump.

During a [virtual discussion](#) with the Public Policy Institute of California, Pelosi said one of the sticking points between the parties is whether to continue paying \$600 in

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people."

Pelosi said there's also disagreement about additional money for state and local governments. Republicans are not proposing any new funds, while Democrats have earmarked \$1 trillion in additional state and local aid.

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The outcome of that negotiation could have a big impact on California. The recently passed state budget includes more than \$11 billion in cuts that could be rescinded if California receives more money from the federal government.

— *Katie Orr* (@[1katieorr](#))

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TUESDAY AUGUST 4 9:25 PM

Great Plates Delivered SF Program Extended Through Sept. 9

San Francisco officials have announced the extension of **Great Plates Delivered SF**, a free meal delivery program for eligible seniors experiencing food insecurity during the ongoing coronavirus pandemic, through Sept. 9, 2020. "The program's extension is critical for so many of our older residents, while also supporting local businesses at the same time," Mayor London Breed said in a statement. Gov. Gavin Newsom announced

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Services. In a press briefing Tuesday, McSpadden said dietary restrictions are accommodated, for example, low-sodium, vegetarian or pork-free meals are provided. Great Plates Delivered SF has fed more than 350,000 meals to over 2,500 seniors in need, so far. The majority (more than 80%) of food vendors and restaurants participating in the program are minority owned.

McSpadden said food insecurity in San Francisco saw about 1 in 4 people needing help *before* the coronavirus hit. She said the city's food partners have reported a surge in need as the pandemic has progressed, with Latinx and Black populations hit particularly hard by both the virus and food insecurity. McSpadden encouraged anyone who needs help to call 415-355-6700 (and press "4") to determine eligibility for Great Plates Delivered SF.

People can also call 311, the general city customer support line, 24-hours-a-day, to get information about this and several other food assistance programs. The line is staffed in multiple languages.

- *Polly Stryker (@hamrashaar)*

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TUESDAY AUGUST 4 8:06 PM

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The California Department of Corrections and Rehabilitation (CDCR) has rejected a group of petitions from several people in San Quentin State Prison.

In July, 42 incarcerated men filed individual petitions for release alleging that the agency violated the Eighth Amendment prohibition on cruel and unusual punishment.

In a rare move last week, a Marin County Superior Court judge grouped these petitions into one case and ordered CDCR to issue a response.

The agency rejected the petitions arguing that those incarcerated did not go through proper channels to file grievances with prison staff and failed to provide enough evidence to demonstrate that officials acted indifferently.

Charles Carbone, an attorney representing 20 of the petitioners disagrees. “The proof is in the pudding,” he said. “The proof is in the 22 people that died these preventable deaths.” As of August 4, San Quentin reported 2,210 confirmed cases of COVID-19 and 22 deaths.

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Marin County Superior Court is expected to present a ruling on the petitioner’s case by the end of the month.

— Shannon Lin ([@LinshannonLin](#)), Lakshmi Sarah ([@lakitalki](#))

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TUESDAY AUGUST 4 1:49 PM

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Elementary schools on the state's coronavirus watchlist can apply to reopen in-person classes.

The **new guidelines** — released by California's Department of Public Health on Monday — allow public, charter and private schools to petition their local public health departments for permission to reopen, but only for transitional kindergarten through sixth grade.

However, if the rate of COVID-19 cases in the county is more than two-times the threshold to be on the **county monitoring list** — 200 cases per 100,000 residents over a period of two weeks — the state recommends that schools do not apply for the waiver, as they will likely not qualify.

Schools must also show they have consulted with parents, community and labor organizations.

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But some are concerned that reopening school campuses this way raises equity issues.

"A school in Moraga, just because there are fewer essential workers, therefore fewer cases, shouldn't be able to open if we haven't got it under control in Richmond," said Marissa Glidden, who's part of a teachers union collective calling for no waivers at all because of these concerns.

Glidden said 29 teachers unions in Alameda and West Contra Costa counties have signed a letter to public health officials calling for ZIP code data to be used, rather than county averages.

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— Julia McEvoy (@juliamcevoy1)

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MONDAY AUGUST 3 9:36 PM

Judge Upholds SF Eviction Moratorium

A Superior Court judge has issued a ruling to uphold San Francisco's eviction moratorium, which was put in place to protect tenants who have fallen behind on rent during the pandemic.

Several real estate and landlord groups [filed a lawsuit against the city in June](#), arguing that the moratorium was unconstitutional and a violation of state law.

Superior Court Judge Charles F. Haines ruled Monday that the moratorium was a permissible use of the city's powers, and that it doesn't violate the state's emergency orders.

"This is a resounding victory for vulnerable tenants in San Francisco," Supervisor Dean Preston said in a statement. "I have said from the start, we will not stand by and watch thousands of San Franciscans become homeless because of a pandemic they cannot control."

Yet the groups that filed the suit, including the San Francisco Apartment Association, the San Francisco Association of Realtors, Coalition for Better Housing and Small Property Owners of San Francisco Institute, did not immediately rule out an appeal of the decision.

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Those groups argued that the moratorium places an extra burden on small landlords that rely on renters to help them pay their mortgages and other bills. They said they were "disappointed" with the judge's decision.

"Small property owners who have not been able to collect rent since April are struggling with their own mortgages and expenses," the apartment association and other organization wrote, in a statement. "We are reviewing our options moving forward. In the meantime, we remain hopeful that Congress will pass a relief package which includes meaningful financial support for renters and out-of-work individuals."

The ordinance also prohibits late fees and penalties for people struggling to pay rent, but it does not excuse renters from ultimately having to pay it back.

Joseph Tobener, a prominent Bay Area tenants attorney, warned people should pay rent if they can, as any appeal of the superior court decision would place the eviction moratorium on a shaky legal foundation.

"This was always going to be appealed," he said, "that rent might become due sooner than everyone thinks."

— Erika Kelly (@erikakelly100)

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News > **Health** • News

Coronavirus: San Francisco to move 200 homeless residents from hotels into housing



Philanthropic dollars will pay for first 18 months

By **MARISA KENDALL** | mkendall@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: July 9, 2020 at 10:27 a.m. | UPDATED: July 13, 2020 at 12:05 p.m.

San Francisco will move 200 homeless residents out of the hotels where they've been temporarily sheltering during the pandemic, and into housing, Mayor London Breed said Thursday.

The announcement marks the city's first step toward answering a question that has plagued activists and experts for months: What will happen to homeless community members once the coronavirus crisis is over, and temporary shelter programs end?

Cities and counties across the Bay Area have moved thousands of people off the streets, out of group shelters and into vacant hotel rooms, in an effort to allow them to shelter-in-place safely. But those programs won't last forever. And in a region that already has a marked shortage of housing for homeless residents, some advocates worry people will leave the hotels and end up back outside.



To avoid that, San Francisco has promised to move 200 people into long-term rental units by the end of the year, using a new \$11 million pool of donated funds. The city already has moved 12 people as part of a pilot program.

“Even as we have implemented emergency responses to COVID-19, we have remained focused on long term solutions to homelessness, particularly more housing,” Breed wrote in a news release. “The Flexible Housing Subsidy Pool is an innovative and cost-effective way to get our unhoused residents out of temporary shelters, off the streets, and into permanent homes.”

San Francisco had leased 2,407 hotel rooms as of Tuesday — 1,860 of which were occupied, according to state data. The program is part of a state-wide initiative dubbed [Project Roomkey](#), which provides federal reimbursements to counties that use hotel rooms to shelter homeless residents who have COVID-19, may have the virus, or are particularly vulnerable to infection because of their age or health.

Gov. Gavin Newsom is encouraging cities and counties to buy those hotels and turn them into long-term housing for homeless residents, and has promised funding to help.

In the meantime, San Francisco will tap into its new Flexible Housing Subsidy Pool, or “Flex Pool,” to house residents currently living in the hotels. City staff will refer eligible residents to the program. Nonprofit Brilliant Corners will identify landlords with vacant units available throughout the city, and match homeless residents to those units.

Renters will contribute 30% of their income, and the Flex Pool will pay the rest. Residents can continue receiving the rental subsidy for the rest of their lives, if they need it, said Stephany Ashley, Northern California director of housing services for Brilliant Corners.

“Even if you pay someone’s rent for the rest of their lives ... not only is it the morally right thing to do, it’s also cheaper than allowing them to remain on the street for the rest of their lives,” she said, referencing the money the government spends on emergency services for unhoused people each year.

Donations from Tipping Point Community, Dignity Health and Crankstart will fund the Flex Pool for the first 18 months. After that, the city will take over funding.

Brilliant Corners has been operating a similar program in Los Angeles County since 2014, through which it has moved more than 8,000 homeless people into rental units. Residents who participate in the program get a housing coordinator and a case manager to make sure they stay housed, and to help resolve any disputes that may arise between the tenant and landlord.



Proponents of the program say finding existing, vacant units to house homeless residents is more efficient than waiting years for new affordable housing to be built. And it can be cheaper than leasing hotel rooms.

The San Francisco program and its 200-person goal is a great start, said Jennifer Friedenbach, executive director of the Coalition on Homelessness. But her organization will be pressuring the mayor and the Board of Supervisors to set aside more money for the effort.

“We definitely need to bump up the numbers, for sure,” she said.

“One of the residents already housed through San Francisco’s pilot program is 47-year-old Roland Limjoco. After being homeless for several years, he moved into a studio apartment last month.

“I feel less stressed now,” Limjoco said, according to a city news release. “Here in my new place, it is great, quiet, and I have a nice view. I never had this before.”

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Marisa Kendall | Housing reporter

Marisa Kendall covers homelessness as part of the Bay Area News Group's housing team. She previously covered litigation for The Recorder in San Francisco, and started her career reporting on



crime and breaking news for The News-Press in Southwest Florida.

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POLITICS

Bay Area counties can spend millions buying hotels for homeless people, but timeline is tight

Alexei Koseff

July 29, 2020 | Updated: July 29, 2020 9:29 p.m.



Coronavirus Local Food Election Sporting Green Biz+Tech Culture Desk Datebook US & World OJ



Contra Costa County is considering buying two properties with 150-200 rooms each, including a Motel 6 in Pittsburg.

Photo: Brittany Hosea-Small / Special to The Chronicle

Bay Area officials are racing to put together proposals to buy hotels and motels as the state prepares to hand out hundreds of millions of dollars for properties that can be turned into permanent housing for homeless people.

thousands of homeless people into hotel rooms during the coronavirus pandemic.

But there’s a catch: The money must all be spent by the end of the year, turning a typically prolonged development process into a sprint. Officials in Alameda, Contra Costa and San Francisco counties said they are putting out requests for interest, evaluating properties and negotiating prices so they can submit applications by Aug. 13, when the state will begin awarding grants.

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“But that’s how COVID is. Everything is operating in hyper-speed,” said Kerry Abbott, director of Alameda County’s Office of Homeless Care and Coordination.



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Chronicle photographer Gabrielle Lurie and reporter Sarah Ravani talk about the year they spent following Theo, who's...

00:00:00



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Back in early April, Gov. Gavin Newsom announced Project Roomkey, funded largely by federal coronavirus relief aid to the state. It gives money to counties to move homeless people who were infected or exposed to the coronavirus, or are particularly vulnerable to it, into hotel rooms to isolate.

The program has been criticized for making slow progress in placing people and having strict requirements that exclude the vast majority of the state’s homeless population, which surged to more than 151,000 people last year.



[Coronavirus](#) [Local](#) [Food](#) [Election](#) [Sporting Green](#) [Biz+Tech](#) [Culture Desk](#) [Datebook](#) [US & World](#) [Opinion](#)

Contra Costa County is also looking at purchasing the Courtyard Marriott in Richmond for supportive housing for the homeless. Counties and cities must spend the money coming in under a new Homekey program by the end of the year. Photo: Brittany Hosea-Small / Special to The Chronicle

But at a news conference last month, Newsom said more than 14,200 people were now staying at 293 hotels throughout the state because of Project Roomkey. With that foothold in addressing California's homelessness crisis, county leaders are hoping to avoid sending those people back to the streets — and the new state funding to pay for long-term housing with on-site supportive services could provide the first step.

“If we’re going to solve the magnitude of this crisis,” Newsom said, “we’ve got to do something faster, with more intention. We’ve got to do something much more aggressively, differently.”

When Alameda County began leasing hotels this spring to shelter people, it was already considering buying them to create long-term housing. Abbott said several hotel owners signed purchase options in their leases, while others who did not want to temporarily rent rooms for homeless people expressed interest in selling to the county.

would not say which hotels and motels are under consideration, but said they ranged in size from fewer than 50 rooms to more than 200.

Homelessness Crisis



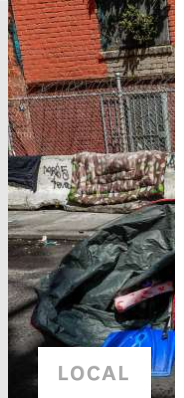
Theo: Homeless at age 7



LOCAL

BY KEVIN FAGAN

'The real pandemic is



LOCAL

BY KEVIN FA

Bay Area

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Abbott said the process has been like “budget Tetris,” trying to figure out how to make the money stretch the furthest while also considering the geographic diversity, safety and condition of sites and whether the county can close a deal on the accelerated timeline. The Homekey funding primarily comes from aid that Congress approved for California in a coronavirus relief bill, which requires the state to spend it by Dec. 31.

Alameda County has leased 862 hotel rooms so far, with pending leases for 226 more, Abbott said. Officials hope they can use the new funding to buy many of them.

“This is a great opportunity,” Abbott said, “and it’s a small portion of what we all need to bring together to close the gap.”

The state expects that about \$100 million of the Homekey money will be available for the nine Bay Area counties to buy hotels and motels, as well as vacant residential buildings — enough to add at least several hundred new permanent supportive housing units in the region. To get the aid, cities and counties must show they can provide services to residents.

“The biggest issue is that there’s not enough funding for all the worthy applications that will be submitted,” said Contra Costa County Supervisor John Gioia.



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DJ and Ashley Haynes take down their tent on McAllister Street while being relocated to a shelter-in-place hotel in San Francisco in June. A new program created in the state budget will provide cities and counties with millions of dollars to buy hotels to house homeless people.

Gioia said Contra Costa County has leased close to 600 hotel rooms through Project Roomkey. It is looking at bidding to buy two properties that each have between 150 and 200 rooms: the Courtyard Marriott in Richmond and a Motel 6 in Pittsburg, where Newsom held a June news conference.

Gioia said many people who live in encampments say they would move to their own room, but not a shelter. Although the new funding is far short of what’s needed, he said, “we really have an opportunity to make major progress in housing those that are unsheltered.”

months.



Fifth & Mission

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Abigail Stewart-Kahn, interim director of the city’s Department of Homelessness and Supportive Housing, said 200 of the first-year rooms will be paid for with philanthropic money. The city is hoping to buy as many of the remaining 800 as possible with the new Homekey funding.

[The following text is partially obscured by a redaction line.]

Coronavirus Local Food Election Sporting Green Biz+Tech Culture Desk Datebook US & World Oj

need to spend the Homekey money quickly gives her department an opportunity to strike while the cost is cheaper in San Francisco.

“I keep likening this to the mayor setting a moon shot,” Stewart-Kahn said. “But we now need to be like NASA and figure out how to make it happen.”

Alexei Koseff is a San Francisco Chronicle staff writer. Email: alexei.koseff@sfchronicle.com Twitter: @akoseff

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9A. PIT Count

The 2019 Homeless Point-in-Time (PIT) Count conducted by the City and County of San Francisco (City) found 8,035 people experiencing homelessness, 5,180 unsheltered. Achieving a 5% reduction in the total PIT Count, controlling for inflow, would require adding 401 units of new permanent supportive housing (PSH). Given the level of funding available and the operational constraints of a PSH building, it is not possible to achieve this 5% reduction in a single project in San Francisco. However, this project is a key piece of San Francisco Mayor London Breed's Homelessness Recovery Plan to add 1,500 PSH units over the next two years, addressing 19% of the 2019 PIT count and ensuring that no one exits from COVID-19 emergency housing to the street. This Homekey project along with 145 units of new PSH at 833 Bryant Street opening in 2021, and 200 new scattered site housing subsidies for formerly homeless individuals, made possible through Tipping Point Community in 2020, will enable the City to exceed this 5% reduction in the PIT count next year.

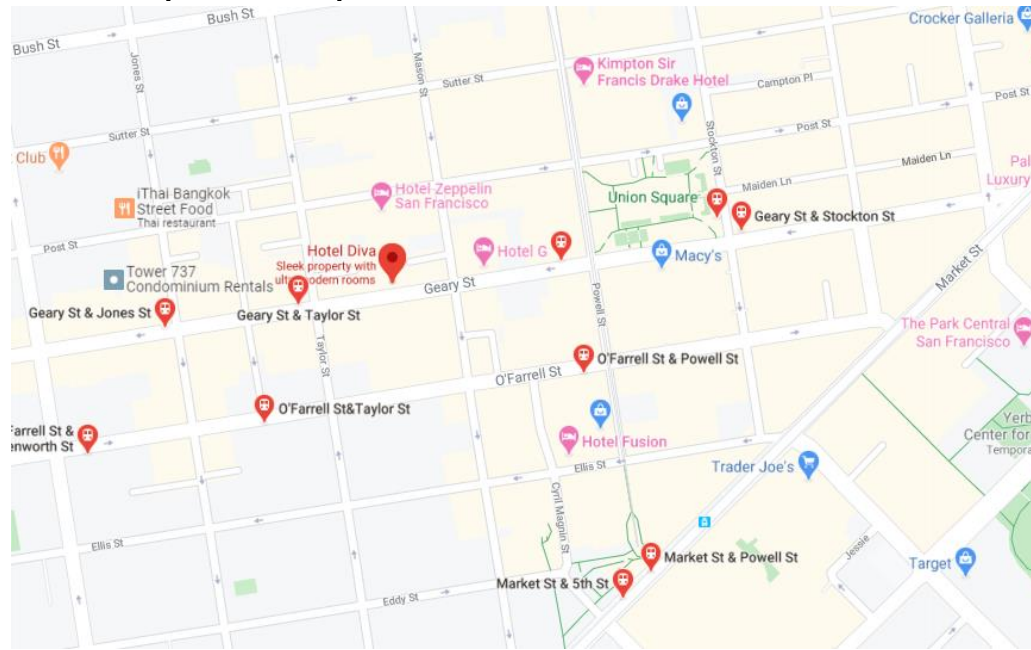
City of San Francisco Homekey Application
 Program Evaluation: Site Selection Qualifying Evidence

Property Location:

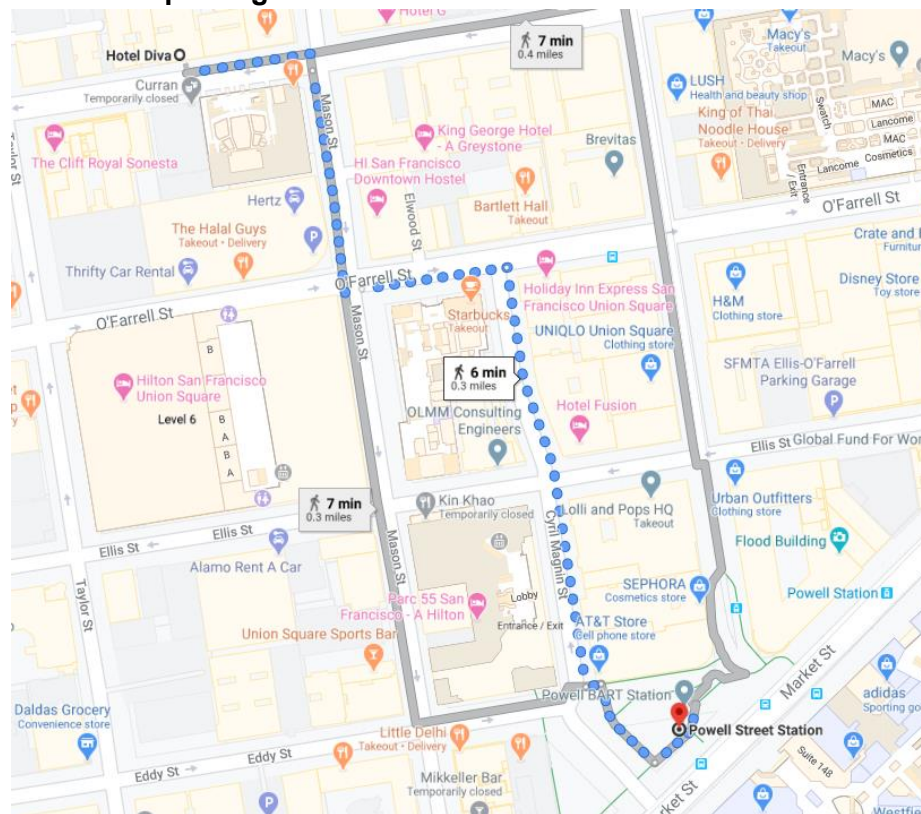
**440 Geary Street (currently “Hotel Diva”)
 San Francisco, CA 94102**

Amenity	Distance to Closest
Transit Stop	335 feet
<i>Bus Stop: Geary & Taylor</i>	335 feet
<i>Light Rail Stop: Powell Street Station</i>	.3 miles
Grocery Store	.4 miles
<i>Trader Joe's, 10 4th St, San Francisco, CA 94103</i>	.4 miles
<i>Target 789 Mission St, San Francisco, CA 94103</i>	.5 miles
Health Facility	.5 miles
<i>St. Anthony's Medical Clinic, 150 Golden Gate Ave 2nd floor, San Francisco, CA 94102</i>	.5 miles
<i>St. Francis Memorial Hospital 900 Hyde St, San Francisco, CA 94109</i>	.5-.6 miles - entrance dependent
Book-Lending Public Library	.8 miles
<i>San Francisco Public Library, 100 Larkin St, San Francisco, CA 94102</i>	.8 miles
Pharmacy	.4 miles
<i>Walgreens Pharmacy, 500 Geary St, San Francisco CA 94102</i>	322 feet
<i>Walgreens Pharmacy, 825 Market St, San Francisco, CA 94103</i>	.4 miles

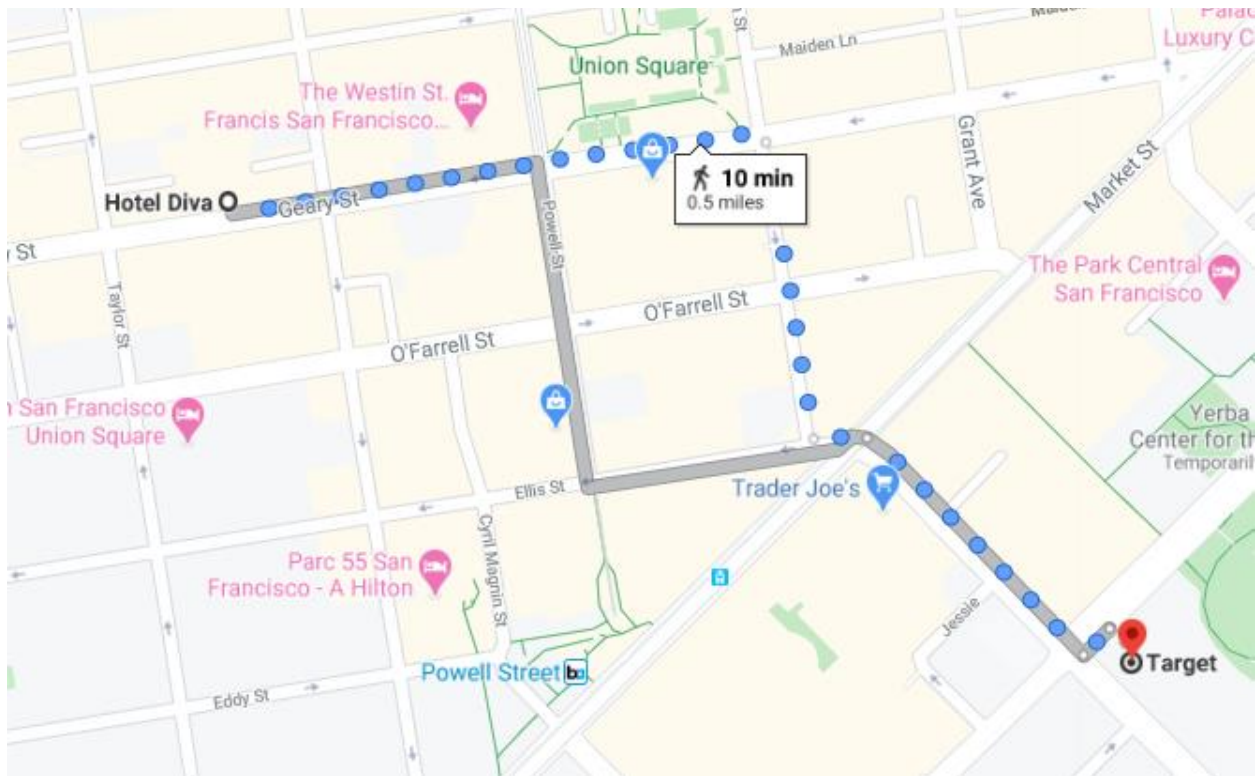
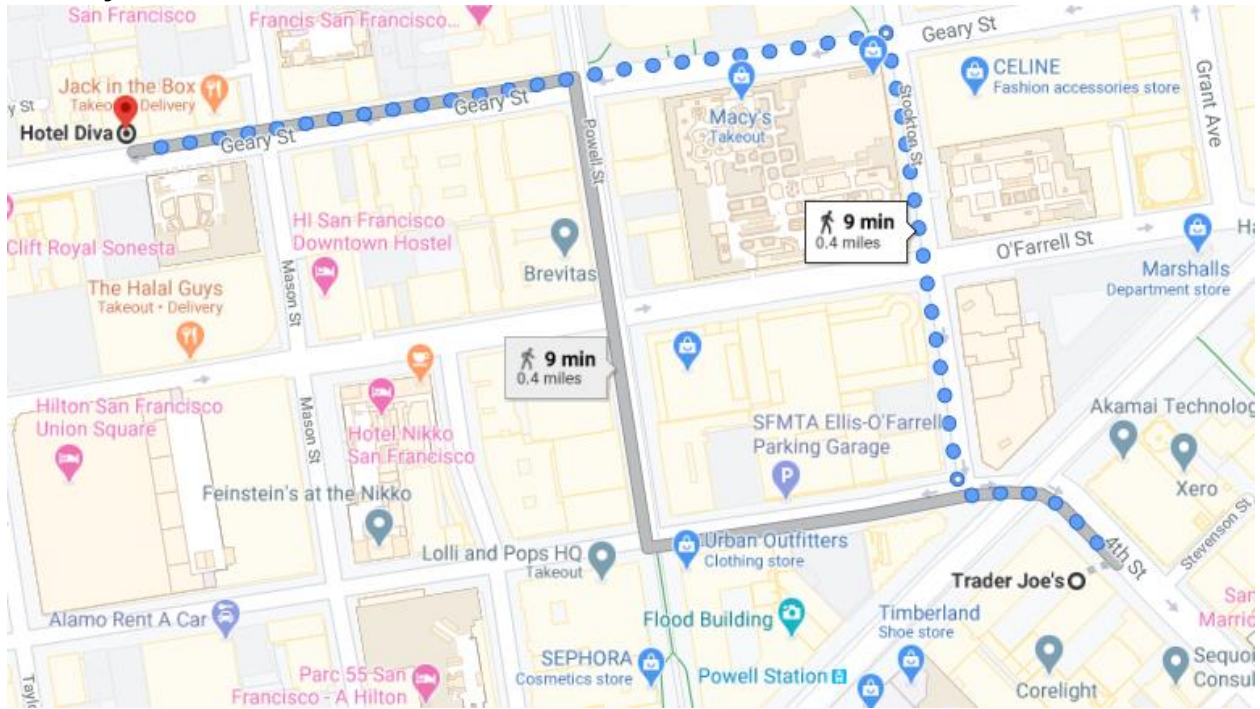
Transit Stops - Bus Stops



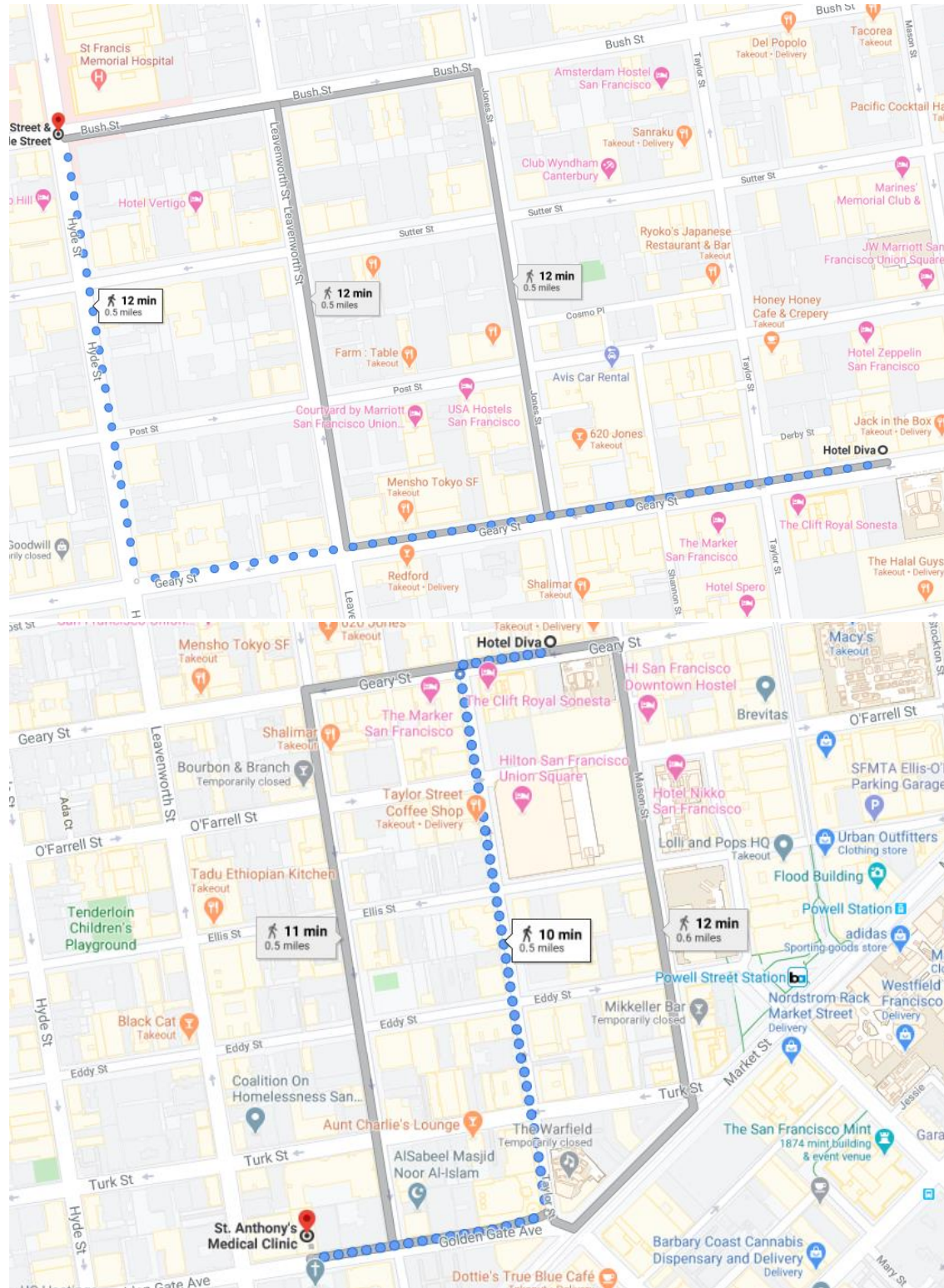
Transit Stops - Light Rail



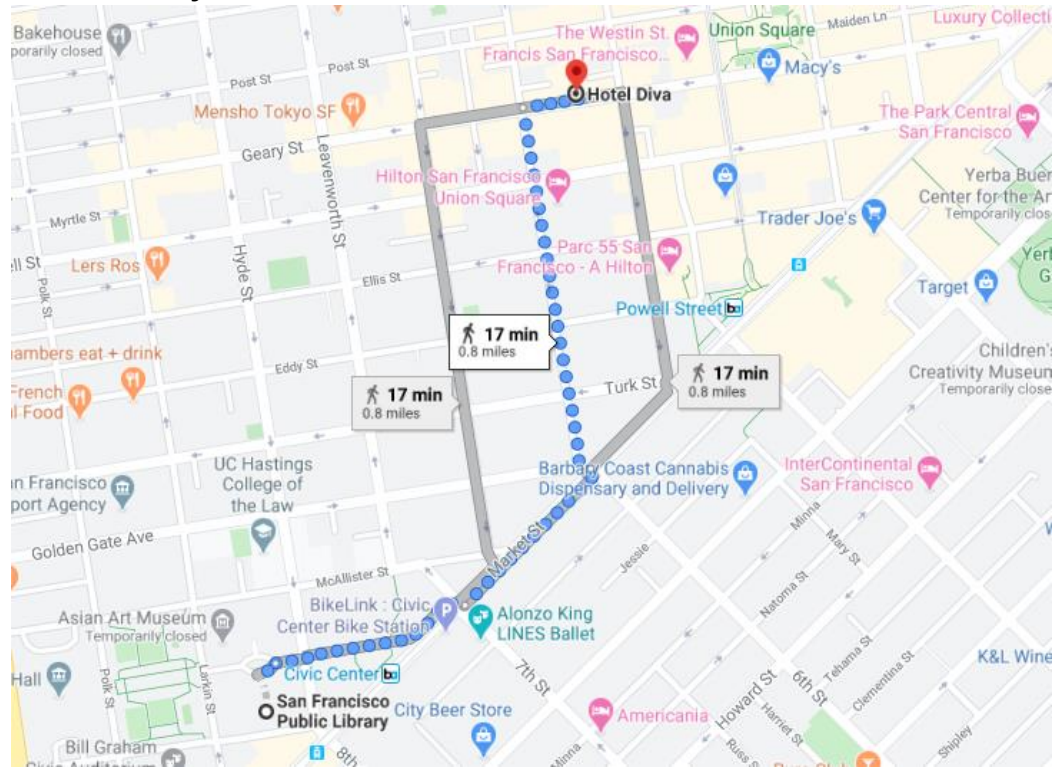
Grocery Stores



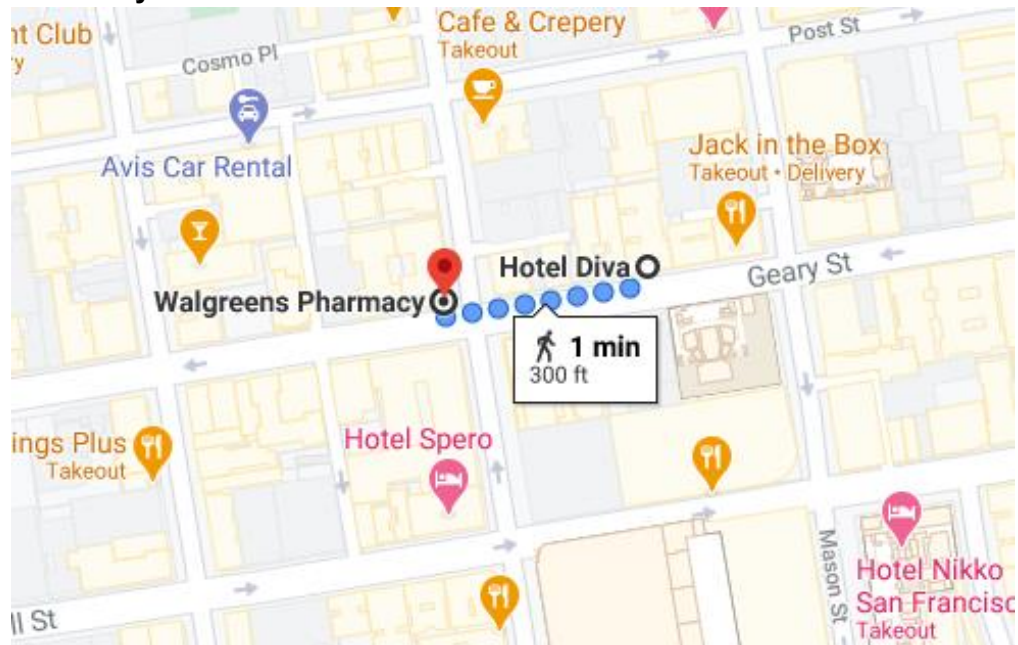
Health Facilities

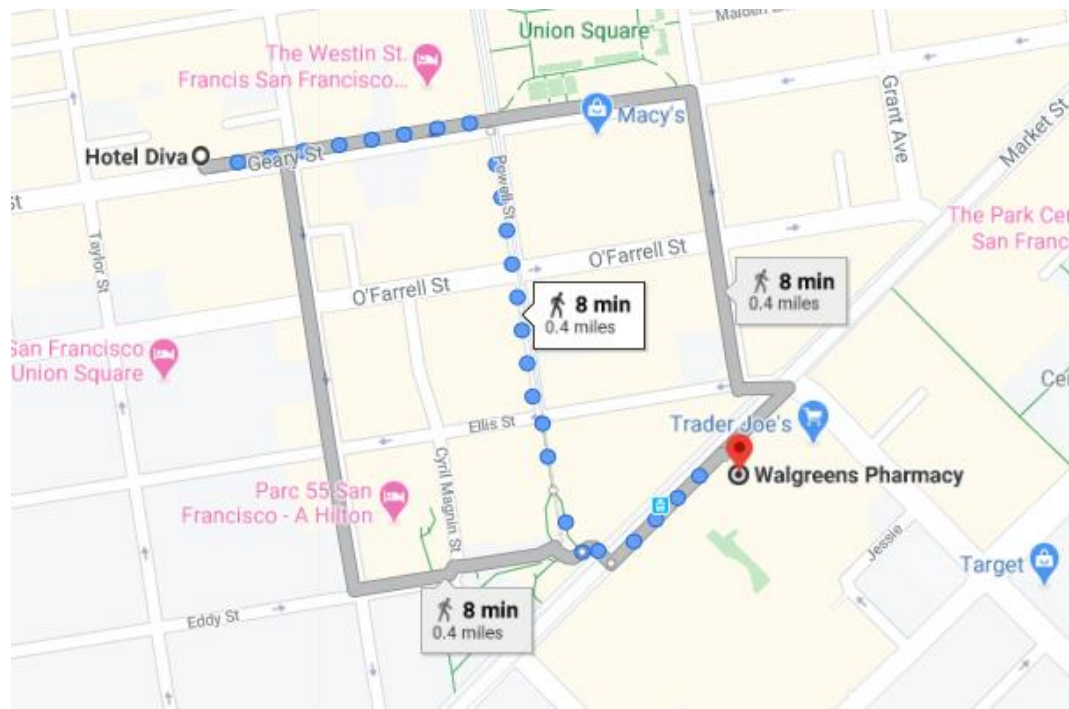


Public Library



Pharmacy







September 25, 2020

The Diva Relocation Plan

The Diva is not anticipated to require any large-scale site work and is in excellent condition. There is no relocation work required.

HCD - Homekey Timeline Template

Subject	Objective	Description	Start Date	Finish Date	Note
1.0					
Requirments	Standard Agreement	Review SA upon award estimated in September, execute by November before Close of Escrow on property.	9/1/20	11/16/20	see desc.
	Site Control	Enter into LOI in August, Close of Escrow in November	8/1/20	11/30/20	see desc.
	Identifying Development Team	Team was identified upon NOFA issuance, and before application submittal.	7/16/20	8/6/20	see desc.
	Appraisal Document	Appraisal to be started after execution of LOI	8/28/20	10/13/20	see desc.
	Physical Needs Assessment	PNA to be started after execution of LOI	8/28/20	10/13/20	see desc.
	Accessibility and Non-Discrimination Statement	Submitted with application	8/11/20	8/11/20	see desc.
	Preliminary commitment for Title Insurance	Title search for commitment to begin after execution of LOI	8/28/20	10/13/20	see desc.
	Liability Insurance Coverage	Coverage with HCD as Add'l Insured to begin upon execution of S.A	9/1/20	11/16/20	see Description
	Applicant Compliance Certification	Submitted with application	8/10/20	8/10/20	see Description
	Certification of Occupancy	Site is a tourist hotel and is currently in use as Shelter In Place hotel for homeless; occupancy already established	11/30/20	11/30/20	see Description
2.0					
Entitlements	Change of Use	Conversion of tourist hotel to permanent residential use	11/1/20	2/18/20	see Description
3.0					
Permits	Building Permits	Submitted date and receipt of permit date	10/15/20	11/30/20	see Description
4.0					
Environmental Clearance	Site Assessment	Phase I to be started after execution of LOI	8/28/20	10/20/20	see Description
	Submitting Documents	SB 35 Application	10/1/20	10/15/20	see Description
	CEQA Clearance (even if using exemption the applicant must document the exemption)	CEQA Clearance established through SB 35	10/1/20	11/30/20	see Description
	NEPA Clearance (if using local federal funding awards to support proposed activities)	Not Applicable	N/A	N/A	see Description
5.0					
Board or Governing Body Approval	Authorizing Resolution	City and County of San Francisco (CCSF), Lead Applicant Intro and Approval	8/18/20	9/15/20	see Description
	Authorizing Resolution	Episcopal Community Services (ECS), Co-Applicant	8/10/20	10/1/20	see Description
6.0					
Closing Process	Closing Date	Intend to close on property acquisition by 11/30, but no later than 12/30 depending on due diligence needs or receipt of HCD Funding	11/30/20	12/30/20	see Description

Note:

Applicants are required to provide answers to all lines above, even if the response is "Not Applicable."

Applicants should include all key milestones (tracked for the proposed project) to aide in the partnership between the Department and the applicant.

Applicants can add other items as needed to clarify objectives and the implementation process.

The Diva Readiness Narrative

The Department of Homelessness and Supportive Housing (HSH) and its City and Non-Profit Partners are laser-focused on providing care for people experiencing homelessness during this public health emergency. The City and County of San Francisco's response to COVID-19 includes establishing the COVID-19 Alternative Housing Program to provide emergency, temporary housing and shelter options for the City's most vulnerable populations, a vast majority of which are for people experiencing homelessness. The City is using private hotel rooms, as well as a variety of other types of facilities, to establish these safe spaces for residents to isolate, quarantine, or shelter in place. Currently there are 3,378 total active Alternate Housing Units of which 2,013 are occupied Shelter-in-Place (SIP) hotel units, which includes the 130 units at The Diva Hotel.

The City and County of San Francisco entered into an agreement with the owners of The Diva Hotel on April 28th, 2020 in which the City will use the 130 rooms to further the public health and safety in connection with its response to the Local Emergency by sheltering (a) people within vulnerable populations who have not knowingly tested positive for the Covid-19 virus and are not under medical quarantine. ECS entered into a grant agreement on April 9, 2020 with The Department of Homelessness and Supportive Housing (attached) to provide staffing and services at temporary SIP Sites in response to the public health emergency, COVID-19 on a time-limited and as-needed basis to six SIP sites (one of which is The Diva Hotel). Some of the services ECS is providing includes: onsite case management, mental health services, administrative oversight, janitorial, meal service, reporting of critical incidents, and reporting to FEMA and HSH. The City has control of the site and access to the building through April 27, 2021.

The building is currently 100% occupied with vulnerable San Franciscans who were either unsheltered or living in congregate emergency shelter at the time of Mayor London Breed's Local Emergency declaration on February 25, 2020 and the subsequent supplemental orders. As of September 28th, 2020, the San Francisco Department of Public Health (DPH) report that of the SIP Sites for People Experiencing Homelessness, 43% were unsheltered, 45% are over the age of 51 years old, and 17% identified as African American. Many of the current clients residing at The Diva Hotel will remain as tenants once the building is converted to PSH using the Homekey award, as they are either chronically homeless or at-risk of homelessness. Moreover, all residents at the Diva Hotel will be offered appropriate housing options. The City and ECS is committed to ensuring that the demographics of the tenants of The Diva Hotel are representative of the racial and equitable commitments that are outlined in the

Non-Discrimination Statement & Racial Equity Statement uploaded to HCD on September 29, 2020.

Cash Flow Analysis - The Diva Hotel

Income from Restricted Units based on:		Restricted Rents										Proposed Rents											
<i>*Regulated and Restricted terminology may be used interchangeably.</i>																							
INCOME FROM HOUSING UNITS	Inflation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20		
Restricted Unit Rents	2.5%	234,000	239,850	245,846	251,992	258,292	264,750	271,368	278,152	285,106	292,234	299,540	307,028	314,704	322,572	330,636	338,902	347,374	356,059	364,960	374,084		
Unrestricted Units	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Rental Assistance Payments																							
Program: Rental Subsidy	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Program: Rental Subsidy	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Program: Other Rental Subsidy (specify)	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Operating Subsidies	2.5%	1,560,000	1,599,750	1,638,975	1,679,949	1,721,948	1,764,997	1,809,122	1,854,350	1,900,709	1,948,226	1,996,932	2,046,855	2,098,027	2,150,477	2,204,239	2,259,345	2,315,829	2,373,724	2,433,068	2,493,894		
Other Supportive Services Subsidy	2.5%	390,000	399,750	409,744	419,987	430,487	441,249	452,280	463,587	475,177	487,057	499,233	511,714	524,507	537,619	551,060	564,836	578,957	593,431	608,267	623,474		
GROSS POTENTIAL INCOME - HOUSING		2,184,000	2,238,600	2,294,565	2,351,929	2,410,727	2,470,996	2,532,770	2,596,090	2,660,992	2,727,517	2,795,705	2,865,597	2,937,237	3,010,668	3,085,935	3,163,083	3,242,160	3,323,214	3,406,295	3,491,452		
OTHER INCOME																							
Laundry & Vending	2.5%	234,000	239,850	245,846	251,992	258,292	264,750	271,368	278,152	285,106	292,234	299,540	307,028	314,704	322,572	330,636	338,902	347,374	356,059	364,960	374,084		
Other Income	2.5%	(234,000)	(239,850)	(245,846)	(251,992)	(258,292)	(264,750)	(271,368)	(278,152)	(285,106)	(292,234)	(299,540)	(307,028)	(314,704)	(322,572)	(330,636)	(338,902)	(347,374)	(356,059)	(364,960)	(374,084)		
Commercial Income	2.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
GROSS POTENTIAL INCOME - OTHER		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
GROSS POTENTIAL INCOME - TOTAL		2,184,000	2,238,600	2,294,565	2,351,929	2,410,727	2,470,996	2,532,770	2,596,090	2,660,992	2,727,517	2,795,705	2,865,597	2,937,237	3,010,668	3,085,935	3,163,083	3,242,160	3,323,214	3,406,295	3,491,452		
VACANCY ASSUMPTIONS																							
Restricted Units	5.0%	11,700	11,993	12,292	12,600	12,915	13,237	13,568	13,908	14,255	14,612	14,977	15,351	15,735	16,129	16,532	16,945	17,369	17,803	18,248	18,704		
Unrestricted Units	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Tenant Assistance Payments	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other: (specify)	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Laundry/Vending/Other Income	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Commercial Income	50.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL VACANCY LOSS		11,700	11,993	12,292	12,600	12,915	13,237	13,568	13,908	14,255	14,612	14,977	15,351	15,735	16,129	16,532	16,945	17,369	17,803	18,248	18,704		
EFFECTIVE GROSS INCOME		2,172,300	2,226,608	2,282,273	2,339,330	2,397,813	2,457,758	2,519,202	2,582,182	2,646,737	2,712,905	2,780,728	2,850,246	2,921,502	2,994,540	3,069,403	3,146,138	3,224,792	3,305,411	3,388,047	3,472,748		
OPERATING EXPENSES & RESERVE DEPOSITS																							
Residential Exp. (w/o Real Estate Taxes & Sup. Services)	3.5%	1,582,620	1,638,012	1,695,342	1,754,679	1,816,093	1,879,656	1,945,444	2,013,535	2,084,008	2,156,949	2,232,442	2,310,577	2,391,447	2,475,148	2,561,778	2,651,441	2,744,241	2,840,289	2,939,700	3,042,589		
Real Estate Taxes	2.0%	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438	2,487	2,536	2,587	2,639	2,692	2,746	2,800	2,856	2,914		
Supportive Services Costs	3.5%	504,814	522,483	540,770	559,897	579,286	599,561	620,546	642,265	664,744	688,010	712,090	737,014	762,809	789,507	817,140	845,740	875,341	905,978	937,687	970,506		
Replacement Reserve	0.0%	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000		
Other Reserves	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Ground Lease	2.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Commercial Expenses	3.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL EXPENSES & RESERVES		2,167,434	2,240,534	2,316,193	2,394,498	2,475,544	2,559,425	2,646,242	2,736,097	2,829,096	2,925,349	3,024,970	3,128,078	3,234,793	3,345,243	3,459,557	3,577,872	3,700,327	3,827,068	3,958,243	4,094,005		
NET OPERATING INCOME		4,866	(13,927)	(33,920)	(55,169)	(77,731)	(101,667)	(127,040)	(153,915)	(182,359)	(212,444)	(244,242)	(277,832)	(313,291)	(350,703)	(390,154)	(431,734)	(475,536)	(521,656)	(570,196)	(621,261)		
DEBT SERVICE																							
1st Mortgage Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
2nd Mortgage Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
3rd Mortgage Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
4th Mortgage Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
5th Mortgage Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Required Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
CASH FLOW after all debt service		4,866	(13,927)	(33,920)	(55,169)	(77,731)	(101,667)	(127,040)	(153,915)	(182,359)	(212,444)	(244,242)	(277,832)	(313,291)	(350,703)	(390,154)	(431,734)	(475,536)	(521,656)	(570,196)	(621,261)		
DEBT SERVICE COVERAGE RATIO		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
HOMERAY 24-Month Operating Subsidy																							
ANALYSIS - If applicable																							
Net Operating Income		4,866	(13,927)	(33,920)	(55,169)	(77,731)	(101,667)	(127,040)	(153,915)	(182,359)	(212,444)	(244,242)	(277,832)	(313,291)	(350,703)	(390,154)	(431,734)	(475,536)	(521,656)	(570,196)	(621,261)		
Cash Flow after all debt service		4,866	(13,927)	(33,920)	(55,169)	(77,731)	(101,667)	(127,040)	(153,915)	(182,359)	(212,444)	(244,242)	(277,832)	(313,291)	(350,703)	(390,154)	(431,734)	(475,536)	(521,656)	(570,196)	(621,261)		
24-Month Operating Subsidy Draw (5% Distribution):		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Cash Flow after 24-Month Operating Subsidy		4,866	(13,927)	(33,920)	(55,169)	(77,731)	(101,667)	(127,040)	(153,915)	(182,359)	(212,444)	(244,242)	(277,832)	(313,291)	(350,703)	(390,154)	(431,734)	(475,536)	(521,656)	(570,196)	(621,261)		
Net Operating Income after 24-Month Operating Subsidy		4,866	(13,927)	(33,920)	(55,169)	(77,731)	(101,667)	(127,040)	(153,915)	(182,359)	(212,444)	(244,242)	(277,832)	(313,291)	(350,703)	(390,154)	(431,734)	(475,536)	(521,656)	(570,196)	(621,261)		
DSCR with 24-Month Operating Subsidy		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
1. Year 1 Cash flow after all debt service is less than 12% Operating Reserves. 2. This amount is the max draw available for the year.																							

Non-Discrimination Statement & Racial Equity

Non-Discrimination Statement.

The City and County of San Francisco (City) prohibits discrimination in all its housing programs, and memorializes this prohibition in its contractual agreements, as it will in its funding agreement for 440 Geary (Project). The City and ECS agree 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 the Homekey NOFA. The City and ECS further agree that they shall comply with the requirements contained in the Americans with Disabilities Act, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Act, Government Code Section 11135, Section 504 of the Rehabilitation Act, and regulations promulgated pursuant to those statutes, including 24 C.F.R. Part 100, 24 C.F.R. Part 8, and 28 C.F.R. Part 35, in all of their Homekey activities.

The Project and Racial Equity.

On January 24, 2019, the San Francisco Point-in-Time (PIT) Count identified 8,035 people experiencing homelessness in San Francisco, a 17% increase since 2017. A six-year trend of comparable Point-in-Time Count data identified a 15% increase in the number of persons experiencing homelessness in San Francisco between 2013 and 2019. However, homelessness has not affected all communities equally, and racial inequity has played a determining factor in who experiences homelessness, with a disproportionate number of people of color experiencing homelessness compared to the City's general population. For example, 37% of PIT survey respondents identified as Black or African American compared to 6% in the general population. 5% identified as Asian compared to 36% in the general population; 29% identified as White compared to 53% of the general population and 22% identified as Multi-racial compared to 5% of the general population. About 18% of survey respondents indicated their racial ethnicity as Hispanic or Latinx compared to 15% in the general population.

Similarly, COVID-19 has disproportionately impacted certain racial groups in San Francisco. According to data collected by the San Francisco Department of Homelessness and Supportive Housing (HSH), at least 39% of HSH clients staying in temporary Shelter-In-Place (SIP) hotel units, provided by the City in response to COVID-19, are Black or African American.

The City and County of San Francisco has shown its commitment to dismantling racial inequality among people experiencing homelessness and disproportionately impacted by COVID-19. At a broad, City-wide level, Mayor London Breed established an Office of Racial Equity to oversee City departments' progress to reverse policies that previously created, upheld, or exacerbated racial disparities. Correspondingly, the San Francisco Planning Commission adopted Resolution No.20738 on June 11, 2020, which the Planning Department's work program and resource allocation on racial and social equity. City agencies, led by the Human Right Commission (HRC), are defining racial equity, consistent with the Government Alliance on Race and Equity (GARE), as the point at which race can no longer be used to predict life outcomes, and outcomes for all racial groups are improved.

At a more targeted level, HSH has for many years incorporated equity principles and practices to address how resources, especially housing, are allocated among those most affected by homelessness, namely lower income people of color. In 2017, The City launched San Francisco Coordinated Entry (CE) after three years of piloting a previous triaging system that prioritized people only by their length of time homeless. The improved San Francisco Coordinated Entry System prioritizes people experiencing homelessness for housing based on vulnerability— physical health, behavioral health and history of trauma, barriers to housing-- frequency of arrest and history of evictions, and chronicity of homelessness. Housing opportunities are allocated to people experiencing the greatest needs.

By prioritizing people based on need, partnering with community-based partners to maximize the participation of historically excluded groups, and centering racial equity in the implementation, HSH has demonstrated remarkable progress on equity. A recent external evaluation commissioned by HSH found that Black people are proportionally represented (over 40%) among people experiencing homelessness who are prioritized and placed in housing. In order to maximize the equity of the system, HSH has partnered with 13 San Francisco Community Based Organizations to provide community-based access to Coordinated Entry city-wide, with special attention to neighborhoods where the need is highest.

In their acquisition of the Diva Hotel, the City and ECS will build upon the racial equity advances achieved through Coordinated Entry. Their creation of 130 new units of permanent supportive housing will meet the immediate and urgent need of providing new homes for homeless people living in SIP hotels, a disproportionate number of whom are people of color, as described above. And while the City uses a "Housing First Approach" (the theory that providing housing as a basic necessity is required in order for a person to address employment, mental health and substance abuse issues), ECS's service delivery model will further address the consequences of systemic racism. Residents will have access to a dedicated case manager who can provide individualized and culturally appropriate plans for health, wellness, and empowerment as well as resources to which marginalized people typically have no access.

The best demonstration of ECS's success in addressing racial inequities - as it will continue at 440 Geary Street -- is the demographics of its supportive housing tenants. Approximately 35% of residents living in ECS properties are Black (versus a 6% population number) and 25% are Latinx (versus a 15% population number). The retention rate in ECS buildings averages 93%, proving the efficacy of ECS's work and the ways in which the organization provides redress for racial discrimination.

ECS leadership is committed to advancing racial equity within our organization as well. To that end, we hired Dr. Carole McKindley-Alvarez to work with us on establishing a roadmap and implementation plan on advancing diversity, equity and inclusion (DEI) at ECS. Dr. McKindley-Alvarez is establishing a time-limited DEI working group, whose role will be to assess the programmatic and operational functions of ECS, and use this information to inform a DEI roadmap. The working group will meet twice a week from October 12, 2020 to November 20, 2020, and will involve approximately six hours of work per week



California Department of Housing and Community Development

Homekey

Contact


Application, General Program, and
Standard Agreements Questions

Homekey@hcd.ca.gov

Program Details

- Background Information
- Assistance Type
- Eligible Applicants
- Eligible Uses/Projects
- Anticipated Program Timeline
- Funds Available
- Program Guidelines
- Get Funding - Current Notice of Funding Availability (NOFA)
- Program Forms - Including resolution templates
- Awards
- Management Memos
- Training and Technical Assistance - Includes FAQs, guidance on streamlining and other measures

Background Information

Building on the success of Project Roomkey , Homekey is the next phase in the state's response to protecting Californians experiencing homelessness who are at high risk for serious illness and are impacted by COVID-19.

Administered by the California Department of Housing and Community Development (HCD), \$600 million in grant funding will be made available to local public entities, including cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings and convert them into interim or permanent, long-term housing.

Of the \$600 million in Homekey grant funds, \$550 million is derived from the State's direct allocation of the federal Coronavirus Aid Relief Funds (CRF), and \$50 million is derived from the State's General Fund.

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Each Homekey allocation has the following expenditure deadlines:

- The \$550 million in CRF must be expended by **December 30, 2020**. The Department recognizes this expenditure deadline is challenging; however, the deadline is a requirement of federal CRF funding. The Department will provide ongoing support to assist Grantees in meeting the expenditure deadline, and has already developed an accelerated application and award process.

NOTE: For Projects that involve an acquisition- and are receiving CRF awards, Grantees must expend the funds by the expenditure deadline and the Project escrow must be closed by **December 30, 2020**.

- The \$50 million in State General Funds must be expended by **June 30, 2022**.

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Assistance Type

Under the Homekey program, local entities will partner with the state to acquire and rehabilitate a variety of housing types, including (but not limited to) hotels, motels, vacant apartment buildings, and residential care facilities in order to serve people experiencing homelessness or who are also at risk of serious illness from COVID-19.

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Eligible Applicants

Local entities including housing authorities and federally recognized tribal governments within California.

Cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California, may apply independently as a Development Sponsor or jointly with a non-profit or a for-profit corporation.

Geographic Distribution: Because COVID-19 impacts people experiencing or at risk of homelessness throughout California, HCD is working to ensure jurisdictions throughout the state have an equitable opportunity to apply for Homekey funds. To this end, HCD has divided the state into eight regions, with each region having funding reserved on a time-limited basis during the “priority application” period.

- See details about “Geographic Distribution and Project Prioritization” in the Notice of Funding Availability

Note: Although Homekey builds off the success of Project Roomkey, applications are **not** limited to Project Roomkey sites.

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Eligible Uses / Projects

Awarded funds must be used to provide housing for individuals and families experiencing homelessness or at risk of experiencing homelessness and who are impacted by the COVID-19 pandemic. With respect to the list of eligible uses below, an Eligible Applicant may choose to target Project Roomkey properties, or other, non-Project Roomkey properties.

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- See complete list of eligible uses/example eligible projects in the Notice of Funding Availability.

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Anticipated Program Timeline

For all applicants

- July 16, 2020 - Notice of Funding Availability (NOFA) releases
- July 16, 2020 - August 13, 2020 — Applicant pre-application consultations with HCD, *To request a pre-application consultation, email Homekey@hcd.ca.gov*
- July 22, 2020 - Online application available
- July 22, 2020 - August 13, 2020 — “Priority Application” period.
- July 24, 2020 - Webinar (2:00-4:00 p.m.): Register to attend [🔗](#)
- August 13, 2020 - “Priority Applications” due
- August/September 2020 - Awards made on a rolling basis through fall 2020
- September 29, 2020 - All applications due
- Late November 2020 - HCD redeploys unawarded funds or funds from projects that did not meet milestones

For grantees

- December 30, 2020 - Expenditure deadline for projects that involve an acquisition and received a Homekey award from the \$550 million in federal Coronavirus Relief Funds.
- January 31, 2021 - Deadline for first expenditure report for projects awarded funding from the \$50 million in State General Fund dollars.
- February 1, 2021 - Deadline for “Grantee Expenditure and Program Report” for projects awarded funding from \$550 million in federal Coronavirus Relief Funds.
- July 31, 2021 - Deadline for second expenditure report for projects awarded funding from the \$50 million in State General Fund dollars.
- January 31, 2022 - Deadline for third expenditure report for projects awarded funding from the \$50 million in State General Fund dollars.
- June 30, 2022 - Expenditure deadline for projects that received a Homekey award from the \$50 million in State General Fund dollars.
- July 31, 2022 - Deadline for fourth expenditure report for projects awarded funding from the \$50 million in State General Fund dollars.

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Funds Available

Homekey Grant funds: \$600 million

- \$550 million will be provided by California’s direct allocation of the federal Coronavirus Aid Relief Funds.
 - **Funds must be expended AND project escrow must close by December 30, 2020.**
HCD recognizes this expenditure deadline is challenging; however, the deadline is a requirement of federal CRF funding. HCD has already developed an accelerated application and award process and will provide ongoing support to assist grantees in meeting the expenditure deadline. [Back to Top](#)

- \$50 million will be provided by California's General Fund to supplement the acquisition and provide initial operating funds. **Funds must be expended by June 30, 2022.**

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Program Guidelines

For CEQA and other streamlining allowances, see Training and Technical Assistance.

[Back to top](#)

Get Funding - Current Notice of Funding Availability (NOFA)

Important! Before you apply:

Prior to submitting an application, all applicants are required to engage in a pre-application consultation with HCD and/or the California Department of General Services (DGS). The pre-application consultation will allow the applicant and the department to discuss the applicant's proposed project, along with other applicable programmatic considerations, including those related to property acquisition, the California Environmental Quality Act (CEQA), land use and land entitlements, and long-term financing approaches.

- **To request your pre-application consultation**, email Homekey@hcd.ca.gov.

Applications for this NOFA will be received and reviewed on a rolling, over-the-counter basis until the Coronavirus Relief Fund and the State General Fund moneys are committed.

- [Notice of Funding Availability \(PDF\)](#)
- [Apply online - Homekey Application](#)

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Program Forms

Resolution Templates

- [Local Public Entity as Applicant \(DOC\)](#)
- [Local Public Entity as Co-Applicant \(DOC\)](#)
- [Corporation as Co-Applicant \(DOC\)](#)

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Awards

Awards will be announced as soon as possible (August or September 2020) and continue on a rolling basis through fall 2020.

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Training and Technical Assistance

Please note: Additional training and technical assistance resources will be posted soon.

The Coronavirus Relief Funds released through Homekey include a rapid expenditure deadline of December 30, 2020. As a result, the State commits to providing Technical Assistance to eligible applicants pursuing these investments. Homekey's Technical Assistance includes a range of services from HCD, DGS and other state Departments:

- Webinar (YouTube) – Held July 24, 2020 / Slide deck (PDF)
- Pre-application consultation – **Required *before* application can be submitted to HCD** (see below)
 - Contact Homekey@hcd.ca.gov to request a pre-application consultation.
 - Homekey Complementary Funding Matrix (XLS) – details on federal, state, local and philanthropic sources
 - CEQA Streamlining Question and Answer (PDF)
 - Frequently Asked Questions - **Coming soon**

If eligible applicants have other requests for Technical Assistance, please contact Homekey@hcd.ca.gov

Pre-Application Consultation

Section 201 of the NOFA describes the requirement for a pre-application consultation between eligible applicants and the state. The pre-application consultation will assist the Department in understanding more about the applicant's proposed project (to assist in an expedited review of the application once submitted) and is intended to provide the applicant with Technical Assistance and support from the state. The pre-application consultation will include discussion of the eligible applicant's:

- Status and consideration of activities and opportunities for Homekey
- Need, if any, for guidance or advising from the state to support proposed activities

To schedule a pre-application consultation, email Homekey@hcd.ca.gov.

After the pre-application consultation, the state team remains available to support eligible applicants as they work towards grant milestones and completion of their project. To the extent practical and feasible, Technical Assistance will be tailored to meet the needs of the applicants and could include the following topics and activities:

NOFA or Application Requirements (Services provided include)

- General requirements, documentation (General NOFA and application overview)
- Funding Considerations (Strategic advising and braiding funds)
- Data, research and analysis (Site, neighborhood and risk data, or related maps)
- Land Use Conformity / Entitlements / Planning connections (Housing Elements or APR) / CEQA (Strategic advising)
- Fair Housing and Equity (Data, analysis and integration of equity strategies)
- Real property services (The Department of General Services' Real Estate Services Division (RESD) provides centralized services to state departments including real estate due diligence, property acquisitions and sales, environmental reviews, hazardous materials surveys and remediation, design, construction project management, and inspections. RESD can provide counsel, advice, or similar services for local governments in support of their own acquisitions, upon request.)
- Wage and Labor Requirements (Skilled and Trained Workforce Requirements, Apprenticeship Programs, Local Prevailing Wage Requirements)

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- Continuum of Care (COC) Support (Coordinated entry and other Technical Assistance to COC)

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CAMPAIGNS

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[Flex Alert](#)

[Real ID](#)



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From: [Merlone, Audrey \(CPC\)](#)
To: [BOS Legislation, \(BOS\)](#); [Peacock, Rebecca \(MYR\)](#)
Cc: [Kittler, Sophia \(MYR\)](#); [Schneider, Dylan \(HOM\)](#); [Whitley, Gigi \(HOM\)](#); [Sawyer, Amy \(MYR\)](#); [Keene, Joshua \(ADM\)](#)
Subject: Re: Mayor -- [Resolution] -- [Standard Agreement - California Department of Housing and Community Development - Homekey Grant – Tourist Hotel located at 440 Geary Street - Not to Exceed \$30,000,000]
Date: Wednesday, October 21, 2020 4:52:46 PM
Attachments: [image001.png](#)

Hi All,

Gigi and/or Josh: Can you assist on the agreement dates information the Board requested on the Diva resolution?

In terms of CEQA: This project will be utilizing SB 35 for a CEQA exemption. This project requires a 30-day notice under AB 168 (noticing native tribes), which will not close until just before the Board would take action on the resolution. We have been coordinating with the Planning Department and ensured an exemption will be issued before the full Board needs to act.

Thanks,

Audrey Merlone, Senior Planner
Legislative Affairs/Office of Executive Programs
San Francisco Planning

PLEASE NOTE MY NEW ADDRESS AND PHONE NUMBER AS OF AUGUST 17:

49 South Van Ness Avenue, Suite 1400, San Francisco, CA 94103
Direct: 628.652.7534 | www.sfplanning.org
[San Francisco Property Information Map](#)

Due to COVID-19, San Francisco Planning is not providing any in-person services, but we are operating remotely. Our staff are [available by e-mail](#), and the Planning and Historic Preservation Commissions are convening remotely. The public is [encouraged to participate](#). Find more information on our services [here](#).

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From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Sent: Wednesday, October 21, 2020 2:34 PM
To: Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>
Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>; Merlone, Audrey (CPC) <audrey.merlone@sfgov.org>; Schneider, Dylan (HOM) <dylan.schneider@sfgov.org>; Whitley, Gigi (HOM) <gigi.whitley@sfgov.org>; Sawyer, Amy (MYR) <amy.sawyer@sfgov.org>; Keene, Joshua (ADM) <joshua.keene@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Subject: RE: Mayor -- [Resolution] -- [Standard Agreement - California Department of Housing and Community Development - Homekey Grant – Tourist Hotel located at 440 Geary Street - Not to

Exceed \$30,000,000]

Hello,

Please find attached proof with clerical edits to the titles and to the body of the legislation. Kindly review and confirm that these edits are agreeable.

Also, can you let us know what the agreement term dates are, or will the agreement commence following Board approval? Lastly, as referenced in the legislation on page 3, lines 15 through 19, please provide Planning Department's CEQA determination to be included in the official file.

Thank you.

Lisa Lew
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
T 415-554-7718 | F 415-554-5163
lisa.lew@sfgov.org | www.sfbos.org

(VIRTUAL APPOINTMENTS) To schedule a “virtual” meeting with me (on Microsoft Teams), please ask and I can answer your questions in real time.

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From: Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>

Sent: Tuesday, October 20, 2020 4:30 PM

To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>; Merlone, Audrey (CPC) <audrey.merlone@sfgov.org>; Schneider, Dylan (HOM) <dylan.schneider@sfgov.org>; Whitley, Gigi (HOM) <gigi.whitley@sfgov.org>; Sawyer, Amy (MYR) <amy.sawyer@sfgov.org>; Keene, Joshua (ADM) <joshua.keene@sfgov.org>

Subject: Mayor -- [Resolution] -- [Standard Agreement - California Department of Housing and Community Development - Homekey Grant – Tourist Hotel located at 440 Geary Street - Not to Exceed \$30,000,000]

Attached for introduction to the Board of Supervisors is a **Resolution authorizing the Department**

of Homelessness and Supportive Housing to execute a Standard Agreement and Homekey Documents for up to \$30,000,000 of Homekey grant funds from the California Department of Housing and Community Development to Episcopal Community Services for the acquisition of a 130-room tourist hotel located at 440 Geary Street (Block 0306, Lot 007) for use as Permanent Supportive Housing; approving and authorizing HSH to commit approximately \$27,473,340 in City funds to satisfy local match and operational subsidy requirements for five years; and affirming the Planning Department's determination under the California Environmental Quality Act.

Please let me know if you have any questions.

Rebecca Peacock ([they/she](#))
(415) 554-6982 | Rebecca.Peacock@sfgov.org
Office of Mayor London N. Breed
City & County of San Francisco

From: [Keene, Joshua \(ADM\)](#)
To: [Whitley, Gigi \(HOM\)](#); [BOS Legislation, \(BOS\)](#); [Peacock, Rebecca \(MYR\)](#)
Cc: [Kittler, Sophia \(MYR\)](#); [Merlone, Audrey \(CPC\)](#); [Schneider, Dylan \(HOM\)](#); [Sawyer, Amy \(MYR\)](#)
Subject: RE: Mayor -- [Resolution] -- [Standard Agreement - California Department of Housing and Community Development - Homekey Grant – Tourist Hotel located at 440 Geary Street - Not to Exceed \$30,000,000]
Date: Wednesday, October 21, 2020 5:44:56 PM
Attachments: [image002.png](#)
[201193_RED.docx](#)

Lisa –

My one minor technical addition (as attached) in the long title is to add the modifier: “proposed future” (or some combination thereof you prefer) in front of the newly added Permanent Supportive Housing qualifier. We fully expect the property to become PSH and are facilitating for that purpose, but we don’t want anyone to presume this legislation is requesting that regulatory action, which its inclusion in the long title without qualifying might suggest. I agree with Gigi that all other edits look good.

Regarding the timing of the agreement, it’s a bit of a chicken and the egg situation. We have not yet formally received the “Final Award” (as implied on line 23, page 3), so we cannot execute the Standard Agreement. But....we need an authorizing resolution to receive the Final Award. The concept is that the Standard Agreement will be entered into after this authorizing resolution has been passed and a Final Award is given. So I think it works as drafted with “Upon the Final Award”.

Thanks,

Josh Keene
Special Projects and Transactions Manager
City and County of San Francisco – Real Estate Division
25 Van Ness Ave. Suite 400
San Francisco, CA 94102
(415) 554-9859
(520) 245-7704

Please note:

****I will be out of the office and mostly unavailable between November 2nd – November 11th

From: Whitley, Gigi (HOM)
Sent: Wednesday, October 21, 2020 5:15 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>
Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>; Merlone, Audrey (CPC) <audrey.merlone@sfgov.org>; Schneider, Dylan (HOM) <dylan.schneider@sfgov.org>; Sawyer, Amy (MYR) <amy.sawyer@sfgov.org>; Keene, Joshua (ADM) <joshua.keene@sfgov.org>
Subject: RE: Mayor -- [Resolution] -- [Standard Agreement - California Department of Housing and Community Development - Homekey Grant – Tourist Hotel located at 440 Geary Street - Not to

Exceed \$30,000,000]

Thanks Lisa. These edits work for HSH. Audrey Merlone responded in a separate email to the CEQA question.



Gigi Whitley (she/her)

Deputy Director for Administration and Finance
San Francisco Department of Homelessness and Supportive Housing
gigi.whitley@sfgov.org | M: 415.961.8281 | P: 628.652.7739

For scheduling assistance, please email Alena Nikulina at alena.nikulina@sfgov.org or 415.758.0144

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From: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Sent: Wednesday, October 21, 2020 2:35 PM
To: Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>
Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>; Merlone, Audrey (CPC) <audrey.merlone@sfgov.org>; Schneider, Dylan (HOM) <dylan.schneider@sfgov.org>; Whitley, Gigi (HOM) <gigi.whitley@sfgov.org>; Sawyer, Amy (MYR) <amy.sawyer@sfgov.org>; Keene, Joshua (ADM) <joshua.keene@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Subject: RE: Mayor -- [Resolution] -- [Standard Agreement - California Department of Housing and Community Development - Homekey Grant – Tourist Hotel located at 440 Geary Street - Not to Exceed \$30,000,000]

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Also, can you let us know what the agreement term dates are, or will the agreement commence following Board approval? Lastly, as referenced in the legislation on page 3, lines 15 through 19, please provide Planning Department's CEQA determination to be included in the official file.

Thank you.

Lisa Lew
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102
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From: Peacock, Rebecca (MYR) <rebecca.peacock@sfgov.org>

Sent: Tuesday, October 20, 2020 4:30 PM

To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Cc: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>; Merlone, Audrey (CPC) <audrey.merlone@sfgov.org>; Schneider, Dylan (HOM) <dylan.schneider@sfgov.org>; Whitley, Gigi (HOM) <gigi.whitley@sfgov.org>; Sawyer, Amy (MYR) <amy.sawyer@sfgov.org>; Keene, Joshua (ADM) <joshua.keene@sfgov.org>

Subject: Mayor -- [Resolution] -- [Standard Agreement - California Department of Housing and Community Development - Homekey Grant – Tourist Hotel located at 440 Geary Street - Not to Exceed \$30,000,000]

Attached for introduction to the Board of Supervisors is a **Resolution authorizing the Department of Homelessness and Supportive Housing to execute a Standard Agreement and Homekey Documents for up to \$30,000,000 of Homekey grant funds from the California Department of Housing and Community Development to Episcopal Community Services for the acquisition of a 130-room tourist hotel located at 440 Geary Street (Block 0306, Lot 007) for use as Permanent Supportive Housing; approving and authorizing HSH to commit approximately \$27,473,340 in City funds to satisfy local match and operational subsidy requirements for five years; and affirming the Planning Department's determination under the California Environmental Quality Act.**

Please let me know if you have any questions.

Rebecca Peacock ([they/she](#))
(415) 554-6982 | Rebecca.Peacock@sfgov.org
Office of Mayor London N. Breed
City & County of San Francisco

FILE NO.

RESOLUTION NO.

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

3 **Resolution authorizing the Department of Homelessness and Supportive Housing to**
4 **execute a Standard Agreement and Homekey Documents for up to \$30,000,000 of**
5 **Homekey grant funds from the California Department of Housing and Community**
6 **Development to Episcopal Community Services for the acquisition of a 130-room**
7 **tourist hotel located at 440 Geary Street (Block 0306, Lot 007) for use as Permanent**
8 **Supportive Housing; approving and authorizing HSH to commit approximately**
9 **\$27,473,340 in City funds to satisfy local match and operational subsidy requirements**
10 **for five years; and affirming the Planning Department’s determination under the**
11 **California Environmental Quality Act.**

12
13 WHEREAS, The California Department of Housing and Community Development
14 (“Department” or the “State”) issued a Notice of Funding Availability (“NOFA”) dated July 16,
15 2020 for the Homekey Program (“Homekey” or “Homekey Program”) pursuant to Health and
16 Safety Code, Section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.); and

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

20 WHEREAS, The City and County of San Francisco (“City”), through its Department of
21 Homelessness and Supportive Housing (“HSH”), together with Episcopal Community
22 Services, a nonprofit corporation (“ECS”) as its co-applicant, submitted an application for
23 Homekey funds (the “Application”) to enable ECS to purchase and renovate the 130-room
24 tourist hotel at 440 Geary Street (Block 0306, Lot 007) (the “Property”) for future use as
25 Permanent Supportive Housing (the “440 Geary Project”); and

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

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

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

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

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

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

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

22 WHEREAS, If the State approves the Application and finally awards an amount not to
23 exceed \$30,000,000 of Homekey funds for the 440 Geary Project (the “Final Award”), , the
24 Final Award will require a local match from the City in the amount expected to be
25 approximately \$27,473,340 for permanent financing of the project including five years of

1 operations subsidy, which will be provided to ECS under one or more future agreements with
2 the City for the 440 Geary Project; and

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

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

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

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

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

21 FURTHER RESOLVED, Upon the Final Award, the Director of HSH is authorized, in
22 consultation with the City Attorney, to enter into, execute and deliver a Standard Agreement in
23 a total amount not to exceed \$30,000,000, plus any and all other documents required or
24 deemed necessary or appropriate to secure the Homekey funds from the Department and to
25 participate in the Homekey Program for the 440 Geary Project, including agreements to

1 provide the required City-match funds and operation subsidies in accordance with the City’s
2 standard documents, and all amendments thereto (collectively, the “Homekey Documents”);
3 and, be it

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

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

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

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

23 FURTHER RESOLVED, Upon the Final Award, the Director of HSH is authorized to
24 enter into any additions, amendments, or other modifications to the Standard Agreement and
25 the Homekey Documents that they determine, following consultation with the City Attorney,

1 are in the best interests of the City and that do not materially increase the obligations or
2 liabilities of the City or materially decrease the benefits to the City; and, be it

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

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

8

9

10

11 RECOMMENDED:

12 DocuSigned by:
Abigail Stewart-Kahn
13 E3BD6DD85B9945E...

14 Interim Director, Abigail Stewart-Kahn

15 Department of Homelessness and Supportive Housing

16

17

18

19

20

21

22

23

24

25

FILE NO. 201193

RESOLUTION NO.

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

Formatted: Space After: 14 pt

3
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 pPermanent sSupportive hHousing; 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.**

14
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
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21 Division 31 of the Health and Safety Code); and

22 WHEREAS, The City and County of San Francisco ("City"), through its Department of
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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~~ 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
25

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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RECOMMENDED:

/s/_____

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