

1 [Execute Standard Agreement and Accept and Expend Grant - California Department of
2 Housing and Community Development - 2021 Homekey Grant - 5630 Mission Street - Not to
3 Exceed \$16,823,000]

3

4 **Resolution authorizing the Department of Homelessness and Supportive Housing**
5 **(“HSH”) to execute a Standard Agreement with the California Department of Housing**
6 **and Community Development for a total amount not to exceed \$16,823,000 of Project**
7 **Homekey grant funds; to accept and expend those funds for the acquisition of the**
8 **property located at 5630 Mission Street for Permanent Supportive Housing for**
9 **transitional aged youth (“TAY”) and to support its operations upon execution of the**
10 **Standard Agreement through June 30, 2026; approving and authorizing HSH to commit**
11 **approximately \$13,043,500 in required matching funds for acquisition and rehabilitation**
12 **of the property and a minimum of five years of operating subsidy; affirming the**
13 **Planning Department’s determination under the California Environmental Quality Act;**
14 **adopting the Planning Department’s findings of consistency with the General Plan, and**
15 **the eight priority policies of Planning Code, Section 101.1; and authorizing HSH to**
16 **enter into any additions, amendments, or other modifications to the Standard**
17 **Agreement and the Homekey Documents that do not materially increase the obligations**
18 **or liabilities of the City or materially decrease the benefits to the City.**

19

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

24

25

1 WHEREAS, In July 2020, Mayor Breed announced her Homelessness Recovery Plan,
2 which includes the goal of acquiring and operating 1,500 new units of Permanent Supportive
3 Housing (“PSH”) by June 30, 2022; and

4 WHEREAS, As of June 30, 2022, at the close of the Plan, the City had nearly doubled
5 the goal with 2,918 units of site-based and scattered-site PSH that were active or under
6 contract with a non-profit provider since July 1, 2020; and

7 WHEREAS, Additional permanent subsidized housing furthers the City’s commitment
8 to dismantle systematic racial inequities that disproportionately affect communities of color;
9 and

10 WHEREAS, The California Department of Housing and Community Development
11 (“HCD”) issued a Notice of Funding Availability Round 2 (“NOFA”) dated September 9, 2021,
12 for the 2021 Homekey Grant Program (“Project Homekey”) pursuant to Health and Safety
13 Code, Section 50675.1.1 (Assembly Bill No. 140 (2021-2022 Reg. Sess.), Section 20.), a copy
14 of which is on file with the Clerk of the Board in File No. 221279; and

15 WHEREAS, Such Project Homekey grants are comprised of state general fund dollars
16 and California’s allocation of Coronavirus State Fiscal Recovery Fund, established by the
17 American Rescue Plan Act of 2021 (Pub. L. No. 117-2), combined into a single funding
18 stream to eligible projects; and

19 WHEREAS, On April 26, 2022, the Board adopted Resolution No.474-21, on file with
20 the Clerk of the Board of Supervisors in File No. 210941, approving the purchase of the
21 property located at 5630-5638 Mission Street (“the Property”) and authorizing HSH to apply to
22 HCD’s 2021 Project Homekey for the Property in an amount not to exceed the purchase price
23 of \$17,000,000, plus an estimated \$340,000 for typical closing costs, for a total anticipated
24 amount of \$17,340,000 (“Acquisition Cost”), or the maximum award amount allowable under
25

1 Project Homekey to purchase the Property on behalf of the City and County of San Francisco
2 (“City”); and

3 WHEREAS, A copy of the Project Homekey application (“Application”) for the property
4 located at 5630 Mission Street is on file with the Clerk of the Board of Supervisors in File
5 No. 221279; and

6 WHEREAS, In an award letter (“Award Letter”) dated July 28, 2022, HCD approved the
7 Application in an amount not to exceed \$16,823,000 subject to the terms and conditions of
8 HCD’s Standard Agreement (“Standard Agreement”); copies of the Award Letter and
9 Standard Agreement are on file with the Clerk of the Board of Supervisors in File No. 221279;
10 and

11 WHEREAS, The Property includes the real property and 52-room hotel, as well as
12 certain improvements, appurtenances, personal property, and intangible property described in
13 the Purchase Agreement, a copy of which is on file with the Clerk of the Board of Supervisors
14 in File No 210941; and

15 WHEREAS, Receipt of these Project Homekey funds for the Property requires a City
16 commitment of approximately \$13,043,500 in matching funds for acquisition and rehabilitation
17 of the property and a minimum of five years of operating costs, estimated at approximately
18 \$2,102,510 as reflected in the Standard Agreement; and

19 WHEREAS, The Planning Department in a letter dated September 1, 2021 (“Planning
20 Letter”), found that the proposed acquisition of the Property is not defined as a project under
21 the California Environmental Quality Act (“CEQA”) Guidelines, Sections 15378 and 15060
22 (c)(2) (“CEQA Determination”) and is consistent with the General Plan, and the eight priority
23 policies of the Planning Code, Section 101.1 (“General Plan Findings”), a copy of said
24 Planning Letter is on file with the Clerk of the Board in File No. 221279; and

25

1 WHEREAS, The Project Homekey grant does not include any provision for indirect
2 costs; and

3 WHEREAS, The Project Homekey grant does not create any new positions, and does
4 not require an amendment to the Annual Salary Ordinance; now, therefore, be it

5 RESOLVED, The Executive Director of HSH or their designee is hereby authorized, in
6 consultation with the City Attorney, to enter into, execute, and deliver a Standard Agreement
7 for a total amount not to exceed \$16,823,000 and any and all other documents required or
8 deemed necessary or appropriate to secure the Project Homekey grant funds from HCD and
9 to participate in Project Homekey, and all amendments thereto (collectively, the “Homekey
10 Documents”); and, be it

11 FURTHER RESOLVED, HSH is hereby authorized to accept and expend up to
12 \$16,823,000 of Project Homekey grant funds for the acquisition of the Property and operating
13 costs as detailed in the Grant Budget, a copy of which is on file with the Clerk of the Board of
14 Supervisors in File No. 221279; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors hereby waives inclusion of
16 indirect costs in the Homekey Program grant budget; and, be it

17 FURTHER RESOLVED, HSH will ensure that all such funds are used in a manner
18 consistent and in compliance with all applicable state and federal statutes, rules, regulations,
19 and laws, including without limitation all rules and laws regarding Project Homekey, as well as
20 any and all contracts HSH may have with HCD; and, be it

21 FURTHER RESOLVED, HSH is hereby authorized and directed to ensure that any
22 funds awarded for capital expenditures are spent by February 28, 2023, and that any funds
23 awarded for capitalized operating subsidies are spent by June 30, 2026; and, be it

24 FURTHER RESOLVED, The City acknowledges and agrees that it shall be subject to
25 the terms and conditions specified in the Standard Agreement, which includes a City

1 commitment of approximately \$13,043,500 in matching funds for acquisition of the property
2 and a minimum of five years of operating costs, and that the NOFA and the Application will be
3 incorporated in the Standard Agreement by reference and made a part thereof; any and all
4 activities, expenditures, information and timelines represented in the Application are
5 enforceable through the Standard Agreement; funds are to be used for the allowable
6 expenditures and activities identified in the Standard Agreement; and, be it

7 FURTHER RESOLVED, The Executive Director of HSH or their designee is authorized
8 to enter into any additions, amendments, or other modifications to the Standard Agreement
9 and the Homekey Documents that they determine, following consultation with the City
10 Attorney, are in the best interests of the City and that do not materially increase the
11 obligations or liabilities of the City or materially decrease the benefits to the City; and, be it

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

14 FURTHER RESOLVED, This Board affirms the Planning Department's CEQA
15 Determination and General Plan Findings, for the same reasons as set forth in the Planning
16 Letter, and hereby incorporates such findings by reference as though fully set forth in this
17 Resolution; and, be it

18 FURTHER RESOLVED, That within thirty days of the execution of the Standard
19 Agreement by all parties, HSH shall provide the Standard Agreement to the Clerk of the Board
20 for inclusion into the official file.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

RECOMMENDED:

_____/s/_____

Shireen McSpadden
Homelessness and Supportive Housing
Executive Director

Approved: _____/s/_____

Controller's Office

Approved: _____/s/_____

Mayor's Office