

1 [Standard Agreement - California Department of Housing and Community Development -
2 Homekey Grant - Hotel Granada - Not to Exceed \$45,000,000]

3 **Resolution authorizing the Department of Homelessness and Supportive Housing**
4 **(HSH) to execute a Standard Agreement for up to \$45,000,000 of Homekey grant funds**
5 **from the California Department of Housing and Community Development to Episcopal**
6 **Community Services for the acquisition of the Hotel Granada at 1000 Sutter Street for**
7 **Permanent Supportive Housing, for a term to be determined; approving and authorizing**
8 **HSH to commit up to \$23,000,000 in permanent funds and additional operational**
9 **subsidies over five years to satisfy local match requirements; and affirming the**
10 **Planning Department’s determination under the California Environmental Quality Act.**

11
12 WHEREAS, The California Department of Housing and Community Development
13 (“Department”) issued a Notice of Funding Availability (“NOFA”) dated July 16, 2020, for the
14 Homekey Program (“Homekey” or “Homekey Program”) pursuant to Health and Safety Code,
15 Section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.); and

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

19 WHEREAS, On August 11, 2020, the Board adopted a Resolution on file with the Clerk
20 of the Board of Supervisors in File No. 200817 authorizing the Department of Homelessness
21 and Supportive Housing (“HSH”) to apply for Homekey grant funds in an amount not to
22 exceed \$45,000,000 from the California Department of Housing and Community Development
23 on behalf of the City and County of San Francisco (“City”); and

24 WHEREAS, HSH, together with Episcopal Community Services, a nonprofit corporation
25 (“ECS”), as its co-applicant, submitted two applications for Homekey funds (the

1 “Applications”), one of which is to enable ECS to purchase and renovate the Granada Hotel at
2 1000 Sutter Street for Permanent Supportive Housing (the “Granada Project”); and

3 WHEREAS, A copy of the Application for the Homekey funds for the Granada Project is
4 on file with the Clerk of the Board of Supervisors in File No. _____ (“Granada Project
5 Application”); and

6 WHEREAS, If the Granada Project Application is approved, the Department will issue
7 an award to the City in an amount not to exceed \$45,000,000, subject to the terms and
8 conditions of the Department’s STD 213, Standard Agreement (“Standard Agreement”), a
9 copy of which is on file with the Clerk of the Board of Supervisors in File No. _____; and

10 WHEREAS, The Granada Hotel is an 232-unit Single Room Occupancy building with
11 vacant units and existing tenants, including low-income senior residents, who are at-risk of
12 potential displacement due to unrestricted rents, and the Granada Project will both protect
13 existing tenants at risk of homelessness and create new units of Permanent Supportive
14 Housing for people experiencing chronic homelessness; and

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

18 WHEREAS, As of July 2020, San Francisco has approximately 8,000 units of
19 Permanent Supportive Housing that provide permanent homes and services to approximately
20 10,000 San Franciscans, and has the goal of acquiring 1500 units of such housing over the
21 next two years as part of the Mayor’s Homelessness Recovery Plan; and

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

1 WHEREAS, This Granada Project will also provide more units for occupancy by
2 vulnerable individuals experiencing homelessness currently sheltering in place in temporary
3 placements under public health guidance related to COVID-19; and

4 WHEREAS, If the Department approves the Granada Project Application, receipt of
5 these Homekey funds for the Granada Project, in an amount not to exceed \$45,000,000,
6 requires a local match from the City in the amount of \$23,000,000, over five years, which will
7 be provided to Episcopal Community Services under an Agreement with the City for the
8 financing of the Granada Project; and

9 WHEREAS, The Granada Project will be restricted as Permanent Supportive Housing,
10 and will not be subordinated to any third-party financing instrument; and

11 WHEREAS, The City and ECS have agreed to enter into a purchase option agreement
12 providing the City with an option and right of first refusal to acquire the Granada Project upon
13 any proposed transfer of the Property, among other certain events; and

14 WHEREAS, To satisfy the requirements of the Homekey Standard Agreement, ECS
15 must purchase the Hotel Granada no later than December 30, 2020, and the City and ECS
16 must satisfy the state's occupancy requirements within 90 days following acquisition; and

17 WHEREAS, The Planning Department has determined that the Granada Project is
18 statutorily exempt from the California Environmental Quality Act under AB 83 (2020),
19 California Health and Safety Code, Section 506715.1.2; said determination is on file with the
20 Clerk of the Board of Supervisors in File No. ____ and is incorporated herein by reference;
21 now, therefore, be it

22 RESOLVED, This Board affirms the Planning Department's determination that actions
23 contemplated by this Resolution are statutorily exempt from CEQA; and, be it

24 FURTHER RESOLVED, If the Granada Project Application is approved, the Director or
25 Deputy Director of HSH is hereby authorized, in consultation with the City Attorney, to enter

1 into, execute and deliver a Standard Agreement in a total amount not to exceed \$45,000,000
2 any and all other documents required or deemed necessary or appropriate to secure the
3 Homekey funds from the Department and to participate in the Homekey Program, and all
4 amendments thereto (collectively, the “Homekey Documents”); and, be it

5 FURTHER RESOLVED, If the Granada Application is approved, HSH will ensure that
6 all such funds are used in a manner consistent and in compliance with all applicable state and
7 federal statutes, rules, regulations, and laws, including without limitation all rules and laws
8 regarding the Homekey Program, as well as any and all contracts HSH may have with the
9 Department; and, be it

10 FURTHER RESOLVED, If the Granada Application is approved, HSH is hereby
11 authorized and directed to ensure that any funds awarded for capital expenditures are spent
12 by December 30, 2020, and that any funds awarded for capitalized operating subsidies are
13 spent by June 30, 2022; and, be it

14 FURTHER RESOLVED, The City acknowledges and agrees that it shall be subject to
15 the terms and conditions specified in the Standard Agreement, and that the NOFA and
16 Granada Project Application will be incorporated in the Standard Agreement by reference and
17 made a part thereof; any and all activities, expenditures, information and timelines
18 represented in the Application are enforceable through the Standard Agreement; funds are to
19 be used for the allowable expenditures and activities identified in the Standard Agreement;
20 and, be it

21 FURTHER RESOLVED, The Director or Deputy Director of HSH is authorized to enter
22 into any additions, amendments, or other modifications to the Standard Agreement and the
23 Homekey Documents that they determine, following consultation with the City Attorney, are in
24 the best interests of the City and that do not materially increase the obligations or liabilities of
25 the City or materially decrease the benefits to the City; and, be it

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

3 FURTHER RESOLVED, That if the Application for the other project is approved, the
4 City will return to this Board of Supervisors to seek any required approvals in order to pursue
5 that project; and, be it

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

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12 RECOMMENDED:

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14 /s/ _____

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