

1 [Ground Lease and Loan and Grant Agreement - 835 Turk LLC - 835 Turk Street - 100%
2 Permanent Supportive Housing - \$1 Total Ground Lease Rent - Loan Not to Exceed
2 \$12,922,000 - Grant Not to Exceed \$13,729,907]

3

4 **Resolution 1) approving and authorizing the Director of Property and the Department of**
5 **Homelessness and Supportive Housing (“HSH”) to enter into a Ground Lease for real**
6 **property owned by the City located at 835 Turk Street (“Property”) with 835 Turk LLC**
7 **for a lease term of 55 years and total rent not to exceed \$1 (“Ground Lease”) in order to**
8 **rehabilitate and operate a 100% permanent supportive housing, 106-unit multifamily**
9 **rental housing development affordable to very low-income households, plus one**
10 **manager’s unit on the Property (the “Project”); 2) approving and authorizing the Mayor**
11 **and the Director of the Mayor’s Office of Housing and Community Development**
12 **(“MOHCD”) to enter into a Loan and Grant Agreement with 835 Turk LLC to finance the**
13 **development and rehabilitation of the Project with a) a loan in an amount not to exceed**
14 **\$12,922,000 for a minimum loan term of 55 years and b) a grant in an amount not to**
15 **exceed \$13,729,907 from California Department of Housing and Community**
16 **Development Homekey+ funds; 3) adopting findings declaring that the Property is**
17 **“exempt surplus land” pursuant to the California Surplus Lands Act; 4) determining**
18 **that the less than market rent payable under the Ground Lease will serve a public**
19 **purpose by providing affordable housing for low-income households in need, in**
20 **accordance with Section 23.30 of the Administrative Code; 5) adopting findings that the**
21 **Project and proposed transactions are consistent with the General Plan, and the eight**
22 **priority policies of Planning Code, Section 101.1(b); and 6) authorizing the Director of**
23 **Property, the Director of MOHCD, and/or the Executive Director of HSH, or their**
24 **designees, to execute and make certain modifications to such agreements, as defined**
25 **herein, and take certain actions in furtherance of this Resolution, as defined herein.**

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

5 WHEREAS, With the adoption of Resolution No. 319-18 in October 2018, the Board of
6 Supervisors declared a shelter crisis and affirmed San Francisco's commitment to combatting
7 homelessness and creating or augmenting a continuum of shelter and service options for
8 those experiencing homelessness; and

9 WHEREAS, Proposition C 2018 Gross Receipts Tax for Homelessness Services (Prop
10 C), passed by San Francisco voters in November 2018, created the Homelessness Gross
11 Receipts Tax to fund the Our City, Our Home ("OCOH") Fund, in order to expand and be
12 complementary to existing funding and strategic efforts to prevent and end homelessness for
13 San Francisco residents; and

14 WHEREAS, With the adoption of Resolution No. 220-25 in May 2025, the Board of
15 Supervisors approved HSH to jointly apply with 835 Turk LLC to the California Department of
16 Housing and Community Development ("HCD") for the Homekey+ grant funds for the property
17 located at 835 Turk Street; and

18 WHEREAS, On November 4, 2025, the Mayor's Office introduced a Resolution that
19 would authorize HSH to enter into a Standard Agreement with HCD and retroactively accept
20 and expend Homekey+ grant funds for the Project, on file with the Clerk in File No. 251109;
21 and

22 WHEREAS, On March 16, 2022, and pursuant to Resolution 036-22, the City acquired
23 certain real property located at 835 Turk Street in San Francisco, California known as
24 Assessor's Parcel Block No. 0761, Lot No. 016A (the "Property"), which includes the real
25 property and after rehabilitation, will include a 106-unit multifamily rental housing development

1 (plus one manager's unit) including a central lobby and a dining room, as well as certain
2 improvements, appurtenances, personal property, and intangible property (the "Project"), for
3 the purpose of operating permanent supportive housing ("PSH") under the jurisdiction of HSH;
4 and

5 WHEREAS, HSH and MOHCD are partnering on the delivery of the Project as a long-
6 term permanent supportive housing development that was originally acquired and operated as
7 PSH under the jurisdiction of HSH; and

8 WHEREAS, In March 2022, HSH selected Five Keys Schools and Programs, a
9 California nonprofit public benefit corporation ("Five Keys"), through a Solicitation of Interest, a
10 copy of which is on file with the Clerk of the Board of Supervisors ("Clerk") in File No. 221158,
11 to operate the Project as PSH; and

12 WHEREAS, Five Keys has extensive experience operating homeless services in San
13 Francisco, and has been operating the Project as PSH since March 2023; and

14 WHEREAS, Pursuant to Ordinance No. 003-23, the Director of Property and HSH
15 entered into a short-term lease and property management agreement with Five Keys for an
16 initial five-year term for the purpose of leasing, operating, and maintaining the Project as PSH;
17 and

18 WHEREAS, Five Keys has formed 835 Turk LLC, a California limited liability company
19 ("835 Turk LLC"); and

20 WHEREAS, HSH desires to terminate the existing short-term lease and property
21 management agreement and enter into a Ground Lease ("Ground Lease") with 835 Turk LLC
22 in order to rehabilitate and operate the Project as 100% PSH (plus one manager's unit) for a
23 55-year term and a total rent not to exceed \$1; a copy of the substantially final Ground Lease
24 is on file with the Clerk in File No. 251155, and is incorporated herein by reference; and
25

1 WHEREAS, The Ground Lease requires 835 Turk LLC to be responsible for the
2 ongoing management, maintenance, rehabilitation, and operation of the Project as PSH in
3 accordance with HSH policies and in accordance with all applicable laws; and

4 WHEREAS, The proposed rent of the Ground Lease is less than Market Rent (as
5 defined in Administrative Code, Section 23.2), but the lower rent will serve a public purpose by
6 providing PSH for formerly homeless and low-income households; and

7 WHEREAS, The City, acting through the Mayor's Office of Housing and Community
8 Development ("MOHCD"), administers a variety of housing programs that provide financing for
9 the development of new affordable housing and the rehabilitation of single- and multi-family
10 housing for low- and moderate-income households and resources for homeowners in San
11 Francisco; and

12 WHEREAS, MOHCD provides loans to affordable housing developers and operators;
13 administers loan agreements; reviews annual audits and monitoring reports; monitors
14 compliance with affordable housing requirements in accordance with capital funding
15 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

16 WHEREAS, On November 7, 2025, the Citywide Affordable Housing Loan Committee,
17 consisting of MOHCD, HSH, the Office of Community Investment and Infrastructure, and the
18 Controller's Office of Public Finance recommended approval to the Mayor of 1) a loan to 835
19 Turk LLC for the Project in a total amount not to exceed \$12,922,000 in local funds and 2) a
20 grant to 835 Turk LLC for the Project in a total amount not to exceed \$13,729,907 in
21 Homekey+ funds from HCD, and a copy of the substantially final form of Loan and Grant
22 Agreement and related documents are on file with the Clerk in File No. 251155, and is
23 incorporated herein by reference; and

24 WHEREAS, The material terms pursuant to the Loan and Grant Agreement include the
25 following: (i) a term of 55 years; (ii) an interest rate of 0%; (iii) annual repayment of the loan by

1 835 Turk LLC through residual receipts from the Project; (iv) the Project will be restricted for
2 life of the Project as 100% PSH for very low-income households with annual maximum rent
3 and income established by MOHCD and HCD and targeted to serve homeless households or
4 those at risk of homelessness and households who qualify pursuant to the HCD Homekey+
5 program; and (v) the loan and the grant will be secured by a deed of trust recorded against
6 835 Turk LLC's leasehold interest in the Property; and

7 WHEREAS, The Planning Department, by letter dated April 22, 2025, and reissued
8 June 12, 2025 ("Planning Letter"), has determined that the rehabilitation of the Project is
9 eligible for ministerial project approval, and is consistent, on balance, with the General Plan,
10 and the eight priority policies of Planning Code, Section 101.1 ("General Plan Findings"), a
11 copy of which is on file with the Clerk in File No. 251155; now, therefore, be it

12 RESOLVED, That the Board of Supervisors affirms the Planning Department's General
13 Plan Findings, for the same reasons as set forth in the Planning Letter, and hereby
14 incorporates such findings by reference as though fully set forth in this Resolution; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors hereby finds, in consideration
16 of the foregoing, that the Property is "exempt surplus land," as defined in California
17 Government Code, Section 54221(f)(1), because the Project will restrict 100% of the
18 residential units to low-income persons and families, pursuant to California Government Code,
19 Section 54221(f)(1)(F)(i); and, be it

20 FURTHER RESOLVED, That in accordance with the recommendation of the Executive
21 Director of HSH and the Director of Property, or their designees, the Board of Supervisors
22 approves the Ground Lease in substantially the form presented to the Board, and authorizes
23 the Director of Property (or the Director's designee, as used throughout) and Executive
24 Director of HSH (or the Director's designee, as used throughout), to execute and deliver the
25 Ground Lease, in substantially the form presented to the Board, and any such other

1 documents or agreements that are necessary or advisable, in consultation with the City
2 Attorney, to complete the transaction contemplated by the Ground Lease and to effectuate the
3 purpose and intent of this Resolution, and determines that the less than Market Rent payable
4 under the Ground Lease will serve a public purpose by providing PSH for formerly homeless
5 and low-income households; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan and
7 Grant Agreement and the transaction contemplated thereby in substantially the form
8 presented to the Board, and upon issuance of the 2020 Health & Recovery General Obligation
9 Bonds that will source the loan, authorizes the Mayor and the Director of MOHCD, to execute
10 and deliver the Loan and Grant Agreement and any such other documents that are necessary
11 or advisable to complete the transaction contemplated by the Loan and Grant Agreement and
12 to effectuate the purpose and intent of this Resolution; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
14 Property, Director of MOHCD, and/or Executive Director of HSH, in consultation with the City
15 Attorney, to enter into any additions, amendments, or other modifications to the Ground
16 Lease, Loan and Grant Agreement, and any other documents or instruments necessary in
17 connection therewith (including, without limitation, preparation and attachment, or changes to,
18 any of all of the exhibits and ancillary agreements, and notices of special restrictions required
19 for rehabilitation of the Project), that the Director of Property, Director of MOHCD, and/or
20 Executive Director of HSH determine are in the best interests of the City, do not materially
21 decrease the benefits to the City with respect to the Property, do not materially increase the
22 obligations or liabilities of the City, and are necessary or advisable to complete the transaction
23 contemplated in the Ground Lease and Loan and Grant Agreement, and that effectuate the
24 purpose and intent of this Resolution, such determination to be conclusively evidenced by the
25

1 execution and delivery by the Director of Property, Director of MOHCD, and/or the Executive
2 Director of HSH of any such additions, amendments, or other modifications; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
4 delegates to the Director of MOHCD and/or the Director of Property, the authority to
5 undertake any actions necessary to protect the City's financial security in the Property and
6 enforce the affordable housing restrictions, which may include, without limitation, acquisition
7 of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of
8 foreclosure, or curing the default under a senior loan; and, be it

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

12 FURTHER RESOLVED, That within thirty (30) days of the Ground Lease and Loan and
13 Grant Agreement being fully executed by all parties, HSH shall provide the final agreements
14 to the Clerk of the Board for inclusion into the official file.

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2 RECOMMENDED:
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5 /s/
6 Gigi Whitley
7 Department of Homelessness and Supportive Housing
Chief of Finance and Administration

8
9 /s/
10 Daniel Adams
11 Mayor's Office of Housing and Community Development
Director

12
13 /s/
14 Sarah R. Oerth
15 Real Estate Division
Director of Property