[Execute Standard Agreement and Accept and Expend Grant - Retroactive - California Department of Housing and Community Development - Round 3 Homekey Grant - 42 Otis Street - Not to Exceed $8,225,095]

Resolution authorizing the Department of Homelessness and Supportive Housing ("HSH") to execute a Standard Agreement with the California Department of Housing and Community Development having anticipated revenue to the City in a total amount not to exceed $8,225,095 of Project Homekey grant funds; to retroactively accept and expend those funds for the acquisition of the property located at 42 Otis Street for permanent supportive housing and to support its operations for costs incurred March 3, 2021, through June 30, 2026; approving and authorizing HSH to commit approximately $8,710,632 in required matching funds for acquisition of the property and a minimum of 10 years of operating subsidy; affirming the Planning Department's determination under the California Environmental Quality Act; adopting the Planning Department's findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and authorizing HSH to enter into any additions, amendments, or other modifications to the Standard Agreement and the Homekey Documents that do not materially increase the obligations or liabilities of the City or materially decrease the benefits to the City.

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

WHEREAS, With the enactment of Resolution No. 319-18 in October 2018, the Board of Supervisors and Mayor London N. Breed declared a shelter crisis and affirmed San

Francisco's commitment to combatting homelessness and creating or augmenting a continuum of shelter and service options for those experiencing homelessness; and

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

WHEREAS, In April 2023, HSH released the five-year strategic plan "Home by the Bay: An Equity-Driven Plan to Prevent and End Homelessness in San Francisco" which calls for 3,250 new units of permanent housing to meet the goals set out in the plan; and

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

WHEREAS, San Francisco has been awarded approximately $235 million in Project Homekey Grant Funds since 2020, supporting nearly 900 new units of permanent supportive housing serving adults, young adults and families; and

WHEREAS, The California Department of Housing and Community Development ("HCD") issued a Notice of Funding Availability ("NOFA") dated March 29, 2023, for the Round 3 of the Homekey Grant Program ("Project Homekey") pursuant to Health and Safety Code, Section 50675.1.1 (Assembly Bill No. 140 (2021-2022 Reg. Sess.), Section 20.), a copy of which is on file with the Clerk of the Board of Supervisors in File No. 250143; and

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

WHEREAS, On September 26, 2023, the Board of Supervisors adopted Resolution No. 443-23, authorizing the City to acquire the property located at 42 Otis Street (the "Property") for the total anticipated cost of $14,240,000; and

WHEREAS, The Property includes the real property consisting of approximately 4,083 square feet of land, 24 residential units, five commercial units, courtyard and rooftop terrace open space, as well as certain improvements, appurtenances personal property, and intangible property described in the Purchase Agreement, a copy of which is on file with the Clerk of the Board of Supervisors ("Clerk") in File No. 230928; and

WHEREAS, On October 1, 2024, the Board of Supervisors adopted Resolution No. 491-24, approving and authorizing the Director of Property and HSH to enter into a Ground Lease with Five Keys School and Programs ("Five Keys") to operate the Property as permanent supportive housing for young adults exiting homelessness ("Ground Lease"); and

WHEREAS, On July 18, 2023, the Board of Supervisors adopted Resolution No. 359-23, authorizing HSH on behalf of the City to apply for Homekey Grant funds for the Property under the Round 3 Homekey NOFA in an amount not to exceed the total anticipated amount of $9,409,600 or the maximum award amount allowable under Project Homekey; and

WHEREAS, On July 24, 2023, HSH submitted an application for Round 3 Project Homekey Grant Funding for the Property, a copy of the Project Homekey application ("Application") on file with the Clerk in File No. 250143; and

WHEREAS, In an award letter ("Award Letter") dated July 23, 2024, HCD approved the Application in an amount not to exceed $8,225,095, subject to the terms and conditions of HCD's Standard Agreement ("Standard Agreement"); copies of the Award Letter and Standard Agreement are on file with the Clerk in File No. 250143; and

WHEREAS, HSH will use the $7,142,325 to reimburse the city for acquisition and relocation costs incurred March 1, 2021, through March 23, 2025, and $1,082,770 for operating costs incurred March 1, 2021, through June 30, 2026, as reflected in the Standard Agreement and Grant Budget, a copy of the Grant Budget is on file with the Clerk in File No. 250143; and

WHEREAS, HSH anticipates receiving an amendment to the Standard Agreement from ("Standard Agreement Amendment") from HCD that will add Five Keys as a signatory or "contractor" to the Standard Agreement "contract" in addition to the City as the primary applicant to the Standard Agreement, in order to enable the City to enter into the Ground Lease with Five Keys, but will not otherwise materially increase the obligations or liabilities of the City or materially decrease the benefits of the City under the Standard Agreement; and

WHEREAS, The Planning Department, by letter dated July 20, 2023, and by letter dated August 21, 2024, (collectively, the "Planning Letter"), which are on file with the Clerk in File No. 240882 and incorporated herein by reference, found that the acquisition and ground lease of the property do not constitute a project under the California Environmental Quality Act (California Public Resources Code, Sections 21000 et seq.) ("CEQA") under CEQA Guidelines, Sections 15378 and 15060(c)(2) ("CEQA Determination") and are consistent with the General Plan, and the eight priority policies under Planning Code, Section 101.1 ("General Plan Findings"); now, therefore, be it

WHEREAS, Receipt of these Project Homekey funds for the Property requires a City commitment of a minimum of 10 years of operating costs as reflected in the Standard Agreement; and

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

WHEREAS, The Project Homekey grant does not create any new positions, and does not require an amendment to the Annual Salary Ordinance; and

WHEREAS, The San Francisco Charter, Section 9.118 requires contracts entered into by a Department having anticipated revenue to the City of $1,000,000 or more to be approved by the Board of Supervisors; now, therefore, be it

RESOLVED, The Executive Director of HSH or their designee is hereby authorized, in consultation with the City Attorney, to enter into, execute, and deliver the Standard Agreement and the Standard Agreement Amendment for a total grant amount not to exceed $8,225,095 and any and all other documents required or deemed necessary or appropriate to secure the Project Homekey grant funds from HCD and to participate in Project Homekey, and any further amendments thereto (collectively, the "Homekey Documents"); and, be it

FURTHER RESOLVED, HSH is hereby authorized to retroactively accept and expend up to $7,142,325 of Project Homekey grant funds for the acquisition and relocation costs of the Property and $1,082,770 for operating costs; and, be it

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

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

FURTHER RESOLVED, HSH is hereby authorized and directed to ensure that any funds awarded for capital expenditures are spent by March 23, 2025, and that any funds awarded for operating are spent by June 30, 2026; and, be it

FURTHER RESOLVED, The City acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, which includes a City commitment of approximately $8,710,632 in matching funds for acquisition of the Property and a minimum of 10 years of operating costs, and that the NOFA and the Application will be incorporated in the Standard Agreement by reference and made a part thereof; any and all activities, expenditures, information and timelines represented in the Application are enforceable through the Standard Agreement; funds are to be used for the allowable expenditures and activities identified in the Standard Agreement; and, be it

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

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

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

FURTHER RESOLVED, That within thirty days of the execution of the Standard Agreement and Standard Agreement Amendment by all parties, HSH shall provide a copy of the fully executed Standard Agreement and Standard Agreement Amendment to the Clerk for inclusion into the official file.

RECOMMENDED:

/s/

Shireen McSpadden

Homelessness and Supportive Housing

Executive Director

Approved: /s/ Jocelyn Quintos for

Controller's Office

Approved: /s/ Benjamin McCloskey

Mayor's Office

City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 250143 **Date Passed:** March 04, 2025

Resolution authorizing the Department of Homelessness and Supportive Housing ("HSH") to execute a Standard Agreement with the California Department of Housing and Community Development having anticipated revenue to the City in a total amount not to exceed $8,225,095 of Project Homekey grant funds; to retroactively accept and expend those funds for the acquisition of the property located at 42 Otis Street for permanent supportive housing and to support its operations for costs incurred March 3, 2021, through June 30, 2026; approving and authorizing HSH to commit approximately $8,710,632 in required matching funds for acquisition of the property and a minimum of 10 years of operating subsidy; affirming the Planning Department's determination under the California Environmental Quality Act; adopting the Planning Department's findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and authorizing HSH to enter into any additions, amendments, or other modifications to the Standard Agreement and the Homekey Documents that do not materially increase the obligations or liabilities of the City or materially decrease the benefits to the City.

February 26, 2025 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

February 26, 2025 Budget and Finance Committee - RECOMMENDED AS AMENDED

March 04, 2025 Board of Supervisors - ADOPTED

Ayes: 10 - Chan, Chen, Dorsey, Engardio, Mahmood, Mandelman, Melgar, Sauter, Sherrill and Walton
Excused: 1 - Fielder

File No. 250143

I hereby certify that the foregoing Resolution was ADOPTED on 3/4/2025 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Daniel Lurie
Mayor

3.7.25

Date Approved