

1 [Execute Standard Agreement and Accept and Expend - California Department of Housing
2 and Community Development - 2021 Homekey Grant - 1321 Mission Street - Not to Exceed
3 \$54,788,000]

4 **Resolution authorizing the Department of Homelessness and Supportive Housing**
5 **(HSH) to execute a Standard Agreement with the California Department of Housing and**
6 **Community Development for up to \$54,778,000 of Project Homekey grant funds; to**
7 **accept and expend those funds for the acquisition of the property located at 1321**
8 **Mission Street (the “Property”) for permanent supportive housing and to support its**
9 **operations upon execution of the Standard Agreement through June 30, 2026;**
10 **approving and authorizing HSH to commit approximately \$16,000,000 in required**
11 **matching funds for acquisition of the property, and a minimum of five years of**
12 **operating costs; authorizing the Director to enter into any additions, amendments, or**
13 **other modifications to the Standard Agreement and the Homekey Documents that do**
14 **not materially increase the obligations or liabilities, or materially decrease the benefits**
15 **to the City; affirming the Planning Department’s determination under the California**
16 **Environmental Quality Act; and adopting the Planning Department’s findings of**
17 **consistency with the General Plan, and the eight priority policies of Planning Code,**
18 **Section 101.1.**

19
20 WHEREAS, The Department of Homelessness and Supportive Housing’s (“HSH”)
21 mission is to prevent homelessness when possible and to make homelessness a rare, brief
22 and one-time experience in San Francisco through the provision of coordinated,
23 compassionate and high-quality services; and

1 WHEREAS, In July 2020, Mayor Breed announced her Homelessness Recovery Plan,
2 including the goal of acquiring and operating 1,500 new units of Permanent Supportive
3 Housing over the next two years; and

4 WHEREAS, Permanent Supportive Housing is the most effective, evidence-based
5 solution to ending chronic homelessness and also prevents new incidents of homelessness
6 among highly vulnerable people with long experiences of homelessness; 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, As of December 2021, the City has acquired or contracted for over 950
11 new units of Permanent Supportive Housing to add to the existing portfolio of Permanent
12 Supportive Housing that provides permanent homes and services to over 10,000 San
13 Francisco households; and

14 WHEREAS, The California Department of Housing and Community Development
15 (“HCD”) issued a Notice of Funding Availability Round 2 (“NOFA”) dated September 9, 2021,
16 for the 2021 Homekey Grant Program (“Project Homekey”) pursuant to Health and Safety
17 Code, Section 50675.1.1 (Assembly Bill No. 140 (2021-2022 Reg. Sess.), Section 20.), a copy
18 of which is on file with the Clerk of the Board in File No. 220133; and

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

23 WHEREAS, On October 19, 2021, the Board adopted Resolution No. 482-21, on file
24 with the Clerk of the Board of Supervisors in File No. 210967 approving and authorizing HSH
25 to apply to HCD’s 2021 Homekey Grant Program for the property located at 1321 Mission

1 Street (“Property”) in an amount not to exceed the purchase price of \$86,500,000 plus an
2 estimated \$173,000 for typical closing costs, for a total anticipated amount of \$86,673,000
3 (“Acquisition Cost”), or the maximum award amount allowable under Project Homekey to
4 purchase the Property on behalf of the City and County of San Francisco (“City”); and

5 WHEREAS, A copy of the Homekey Grant Program application (“Application”) for the
6 property located at 1321 Mission Street is on file with the Clerk of the Board of Supervisors in
7 File No. 220133; and

8 WHEREAS, In an award letter dated December 21, 2021, HCD approved the
9 Application in an amount not to exceed \$54,778,000 (“Award Letter”) subject to the terms and
10 conditions of HCD’s Standard Agreement (“Standard Agreement”); copies of the Award Letter
11 and Standard Agreement are on file with the Clerk of the Board of Supervisors in File
12 No.220133; and

13 WHEREAS, The Property includes the real property and 160-unit multifamily residence,
14 consisting of ground floor commercial space, a central lobby, common areas, and a rooftop
15 garden, as well as certain improvements, appurtenances, personal property, and intangible
16 property described in the Purchase Agreement; and

17 WHEREAS, Receipt of these Project Homekey funds for the Property requires a City
18 commitment of approximately \$16,000,000 in matching funds for acquisition of the property,
19 and a minimum of five years of operating costs; and

20 WHEREAS, To satisfy the requirements of the Purchase Agreement, the City must
21 purchase the Property no later than March 21, 2022; and

22 WHEREAS, The Planning Department found that the proposed acquisition of the
23 Property is not defined as a project under the California Environmental Quality Act (“CEQA”)
24 Guidelines, Sections 15378 and 15060 (c)(2) (“CEQA Determination”), and is consistent with
25 the General Plan, and the eight priority policies of the Planning Code, Section 101.1 (“General

1 Plan Findings”), a copy of said Planning Letter is on file with the Clerk of the Board in File
2 No. 220133; and

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

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

6 RESOLVED, The Director or Deputy Director of HSH is hereby authorized, in
7 consultation with the City Attorney, to enter into, execute and deliver a Standard Agreement
8 for a total amount not to exceed \$54,788,000 and any and all other documents required or
9 deemed necessary or appropriate to secure the Project Homekey funds from HCD and to
10 participate in Project Homekey, and all amendments thereto (collectively, the “Homekey
11 Documents”); and, be it

12 FURTHER RESOLVED, HSH is hereby authorized to accept and expend up to
13 \$54,778,000 of Project Homekey grant funds for the acquisition of the Property and five years
14 of operating costs; 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 August 21, 2022, 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 \$16,000,000 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 Director or Deputy Director of HSH is authorized to enter
8 into any additions, amendments, or other modifications to the Standard Agreement and the
9 Homekey Documents that they determine, following consultation with the City Attorney, are in
10 the best interests of the City and that do not materially increase the obligations or liabilities of
11 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.

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RECOMMENDED:

_____/s/_____

Shireen McSpadden
Homelessness and Supportive Housing
Executive Director

Approved: _____/s/_____

Controller's Office

Approved: _____/s/_____

Mayor's Office