

File No. 201268

Committee Item No. 10

Board Item No. 11

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 18, 2020

Board of Supervisors Meeting

Date December 8, 2020

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Project Development Budget</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Department Presentation - November 18, 2020</u> |
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Completed by: Linda Wong Date November 13, 2020

Completed by: Linda Wong Date November 23, 2020

1 [Revised Standard Agreement - California Department of Housing and Community
2 Development - Homekey Grant - Hotel Granada - Not to Exceed \$49,000,000]

3 **Resolution authorizing the Department of Homelessness and Supportive Housing**
4 **(HSH) to execute a revised Standard Agreement for up to \$49,000,000 of Homekey grant**
5 **funds from the California Department of Housing and Community Development to**
6 **Episcopal Community Services for the acquisition of the Granada Hotel at 1000 Sutter**
7 **Street for Permanent Supportive Housing; approving and authorizing HSH to commit**
8 **up to \$33,000,000 for project expenses and additional operational subsidies over five**
9 **years to satisfy local match requirements; and affirming the Planning Department’s**
10 **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 of Homelessness and Supportive Housing (“HSH”),
17 together with Episcopal Community Services, a nonprofit corporation (“ECS”), as its co-
18 applicant, submitted two applications for Homekey funds (the “Applications”), one of which
19 was to enable ECS to purchase and renovate the Granada hotel at 1000 Sutter Street for
20 Permanent Supportive Housing (the “Granada Project”); and

21 WHEREAS, On September 21, 2020, the Granada Project Application was approved,
22 and the Department issued an initial award to the City in an amount not to exceed
23 \$45,000,000, with a required City match of \$23,000,000; and

24 WHEREAS, On October 6, 2020, the Board passed Resolution No. 445-20, authorizing
25 the Director or Deputy Director of HSH to execute and deliver the Department’s standard

1 agreement for Homekey funds in a total amount not to exceed \$45,000,000, and all other
2 documents to secure the Homekey funds to enable the acquisition of the Granada hotel; and

3 WHEREAS, The Department notified HSH that it will increase the capital award to
4 \$42,344,020 for the Granada Project in order to fund the acquisition and estimated
5 rehabilitation costs, and with the \$5,568,000 award for two years of operating costs for the
6 Project, the total estimated Homekey award for the Project will be \$47,912,020; and

7 WHEREAS, The increased Homekey award will increase the local match requirement
8 to approximately \$31,700,000, and the Department has funds that have already been
9 appropriated in the FY2020-21 and FY2021-22 budget to satisfy this increase in the City's
10 local match requirement; and

11 WHEREAS, The Homekey program requires that the Granada Project close escrow no
12 later than November 13, 2020; and

13 WHEREAS, In order to allow HSH to seek authorization to accept the additional
14 Homekey funds and to commit the additional City match, the Department and HSH will
15 execute the Standard Agreement (with an additional condition requiring approval by the Board
16 of Supervisors of the funding increase before the Department will provide the additional
17 funds), a copy of which is on file with the Clerk of the Board of Supervisors in File No. 201063
18 (the "Revised Standard Agreement"); and

19 WHEREAS, The Planning Department has determined that the Granada Project is
20 statutorily exempt from the California Environmental Quality Act under AB 83 (2020),
21 California Health and Safety Code, Section 506715.1.2, which determination is on file with the
22 Clerk of the Board of Supervisors in File No. 201063 and is incorporated herein by reference;
23 now, therefore, be it

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

1 FURTHER RESOLVED, The Director or Deputy Director of HSH is hereby authorized,
2 in consultation with the City Attorney, to enter into, execute and deliver the Revised Standard
3 Agreement in a total amount not to exceed \$49,000,000, together with all other documents
4 deemed necessary or appropriate to secure the Homekey funds from the Department as
5 contemplated by this Resolution, and all amendments thereto (collectively, the “Homekey
6 Documents”); and, be it

7 FURTHER RESOLVED, The Board approves and authorizes HSH to commit up to
8 \$33,000,000 for to the Granada Project to satisfy the Department’s local match requirement;
9 and, be it

10 FURTHER RESOLVED, HSH will ensure that all such funds are used in a manner
11 consistent and in compliance with all applicable state and federal statutes, rules, regulations,
12 and laws, including without limitation all rules and laws regarding the Homekey Program, as
13 well as any and all contracts HSH may have with the Department; 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 Revised Standard Agreement, and that the NOFA
16 and Granada Project Application will be incorporated in the Revised Standard Agreement by
17 reference and made a part thereof; any and all activities, expenditures, information and
18 timelines represented in the Application are enforceable through the Revised Standard
19 Agreement; and, be it

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

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 within thirty (30) days of the execution of the Revised
4 Standard Agreement, HSH shall provide a copy to the Clerk of the Board for inclusion into the
5 official file.
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Item 10 Files 20-1268	Department: Department of Homelessness and Supportive Housing
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would (1) authorize the Department of Homelessness and Supportive Housing (HSH) to execute a Standard Agreement with the California Department of Housing and Community Development for up to \$49,000,000 of Homekey grant funds for the acquisition of The Granada located at 1000 Sutter Street for Permanent Supportive Housing and (2) approve and authorize HSH to commit up to \$33,000,000 in permanent funds and additional operating subsidies over five years to satisfy local match requirements. • The proposed resolution revises a previously approved Board resolution (File 20-1063) passed October 6, 2020, based on increased State funding to account for recently identified rehabilitation costs. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Board of Supervisors previously approved a resolution for Homekey grant funds of \$45 million for Episcopal Community Services (as co-applicant for the Homekey grant) to purchase the Hotel Granada and provide for 24 months of operating expenses. Episcopal Community Services subsequently identified additional rehabilitation costs as part of ongoing due diligence assessments, not contemplated in the preliminary project funding plan, and on November 2, 2020, the California Department of Housing and Community Development agreed to an increased grant amount to fund these additional costs. Of the revised \$49 million grant award, approximately \$42.3 million is allocated for housing acquisition and rehabilitation, and approximately \$5.5 million is allocated to subsidize housing operations for up to 24 months, totaling \$47.8 million. The remaining authorization of approximately \$1.2 million would allow the grant amount to be adjusted for further unexpected costs. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total acquisition and rehabilitation for the Hotel Granada Project is \$74 million, which includes \$42.3 million funded by the Homekey Program grant funds and \$23.2 million in gap loans provided by the Mayor’s Office of Housing and Community Development, subject to Board of Supervisors approval. • The proposed Standard Agreement requires the City to provide operating subsidies for at least five-years, which would cost approximately \$2.9 million annually. The Homekey grant would cover the first two years of subsidies and the Department intends to fund ongoing operating subsidies with 2018 Proposition C funding. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

The Homekey Program

On July 16, 2020, the California Department of Housing and Community Development (HCD) announced the availability of approximately \$600 million of Homekey Program grant funding through a Notice of Funding Availability (NOFA). The focus of the Homekey Program is to sustain and expand housing for persons experiencing homelessness and impacted by COVID-19. Homekey also encourages eligible applicants to utilize funding to ameliorate the disproportionate racial impacts of homelessness and COVID-19. In August 2020, the Board of Supervisors approved the Department of Homelessness and Supportive Housing's (HSH) application for Homekey grant funding (File 20-0817). Two grant applications have been approved for funding. The proposed resolution revises a previously approved Board resolution (File 20-1063) passed October 6, 2020 based on increased State funding to enable the co-applicant, Episcopal Community Services (ECS), to purchase and renovate The Granada. The project will provide supportive housing for formerly homeless adults and serve all existing tenants, many of them low-income seniors who otherwise would be at risk of homelessness.

Project and Vendor Selection

Episcopal Community Services (ECS), a supportive housing service provider, was selected by the Department of Homelessness & Supportive Housing to serve as the co-applicant with the City for State funding. The City had a two-part process for selecting the co-applicant and The Granada. Prior to the release of the Homekey Program NOFA, the City had issued RFQ #HSH2020-130 on June 4, 2020 to solicit bids to provide services at Shelter-In-Place sites. This RFQ also established that in the event the City has the opportunity to convert these sites into more permanent settings or secure additional permanent sites, applicants may have the opportunity to qualify to provide ongoing services such as property management or support services. ECS was selected as one of the providers under this initial RFQ to run a Shelter-In-Place site. Upon release of the Homekey Program NOFA, HSH issued RFI #HSH2020-100 to identify properties that are available for acquisition and could be used as a Permanent Supportive Housing site. It was under RFI #HSH2020-100 that The Granada owner responded with ECS. According to the Department, ECS was the only qualified RFI respondent with experience with affordable housing acquisition and development needed to meet the Project Homekey deadlines in the state NOFA.

The Granada

The Granada is located at 1000 Sutter Street. The property includes 232 Single Residence Occupancy (SRO) units and will be operated as Permanent Supportive Housing. The building is currently owned by 655-685 4th St LP, and Pantoll Holdings LLC. According to the Department of

Homelessness & Supportive Housing, 80 of the 232 units are currently occupied by low-income individuals, who are primarily reliant on rental subsidies. ECS will income-certify existing tenants' status as at-risk of homelessness but the Department does not expect any existing tenants to be displaced. According to the Department, as of late September 2020, 152 units are vacant and will be filled by individuals referred through San Francisco's Coordinated Entry System, including housing referral status clients transitioning out of Shelter-In-Place hotels. Two of the 232 units will be used as on-site manager units.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) authorize the Department of Homelessness and Supportive Housing (HSH) to execute a Standard Agreement with the California Department of Housing and Community Development for up to \$49,000,000 of Homekey grant funds for the acquisition of The Granada at 1000 Sutter Street for Permanent Supportive Housing, and (2) approve and authorize HSH to commit up to \$33,000,000 in permanent funds and additional operating subsidies over five years to satisfy local match requirements. The proposed resolution also affirms the Planning Department's determination that the project is exempt from California Environmental Quality Act review.

The Department of Homelessness and Supportive Housing was notified of award of \$44,840,003 in California Department of Housing and Community Development grant funds on September 21, 2020. On October 6, 2020, the Board of Supervisors approved File 20-1063, which authorized HSH to execute the Homekey grant agreement for a total amount not to exceed \$45,000,000. ECS subsequently identified additional rehabilitation costs as part of ongoing due diligence assessments, not contemplated in the preliminary project funding plan, and on November 2, 2020, the California Department of Housing and Community Development agreed to an increased grant amount to fund these additional costs. The award of funds requires the Board of Supervisors to approve the Standard Agreement, which commits the City to additional matching funds for the remaining portion of the acquisition and rehabilitation costs and to provide at least five years of operating subsidies for the Project.

Of the \$49,000,000 grant award, \$42,344,020 of the funds is allocated for housing acquisition and rehabilitation, and \$5,520,000 is allocated to subsidize housing operations for up to 24 months. The remaining \$1,135,980 in the proposed resolution would allow the grant amount to be adjusted for further unexpected costs.

Standard Agreement

The proposed Standard Agreement has a five-year term, and requires funds to be spent on interim or permanent supportive housing consistent with the application for Homekey grant funds.

Expedited Timeline

Because the State's Homekey Program is supported by the Coronavirus Relief Act (for acquisition costs) and the State General Fund (for operating subsidy costs), the Standard Agreement requires that Coronavirus Relief Act funds be spent by December 30, 2020, otherwise the U.S. Department

of Treasury will recoup those monies that have not been used. The deadline for expending State General Funds is June 30, 2022.

According to the Homekey grant application, ECS will close the acquisition of The Granada by November 13, 2020. HSH and ECS have executed the initial standard agreement with HCD as authorized by the Board of Supervisors in the first resolution. HCD included a special condition in the agreement that enables the state to release the funding once the revised resolution is approved by the Board of Supervisors.

According to the City's Homekey grant application, ECS has ninety days after closing to reach fifty percent occupancy in the building. According to the Department, minor rehabilitation work will begin in November and be completed in time to reach 50 percent occupancy of the building in ninety days.

Ensuring Affordability

The proposed Standard Agreement requires ongoing affordability of the Project for at least 55 years. According to the Department, a gap loan from the Mayor's Office of Housing & Community Development (MOHCD) to fund acquisition costs will require a Declaration of Restrictions that limits tenant incomes, rents, and rent increases as well as a Deed of Trust to secure the property in favor of the City. In addition, the proposed resolution states that the City and ECS have agreed to an Option to Purchase Agreement, which would allow the City right of first refusal if ECS sells the Project.

FISCAL IMPACT

The total Homekey Program grant award is \$47,912,020, which includes \$42,344,020 allocated to acquisition of The Granada, and \$5,520,000 for two years of operating subsidy.

Acquisition and rehabilitation of The Granada is estimated at \$74,022,061, funded by Homekey Program, City funds, and a bridge loan from the Housing Accelerator Fund, as shown in Table 1 below. The Mayor's Office of Housing and Community Development (MOHCD) will loan the project \$8,505,000 at the close of escrow in November 2020.

Table 1: Acquisition & Rehabilitation Budget

Source	Original Funding Plan File 20-1063	Proposed Funding Plan File 20-1268	Change
Homekey Program Funding	\$39,272,003	\$42,344,020	\$3,072,017
City Loan	7,584,757	8,505,000	920,243
San Francisco Housing Accelerator Fund	12,959,250	23,173,041	10,213,791
Total Sources	\$59,816,010	\$74,022,061	\$14,206,051
Uses			
Acquisition	\$46,856,760	\$46,000,000	(\$856,760)
Rehabilitation	6,540,000	18,717,610	12,177,610
Architectural Fees	457,800	655,797	197,997
Construction Interest & Fees	920,000	2,471,760	1,551,760
Reserves	1,638,000	2,000,000	362,000
Contingency	1,226,250	1,552,294	326,044
Other Soft Costs	1,177,200	1,124,600	(52,600)
Developer Costs	1,000,000	1,500,000	500,000
Total Uses	59,816,010	\$74,022,061	\$14,206,051

Source: Department of Homelessness & Supportive Housing

A shown above, since the Board of Supervisors approved the original Homekey grant in early October 2020, rehabilitation costs increased by \$12.2 million and together with corresponding increases in construction and other related costs, the total rehabilitation costs increased by \$14.2 million.

Housing Accelerator Fund

The Housing Accelerator Fund provided a bridge loan to the project of \$23,173,041. MOHCD will provide a permanent gap loan to ECS to repay the Housing Accelerator Fund bridge loan within one year, which will be subject to Board of Supervisors approval.

Local Match

The proposed resolution approves the Department to commit the required funding match for Homekey Program grant up to \$33 million for acquisition and rehabilitation. The City's match includes \$8,505,000 for acquisition and \$23,173,041 for the permanent gap loan, totaling \$31,678,041. According to Ms. Gigi Whitley, Deputy Director for Administration and Finance at the Department of Homelessness & Supportive Housing, these matching funds, which will be used to fund the future gap loan through MOHCD, have been included in the Department's FY 2020-21 – FY 2021-22 budget.

Operating Subsidy

The Department of Homelessness and Supportive Housing estimates the annual operating subsidy to The Granada to be approximately \$2.8 million to \$2.9 million. The Homekey Program

grant includes \$5.5 million which would largely cover the operating subsidy for the first two years of the Project. The operating subsidy amount in the proposed grant agreement of \$5,520,000 is \$48,000 less than the original grant agreement amount of \$5,568,000 because two of the units at the project have since been allocated for property managers.

In addition, the proposed Standard Agreement requires the City to provide operating subsidies for at least five years. According to the Department of Homelessness & Supportive Housing, the estimated five-year operating subsidy is \$14.6 million, or approximately \$2.9 million per year, which the Department intends to fund with 2018 Proposition C funds. The Homekey award will offset the first two years of operating costs for Project. However, according to Ms. Whitley, in order to maintain the affordability of the Granada units, the City will need to subsidize housing operations and services to retain the site as Permanent Supportive Housing over the long-term.

RECOMMENDATION

Approve the proposed resolution.

HCD - Homekey Timeline Template

Subject	Objective	Description	Start Date	Finish Date	Note
1.0					
Requirments	Standard Agreement	Review SA upon award estimated in September, execute by November before Close of Escrow on property.	9/1/20	11/5/20	waiting on draft from HCD
	Site Control	Enter into LOI in August, Close of Escrow in November	8/6/20	11/13/20	Application attachment
	Identifying Development Team	Team was identified upon NOFA issuance, and before application submittal.	7/16/20	8/6/20	complete
	Appraisal Document	Appraisal to be started upon execution of LOI	8/10/20	9/18/20	complete
	Physical Needs Assessment	PNA to be started upon execution of LOI	8/10/20	10/30/20	in progress
	Accessibility and Non-Discrimination Statement	Submitted with application	8/7/20	8/7/20	Application attachment
	Preliminary commitment for Title Insurance	Title search for commitment to begin upon execution of LOI	8/10/20	9/8/20	complete
	Liability Insurance Coverage	Coverage with HCD as Add'l Insured to begin upon execution of SA.	9/1/20	11/1/20	complete
	Applicant Compliance Certification	Submitted with application	8/7/20	8/7/20	Application attachment
	Certification of Occupancy	Site is currently in use as a residential building; occupancy already established	11/13/20	11/13/20	In place
2.0					
Entitlements	No Change of Use/Variance/Conditional Use is Required	Not Applicable	N/A	N/A	N/A
3.0					
Permits	Building Permits	Submitted date and receipt of permit date	10/1/20	12/10/20	N/A
4.0					
Environmental Clearance	Site Assessment	Phase I to be started upon execution of LOI	8/10/20	10/23/20	complete
	Site Assessment	Phase II	10/1/20	10/30/20	in progress
	CEQA Clearance (even if using exemption the applicant must document the exemption)	CEQA Clearance established through AB 83	9/15/20	11/13/20	complete
	NEPA Clearance (if using local federal funding awards to support proposed activities)	Not Applicable	N/A	N/A	N/A
5.0					
Board or Governing Body Approval	Authorizing Resolution	City and County of San Francisco (CCSF), Lead Applicant	8/3/20	10/15/20	complete
	Authorizing Resolution	Episcopal Community Services (ECS), Co-Applicant	8/3/20	10/15/20	complete
6.0					
Closing Process	Closing Date	Intend to close on property acquisition by 11/13, but no later than 12/30 depending on due diligence needs or receipt of HCD Funding	11/13/20	12/30/20	Funding deadline

Note:

*Applicants are required to provide answers to all lines above, even if the response is "Not Applicable."
 Applicants should include all key milestones (tracked for the proposed project) to aide in the partnership between the Department and the applicant.
 Applicants can add other items as needed to clarify objectives and the implementation process.*

For projects requesting pre-development funding v

DEVELOPMENT COST	Total Project Costs	Residential Costs	Commercial Costs
LAND COST/ACQUISITION			
Land Cost or Value	\$46,000,000	\$46,000,000	
Demolition	\$0		
Legal	\$0		
Land Lease Rent Prepayment	\$0		
Total Land Cost or Value	\$46,000,000	\$46,000,000	\$0
Existing Improvements Cost or Value	\$0		
Off-Site Improvements	\$0		
Total Acquisition Cost	\$0	\$0	\$0
Total Land Cost / Acquisition Cost	\$46,000,000	\$46,000,000	\$0
Predevelopment Interest/Holding Cost	\$0		
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)	\$0		
Excess Purchase Price Over Appraisal	\$0		
REHABILITATION			
Site Work	\$0		
Structures	\$8,713,628	\$8,713,628	
General Requirements	\$855,000	\$855,000	
Contractor Overhead	\$0		
Contractor Profit	\$489,134	\$489,134	
Prevailing Wages	\$0		
General Liability Insurance	\$159,848	\$159,848	
Other: Asbestos Clearance	\$1,500,000	\$1,500,000	
Other: Modular Unit	\$0		
Other: Seismic	\$5,000,000	\$5,000,000	
Other: Utility Service upgrades	\$2,000,000	\$2,000,000	
Total Rehabilitation Costs	\$18,717,610	\$18,717,610	\$0
Total Relocation Expenses	\$0	\$0	
NEW CONSTRUCTION			
Site Work	\$0		
Structures	\$0		
General Requirements	\$0		
Contractor Overhead	\$0		
Contractor Profit	\$0		
Prevailing Wages	\$0		
General Liability Insurance	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Total New Construction Costs	\$0	\$0	\$0
ARCHITECTURAL FEES			

Design	\$415,797	\$415,797	
Supervision	\$90,000	\$90,000	
Total Architectural Costs	\$505,797	\$505,797	\$0
Total Survey & Engineering	\$150,000	\$150,000	
CONSTRUCTION INTEREST & FEES			
Construction Loan Interest	\$561,760	\$561,760	
Origination Fee	\$260,000	\$260,000	
Credit Enhancement/Application Fee	\$0		
Bond Premium	\$0		
Cost of Issuance	\$0		
Title & Recording	\$50,000	\$50,000	
Taxes	\$1,400,000	\$1,400,000	
Insurance	\$200,000	\$200,000	
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Total Construction Interest & Fees	\$2,471,760	\$2,471,760	\$0
PERMANENT FINANCING			
Loan Origination Fee	\$0		
Credit Enhancement/Application Fee	\$0		
Title & Recording	\$0		
Taxes	\$0		
Insurance	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Total Permanent Financing Costs	\$0	\$0	\$0
Subtotals Forward	\$67,845,167	\$67,845,167	\$0
LEGAL FEES			
Legal Paid by Applicant	\$85,000	\$85,000	
Other: (Specify)	\$0		
Total Attorney Costs	\$85,000	\$85,000	\$0
RESERVES			
Operating Reserve	\$1,000,000	\$1,000,000	
Replacement Reserve	\$1,000,000	\$1,000,000	
Transition Reserve	\$0		
Rent Reserve	\$0		
Other	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Total Reserve Costs	\$2,000,000	\$2,000,000	\$0
CONTINGENCY COSTS			
Construction Hard Cost Contingency	\$1,307,044	\$1,307,044	
Soft Cost Contingency	\$245,250	\$245,250	
Total Contingency Costs	\$1,552,294	\$1,552,294	\$0
OTHER PROJECT COSTS			
TCAC App/Allocation/Monitoring Fees	\$0		
Environmental Audit	\$50,000	\$50,000	

Local Development Impact Fees	\$0		
Permit Processing Fees	\$190,600	\$190,600	
Capital Fees	\$0		
Marketing	\$0		
Furnishings	\$484,000	\$484,000	
Market Study	\$0		
Accounting/Reimbursable	\$30,000	\$30,000	
Appraisal Costs	\$20,000	\$20,000	
Other: Inspection Reports	\$75,000	\$75,000	
Other: Start up costs	\$190,000	\$190,000	
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Total Other Costs	\$1,039,600	\$1,039,600	\$0
SUBTOTAL PROJECT COST	\$72,522,061	\$72,522,061	\$0
DEVELOPER COSTS			
Developer Overhead/Profit	\$1,500,000	\$1,500,000	
Consultant/Processing Agent	\$0		
Project Administration	\$0		
Broker Fees Paid to a Related Party	\$0		
Construction Oversight by Developer	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
Total Developer Costs	\$1,500,000	\$1,500,000	\$0
TOTAL PROJECT COST	\$74,022,061	\$74,022,061	\$0

Homekey Acquisition Funds Request \$ 42,334,020

via Homekey, include information for acquisition period financing an

HCD	City Acq Only	City Perm Only	HAF/City Perm
\$40,600,000	\$5,400,000		
\$40,600,000	\$5,400,000	\$0	\$0
\$0	\$0	\$0	\$0
\$40,600,000	\$5,400,000	\$0	\$0
			\$8,713,628
			\$855,000
			\$0
			\$489,134
			\$0
			\$159,848
			\$1,500,000
			\$0
			\$5,000,000
			\$2,000,000
\$0	\$0	\$0	\$18,717,610
\$0	\$0	\$0	\$0

\$34,020			\$381,777
			\$90,000
\$34,020	\$0	\$0	\$471,777
			\$150,000

			\$561,760
\$260,000			
	\$50,000		
\$1,400,000			
	\$200,000		
\$1,660,000	\$250,000	\$0	\$561,760

\$0	\$0	\$0	\$0
\$42,294,020	\$5,650,000	\$0	\$19,901,147

	\$85,000		
\$0	\$85,000	\$0	\$0

		\$1,000,000	
		\$1,000,000	
\$0	\$0	\$2,000,000	\$0

			\$1,307,044
			\$245,250
\$0	\$0	\$0	\$1,552,294

\$20,000	\$30,000		

			\$190,600
			\$484,000
			\$30,000
\$20,000			
			\$75,000
			\$190,000
\$40,000	\$30,000	\$0	\$969,600
\$42,334,020	\$5,765,000	\$2,000,000	\$22,423,041

		\$750,000	\$750,000
\$0	\$0	\$750,000	\$750,000
\$42,334,020	\$5,765,000	\$2,750,000	\$23,173,041

increased per additional scope of work	\$415,797
	\$90,000
	\$505,797
includes joint trench engineering	\$150,000
interest and origination fees	\$561,760
	\$260,000
	\$0
	\$0
	\$0
title and other closing	\$50,000
transfer taxes	\$1,400,000
owners builders risk	\$200,000
	\$0
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	\$2,471,760
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approx 3m increased opex	\$1,000,000
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	\$0
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	\$2,000,000
15% of structures cost	\$1,307,044
	\$245,250
	\$1,552,294
	\$0
	\$50,000

check sum

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From: Brent, Ina@HCD <Ina.Brent@hcd.ca.gov>

Sent: Monday, November 2, 2020 3:07 PM

To: Kathleen Mertz <kmertz@ecs-sf.org>; Ross, Geoffrey@HCD <Geoffrey.Ross@hcd.ca.gov>; Kungu, Catherine@HCD <Catherine.Kungu@hcd.ca.gov>

Cc: Wisotsky Kergan, Sasha@HCD <Sasha.Wisotsky@hcd.ca.gov>; Kate Hartley <khartley@sfhaf.org>; Kati Vastola <kvastola@sfhaf.org>; Whitley, Gigi (HOM) <gigi.whitley@sfgov.org>; Rebecca Foster <rfoster@sfhaf.org>

Subject: Re: Quick time sensitive question on Homekey - take 3!

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Kathllen See Below:

To summarize:

- HCD will enter into one contract with San Francisco for a maximum award amount (approx. \$47 million) that exceeds the amount listed in their resolution (\$45 million).
- HCD will immediately issue payment totaling \$44,840,003. This will require two different warrants because the disbursement includes CRF and General Fund.
- Upon receipt of an updated resolution, HCD will issue another disbursement to pay out the remaining balance on the contract.

Thank you,

Ina

From: [Peacock, Rebecca \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Kittler, Sophia \(MYR\)](#); [Sawyer, Amy \(MYR\)](#); [Merlone, Audrey \(CPC\)](#); [Schneider, Dylan \(HOM\)](#)
Subject: Mayor -- [Resolution] -- [Execute Revised Standard Agreement - California Department of Housing and Community Development - Homekey Grant - Not to Exceed \$49,000,000]
Date: Tuesday, November 3, 2020 4:08:27 PM
Attachments: [\(7\) Reso_CPC_Granada Hotel.zip](#)

Attached for introduction to the Board of Supervisors is a **resolution authorizing the Department of Homelessness and Supportive Housing to execute a revised Standard Agreement for up to \$49,000,000 of Homekey grant funds from the California Department of Housing and Community Development to Episcopal Community Services for the acquisition of the Granada hotel at 1000 Sutter Street for Permanent Supportive Housing; approving and authorizing HSH to commit up to \$33,000,000 for project expenses and additional operational subsidies over 5 years to satisfy local match requirements; and affirming the Planning Department's determination under the California Environmental Quality Act.**

This is the 7th and final piece of legislation from the Mayor's Office.

Please let me know if you have any questions.

Rebecca Peacock ([they/them](#))
(415) 554-6982 | Rebecca.Peacock@sfgov.org
Office of Mayor London N. Breed
City & County of San Francisco

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority

Assembly Bill No. 83 (2019-2020 Reg. Sess.) added section 50675.1.1 and 50675.1.2 to the Multifamily Housing Program (“MHP”) (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.1 is the statutory basis for the Homekey Program (“Homekey” or “Program”). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development (“Department” or “HCD”) to administer MHP.

The Department issued a Notice of Funding Availability (“NOFA”) for the Homekey Program on July 16, 2020. The NOFA incorporates by reference the MHP, as well as the MHP Final Guidelines (“MHP Guidelines”), dated June 19, 2019, both as amended and in effect from time to time. In addition, the NOFA states that Homekey grant funds are derived primarily from Coronavirus Relief Fund (“CRF”) money received from the U.S. Department of the Treasury. The CRF was established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136).

This STD 213, Standard Agreement (“Agreement”) is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Sponsor, as defined below, for funding under the Program (the “Grant”). As such, this Agreement shall be executed by the Sponsor. Where the Sponsor comprises a Local Public Entity (as defined below) and a private entity, both entities shall execute the Standard Agreement.

This Agreement hereby incorporates by reference the Application in its entirety. This Agreement is governed by the following (collectively, the “Program Requirements”), and each of the following is incorporated hereto as if set forth in full herein:

- A. The above-referenced MHP statutory scheme;
- B. The NOFA issued on July 16, 2020, and as may be subsequently amended;
- C. The MHP Guidelines;
- D. The CARES Act and related federal guidance;
- E. The award letter issued by the Department to the Sponsor; and
- F. Any and all other applicable law.

2. Purpose

The Homekey Program is intended to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic (“Target Population”).

Homekey Program (Homekey)

NOFA Date: July 16, 2020

Approved Date: 8-03-2020

Prep. Date: [To maintain version control, insert the date of each draft version and the finalized document]

EXHIBIT A

Sponsor applied to the Department for the Grant in order to conduct one or more of the activities outlined in Paragraph 4 below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Sponsor agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

3. Definitions

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. **"Application"** means the application for Grant funds that was submitted in response to the Department's Homekey Program 2020 Notice of Funding Availability, issued on July 16, 2020.
- B. **"CRF Covered Period"** means the time period running from **March 1, 2020 through December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred during this time period, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- C. **"CRF Expenditure Deadline"** means **December 30, 2020**. All Grant expenses for CRF-funded Eligible Uses must be incurred on or before this date, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- D. **"Designated Payee"** means the Co-Sponsor that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at Exhibit E of this Agreement.
- E. **"Development Sponsor"** has the same meaning as **"Sponsor"** below.
- F. **"Eligible Uses"** means the activities that may be funded by the Homekey Program Grant. Those activities are listed at Paragraph 4 of this Agreement, and at Health and Safety Code section 50675.1.1, subdivision (a).
- G. **"Interim Housing"** means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does require occupants to sign leases or occupancy agreements.
- H. **"Local Public Entity"** is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in

EXHIBIT A

accord with this Health and Safety Code definition, the term “**Local Public Entity**” also includes two or more local public entities acting jointly.

- I. “**Performance Milestones**” means the indicators and metrics of progress and performance that are identified as such at Exhibit E of this Agreement. Sponsor’s failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- J. “**Permanent Housing**” means housing, dwellings, or other living accommodations where the landlord does not limit the tenant’s length of stay or restrict the tenant’s movements, and where the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- K. “**Program Requirements**” means the legal authority and Program materials listed at Paragraph 1.A – F, above.
- L. “**Project**” means a structure or set of structures with common financing, ownership, and management, and which provides Permanent Housing or Interim Housing for the Target Population.
- M. “**Scope of Work**” or “**Work**” means the work to be performed by the Sponsor to accomplish the Program purpose.
- N. “**Sponsor**” is defined by the Multifamily Housing Program at Health and Safety Code section 50675.2, subdivision (g). (See also Health & Saf. Code, § 50669, subd. (c).) “**Sponsor**” refers, both individually and collectively, to the private entity and/or the Local Public Entity that received a Homekey Grant after submitting an Application or a joint Application to the Department. When the Sponsor comprises two entities, each entity may be referred to as a “**Co-Sponsor**.” On the STD 213 portion of this Agreement, the Sponsor is identified as the Contractor.
- O. “**State General Fund Expenditure Deadline**” means **June 30, 2022**. Grant expenses for capitalized 24-month operating subsidies (which are funded by the State General Fund) must be incurred on or before this date, or they will not be reimbursed.
- P. “**Target Population**” means individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic.

4. Eligible Uses

Sponsor shall apply the Program Grant funds to one or more of the following uses. Sponsor’s use of the funds and scope of work (“Scope of Work” or “Work”) are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation of motels, hotels, or hostels.
- B. Master leasing of properties.

Homekey Program (Homekey)

NOFA Date: July 16, 2020

Approved Date: 8-03-2020

Prep. Date: [To maintain version control, insert the date of each draft version and the finalized document]

EXHIBIT A

- C. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- D. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- G. Capitalized operating subsidies for units purchased, converted, or altered with funds provided under the Program.

5. **Performance Milestones**

Sponsor shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each a "Milestone Completion Date"). Sponsor may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's sole and absolute discretion. In no event will the Department approve an extension request in the absence of Sponsor's demonstration of good cause for said extension, along with Sponsor's reasonable assurances that the extension will not result in Sponsor's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

6. **Reporting Requirements**

Sponsor shall comply with all reporting requirements set forth at Section 402 of the NOFA or in this Agreement, all in accordance with, without limitation, the deadline(s) set forth under Performance Milestones at Exhibit E of this Agreement.

7. **Department Contract Coordinator**

The Department's Contract Coordinator for this Agreement is the [Assistant Deputy Director] of the Division of Financial Assistance, or the [Assistant Deputy Director's] designee. Unless otherwise informed, Sponsor shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development
Attention: Homekey Program (Homekey)
Grant Management Section
2020 West El Camino Avenue, Suite 400, 95833
P. O. Box 952050
Sacramento, CA 94252-2050

Homekey Program (Homekey)

NOFA Date: July 16, 2020

Approved Date: 8-03-2020

Prep. Date: [To maintain version control, insert the date of each draft version and the finalized document]

EXHIBIT A

8. Sponsor Contract Coordinator

The Sponsor Contract Coordinator for this Agreement may coordinate with the [REDACTED] for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Sponsor Contract Coordinator at the address specified at Exhibit E of this Agreement.

DRAFT

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Applicant has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Sponsor after this Agreement has been fully executed, and after the Department receives the Sponsor's request for funds, with all required supporting documents appended thereto. The Sponsor shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- A. Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comport with the Program's requirements (if the Sponsor has not already submitted same);
- C. Certification of compliance with California's prevailing wage law;
- D. Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- E. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- F. A current title report (dated within 15 days of the request for funds);
- G. Any forms, certifications, or documentation required pursuant to Paragraph 5 – Conditions Precedent to Disbursement of Exhibit E of this Agreement; and
- H. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

3. Performance

After disbursement of the funds, the Sponsor shall meet each Performance Milestone set forth at Exhibit E by the designated deadline. After satisfaction of each Performance Milestone, the Sponsor shall promptly report its progress, in writing, to the Department. Sponsor may apply to the Department for an extension of the Performance Milestone deadlines based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Milestones.

EXHIBIT B

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT, AND ENTITLES THE DEPARTMENT TO MANDATE THE SPONSOR TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARTMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO SPONSOR.

4. **Fiscal Administration**

- A. Sponsor shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any CRF Grant funds that have not been expended by the CRF Expenditure Deadline must be returned to the Department with accrued interest. Any State General Fund moneys that have not been expended by the State General Fund Expenditure Deadline must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development
Accounting Division, Suite 300
2020 W. El Camino Avenue
Sacramento, California 95833

5. **Duplication of Benefit**

Homekey funding is not required to be used as funding of last resort. However, Sponsor may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

EXHIBIT D

HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "Effective Date").
- B. This Agreement shall terminate five (5) years after the Effective Date, as stated in Paragraph 2 of the STD 213, Standard Agreement (such date, the "Expiration Date").
- C. Sponsor will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under Paragraph 2 of Exhibit B. All Program funds must be disbursed by **December 30, 2020**.
- D. Grant expenses for CRF-funded Eligible Uses must be incurred from **March 1, 2020 through December 30, 2020** (the "CRF Covered Period"). **December 30, 2020** is the deadline for all such expenditures (the "CRF Expenditure Deadline" or "Expenditure Deadline"). CRF-funded Eligible Uses are those listed at Paragraph 4.A – F of Exhibit A.
- E. Grant expenses for capitalized 24-month operating subsidies (which are funded by the State General Fund) must be incurred by **June 30, 2022** (the "State General Fund Expenditure Deadline" or "Expenditure Deadline").
- F. Any expenses incurred prior to the CRF Covered Period, after the CRF Expenditure Deadline, or after the State General Fund Expenditure Deadline, respectively and as applicable, are not eligible for payment under the Program. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department.

2. Termination

The Department may terminate this Agreement for cause at any time by giving at least 14 days' advance written notice to the Sponsor. Upon such termination, Sponsor shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

Cause shall consist of Sponsor's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

Homekey Program (Homekey)

NOFA Date: July 16, 2020

Approved Date: 8-03-2020

Prep. Date: [To maintain version control, insert the date of each draft version and the finalized document]

EXHIBIT D

- A. Sponsor's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified, by **December 30, 2020**.
- B. Sponsor's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Special Conditions set forth at Exhibit E of this Agreement (including any one of the Performance Milestones), or the award letter.
- C. Sponsor's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - 1) Any material fact or representation, made or furnished to the Department by the Sponsor in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Sponsor has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

Sponsor's failure to meet any applicable Expenditure Deadline shall result in the automatic termination of this Agreement, and Sponsor shall return all disbursed Grant funds to the Department within thirty (30) calendar days of the applicable Expenditure Deadline.

In the event of any other breach, violation, or default by the Sponsor, the Department may give written notice to the Sponsor to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department at its sole and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. Eligible Activities

Grant funds awarded to the Sponsor shall be applied to the eligible uses set forth at Exhibit A and described in greater detail at Exhibit E. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

4. Performance Milestones

Sponsor shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

EXHIBIT D

5. Article XXXIV

Article XXXIV, section 1 of the California Constitution (“Article XXXIV”) is not applicable to development involving the acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, of lodging facilities or dwelling units using moneys receiving from the CRF established by the federal CARES Act (Public Law 116-136), pursuant to Health and Safety Code section 37001, subdivision (h).

6. Appraisals

Sponsor shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

7. Compliance with California’s Prevailing Wage Law

Sponsor’s Project may be subject to California’s prevailing wage law (Lab. Code, § 1720 et seq.). Sponsor is urged to seek professional legal advice about the law’s requirements. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California’s prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Sponsor and its general contractor.

8. Environmental Conditions

Sponsor shall provide a Phase I Environmental Site Assessment (“ESA”) for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Sponsor desires to proceed with the Project, the Sponsor shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Sponsor shall also provide an asbestos assessment and a lead-based paint report for the Department’s approval if the Project involves rehabilitation or demolition of existing improvements.

9. Insurance

Sponsor shall obtain the insurance coverages identified at Article VI of the NOFA; Sponsor shall maintain such insurance coverages for either the term of this Agreement or the term of any required use restriction or affordability covenant, whichever applicable term is longer. Sponsor shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Sponsor

EXHIBIT D

shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Sponsor is a Local Public Entity and is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Local Public Entity shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Local Public Entity abandons its self-insured status at any time after execution of this Agreement, the Local Public Entity shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

10. **Operating Funds**

Sponsor shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at Exhibit B of this Agreement, Sponsor shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

11. **Relocation**

If there is or will be any residential or commercial displacement directly or indirectly caused by the Project, the Sponsor shall provide a relocation plan to the Department for review. The relocation plan must comply with the requirements of state law (Gov. Code, § 7260 et seq.) and the regulations adopted by the Department (Cal. Code Regs., tit. 25, § 6000 et seq.). The Project budget shall include enough funds to pay all costs of relocation benefits and assistance, as identified in the relocation plan accepted by the Department. If the Project will not cause any displacement, the Sponsor must provide corroborating documentation to the Department for approval. If there is separate federal funding of the Project, the Sponsor shall comply with federal Uniform Relocation Act requirements to the extent applicable.

12. **Site Control**

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Sponsor shall at all times have control of the property and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Sponsor's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.

EXHIBIT D

- C. An executed disposition and development agreement, or irrevocable offer of dedication to a public agency.
- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Sponsor, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Sponsor shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Sponsor. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other forms of site control that give the Department assurance (equivalent to A-E above) that the Sponsor will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

13. Adaptability and Accessibility

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility in the design, construction and rehabilitation of residential projects for persons with disabilities.

14. Title Report

Sponsor shall provide a current title report for the real property on which the Project is located. If Sponsor's interest in the property is leasehold, then Sponsor shall provide a current title report for the leasehold interest and the fee interest.

15. Title Insurance

Sponsor shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Sponsor holds good and marketable title (fee simple or leasehold).

EXHIBIT D

16. Supportive Services Plan

Where a project features on-site supportive services, Sponsor shall submit a supportive services plan to the Department for its review and approval. Such plan shall meet the Program Requirements.

17. Non-Discrimination

During Sponsor's performance under this Agreement, Sponsor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. Sponsor shall ensure that the evaluation and treatment of employees and applicants for employment are free from such discrimination and harassment. Sponsor shall comply with California's laws against discriminatory practices relating to specific groups: the California Fair Employment and Housing Act (FEHA) (Gov. Code, § 12900 et seq.); the regulations promulgated thereunder (Cal. Code Regs., tit. 2, § 11000 et seq.); and the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code, §§ 11135 - 11139.5). Sponsor shall give written notice of its obligations under this provision to labor organizations with which it has a collective bargaining or other agreement.

18. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Sponsor shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing or Permanent Housing. Sponsor is encouraged to refer to the guidelines for Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development ("HUD"). Sponsor shall comply with all state and federal fair housing laws.

19. Sponsor Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Sponsor acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit, subject to applicable state laws and local governmental ordinances related to public health, animal control, and animal anticruelty.

Homekey Program (Homekey)

NOFA Date: July 16, 2020

Approved Date: 8-03-2020

Prep. Date: [To maintain version control, insert the date of each draft version and the finalized document]

EXHIBIT D

20. Final Certificate of Occupancy

Sponsor shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

21. Occupancy

The units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Sponsor shall certify, upon occupancy, that it will employ the core components of Housing First (set forth at Health and Safety Code section 8255) as part of its property management and tenant selection practices.

22. Reporting Requirements

Sponsor shall submit expenditure and program reporting to the Department by **February 1, 2021**. Such reporting shall include the data outlined at Section 402 of the NOFA.

If Sponsor has received State General Fund moneys to fund a 24-month operating subsidy, Sponsor shall submit relevant expenditure reporting to the Department on **January 31, 2021; July 31, 2021; January 31, 2022; and July 31, 2022**. Such reporting shall include the data set forth at Section 402.i. – vi. of the NOFA.

23. Use Restrictions and Affordability Covenants

Either a use restriction or an affordability covenant shall be recorded against the Project real property, depending on the Project type. For Interim Housing Projects that will not result in permanent housing, the Department shall cause a 10-year use restriction to be recorded against the Project real property. For Interim Housing Projects that will ultimately result in permanent housing, the Local Public Entity shall cause a 10-year use restriction to be recorded against the Project real property. For Permanent Housing Projects, the Local Public Entity shall cause a 55-year affordability covenant to be recorded against the Project real property.

All use restrictions and affordability covenants shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions and affordability covenants are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

24. Restrictions on Sales, Transfers, and Encumbrances

Sponsor shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

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EXHIBIT D

25. Retention, Inspection, and Audit of Records

Sponsor is responsible for maintaining records which fully disclose the activities funded by the Grant. Sponsor shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegates, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. Sponsor shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Sponsor shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Sponsor in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Sponsor, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Sponsor shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

26. Site Inspection

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

Homekey Program (Homekey)

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EXHIBIT D

27. Compliance with State and Federal Laws, Rules, Guidelines, and Regulations

Sponsor agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

28. Updated Information

If there is any change in the information that has been provided to the Department, Sponsor shall promptly provide the Department with updated documentation (e.g., updated sources and uses). All changes shall be subject to Department approval.

29. Survival of Obligations

The obligations of the Sponsor, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

30. Litigation

Sponsor shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

31. Severability

This Agreement constitutes the entire agreement between the Sponsor and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

32. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Sponsor's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

EXHIBIT D

33. Disputes

In the event of any conflict between this Agreement and any Sponsor documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

34. Consent

The parties agree that wherever the consent or approval of the Department or Sponsor is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

35. Sponsor Liability

Sponsor shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Sponsor shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Sponsors' identification of a Designated Payee.

36. Defense and Indemnification

Sponsor agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Sponsor's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Sponsor shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

37. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

Homekey Program (Homekey)

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EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS

A. PROJECT-SPECIFIC PROVISIONS

1. Project Description

- i. Identify the Grant Amount.
- ii. Identify the payee or the Designated Payee.
- iii. Identify the Eligible Use of the Grant funds.
- iv. Identify the street address and assessor's parcel number (APN) of the Project site(s).
- v. Include additional information about the Project. Examples include, but are not limited to, the following:
 - a) Unit mix chart.
 - b) A description of how the Project will address racial equity and inequities for the Target Population (if Sponsor received points for this showing under Section 204, Table 7, Item 3 of the NOFA).
 - c) A description of the Project's proximity to transit (if Sponsor received points for this feature under Section 204, Table 7, Item 4 of the NOFA).
 - d) A description of the alternative transportation service available at the Project site (if Sponsor received points for this feature under Section 204, Table 7, Item 4 of the NOFA).
 - e) A description of the Project's proximity to essential services (if Sponsor received points for this feature under Section 204, Table 7, Item 4 of the NOFA).

2. Scope of Work

- i. Include a clear, precise description of the work to be performed; the services to be provided; and the goals and objectives to be met.

3. Sponsor Contract Coordinator

Authorized Representative Name:	Insert Name Here
Authorized Representative Title:	Insert Title Here
Entity Name:	Insert Name Here
Address:	Insert Contact Info Here
Phone No.:	Insert Contact Info Here

Homekey Program (Homekey)

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E-Mail Address:	Insert Contact Info Here
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4. Budget Detail

- i. DFA: Insert specific budget detail (e.g., sources and uses, other funding sources).

5. Conditions Precedent to Disbursement

- i. Insert conditions precedent to disbursement that are specific to this Project.

6. Performance Milestones

- i. Please insert a customized list of Performance Milestones that are critical to the Project. A sample list is set forth below for informational guidance only.

Performance Milestones	Date
Site control of Project site.	
Completion of all necessary environmental clearances.	
Obtaining all discretionary public land use approvals that are required, notwithstanding Health and Safety Code section 50675.1.1, subdivision (g).	
Obtaining all enforceable funding commitments.	
Satisfaction of all conditions of disbursement set forth at <u>Exhibit B</u> .	
Program funds fully disbursed.	
Satisfaction of occupancy timeline.	
Sponsor's submission of certification that it will employ the core components of Housing First (set forth at Health and Safety Code section 8255) as part of its property management and tenant selection practices.	
Recordation of a 10-year use restriction by the Local Public Entity [for Interim Housing Projects that will convert to permanent housing]	
Recordation of a 55-year affordability covenant by the Local Public Entity [for Permanent Housing Projects]	
Submission of expenditure and program reporting	Feb. 1, 2021

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Performance Milestones	Date
Submission of expenditure reporting in connection with 24-month operating subsidy	Jan. 31, 2021
	July 31, 2021
	Jan. 31, 2022
	July 31, 2022

B. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Project Homekey Authorizing Resolution

Board of Supervisors

Budget and Finance Committee

November 18, 2020

Project Homekey: Authorizing Resolution for 1000 Sutter Street, Amended

- The Budget and Finance Committee approved the original Authorizing Resolution on September 30, 2020 which was approved by the Full Board on October 6, 2020.
- Authorize HSH to execute a Standard Agreement for up to \$49,000,000 (previously \$45,000,000) of Homekey grant funds from the CA Department of Housing and Community Development (HCD)
- Funds enable Episcopal Community Services (ECS) to acquire and rehabilitate The Granada, an SRO building at 1000 Sutter Street, for Permanent Supportive Housing

Project Homekey: Revised Fiscal Impact

Project Budget		
	Previous (\$ in million)	New (\$ in million)
Sources		
Homekey Funds	39.3	42.3
City Loan	7.6	8.5
SF Housing Accelerator Fund	12.9	23.2
Total Sources	\$59.8	\$74
Uses		
Acquisition Costs	46.9	46
Rehabilitation Costs	12.9	28
Total Uses	\$59.8	\$74

Project Homekey: The Granada

- Located at 1000 Sutter Street, the intersection of Sutter Street and Hyde Street
- 232 SRO units
- 80 of the units are currently occupied by seniors and low-income individuals, no tenants will be displaced
- The remaining 152 units to be filled through the City's Coordinated Entry System, including referrals from the COVID-19 Shelter-In-Place hotels



courtesy of flkr

