

1 [Execute Standard Agreement and Accept and Expend Grant - California Department of
2 Housing and Community Development - 2021 Homekey Grant - 333-12th Street - Not to
3 Exceed \$56,578,000]

4 **Resolution authorizing the Department of Homelessness and Supportive Housing**
5 **(“HSH”) to execute a Standard Agreement with the California Department of Housing**
6 **and Community Development for a total amount not to exceed \$56,578,000 of Project**
7 **Homekey grant funds; to accept and expend those funds for the acquisition of the**
8 **property located at 333-12th Street for Permanent Supportive Housing for families and**
9 **to support its operations upon execution of the Standard Agreement through June 30,**
10 **2026; approving and authorizing HSH to commit approximately \$98,800,000 in required**
11 **matching funds for acquisition of the property and a minimum of five years of**
12 **operating subsidy; affirming the Planning Department’s determination under the**
13 **California Environmental Quality Act; and adopting the Planning Department’s findings**
14 **of consistency with the General Plan, and the eight priority policies of Planning Code,**
15 **Section 101.1; and authorizing HSH to enter into any additions, amendments, or other**
16 **modifications to the Standard Agreement and the Homekey Documents that do not**
17 **materially increase the obligations or liabilities of the City or materially decrease the**
18 **benefits to the City.**

19
20 WHEREAS, The Department of Homelessness and Supportive Housing’s (“HSH”) mission is to prevent homelessness when possible and to make homelessness a rare, brief,
21 and one-time experience in San Francisco through the provision of coordinated,
22 compassionate, and high-quality services; and
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1 WHEREAS, In July 2020, Mayor Breed announced her Homelessness Recovery Plan,
2 which included the goal of acquiring and operating 1,500 new units of Permanent Supportive
3 Housing (“PSH”) by June 30, 2022; and

4 WHEREAS, As of June 30, 2022, at the close of the Plan, the City had nearly doubled
5 the goal with 2,918 units of site-based and scattered-site PSH that were active or under
6 contract with a non-profit provider since July 1, 2020; 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, The California Department of Housing and Community Development
11 (“HCD”) issued a Notice of Funding Availability Round 2 (“NOFA”) dated September 9, 2021,
12 for the 2021 Homekey Grant Program (“Project Homekey”) pursuant to Health and Safety
13 Code, Section 50675.1.1 (Assembly Bill No. 140 (2021-2022 Reg. Sess.), Section 20.), a copy
14 of which is on file with the Clerk of the Board in File No. 221170; and

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

19 WHEREAS, On April 26, 2022, the Board adopted Resolution No.147-22, on file with
20 the Clerk of the Board of Supervisors in File No. 220344, approving the purchase of the
21 property located at 333-12th Street (“the Property”) and authorizing HSH to apply to HCD’s
22 2021 Project Homekey for the Property in an amount not to exceed the purchase price of
23 \$145,000,000, plus up to \$2,250,000 in interest, plus an estimated \$290,000 for typical
24 closing costs, for a total anticipated amount of \$147,540,000 (“Acquisition Cost”), or the
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1 maximum award amount allowable under Project Homekey to purchase the Property on
2 behalf of the City and County of San Francisco ("City"); and

3 WHEREAS, A copy of the Project Homekey application ("Application") for the property
4 located at 333-12th Street is on file with the Clerk of the Board of Supervisors in File
5 No. 221170; and

6 WHEREAS, In an award letter ("Award Letter") dated July 28, 2022, HCD approved the
7 Application in an amount not to exceed \$56,578,000 subject to the terms and conditions of
8 HCD's Standard Agreement ("Standard Agreement"); copies of the Award Letter and
9 Standard Agreement are on file with the Clerk of the Board of Supervisors in File No. 221170;
10 and

11 WHEREAS, The Property includes the real property and 200 multi-family unit
12 residential building, consisting of a central lobby, community lounges, office space, laundry
13 rooms, elevator, and a shared outdoor space, as well as certain improvements,
14 appurtenances, personal property, and intangible property described in the Purchase
15 Agreement, a copy of which is on file with the Clerk of the Board of Supervisors in File No
16 220344; and

17 WHEREAS, Receipt of these Project Homekey funds for the Property requires a City
18 commitment of approximately \$98,800,000 in matching funds for acquisition of the property
19 and a minimum of five years of operating costs, estimated at approximately \$4,131,945 as
20 reflected in the Standard Agreement; and

21 WHEREAS, As of August 31, 2022, the City completed the first installment payments
22 totaling \$100,089,899 towards the purchase of the Property to the owner, City Gardens
23 Bridge, LLC., thereby meeting the Project Homekey requirement to provide matching
24 acquisition funds; and
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1 WHEREAS, The Planning Department in a letter dated March 28, 2022 ("Planning
2 Letter"), found that the proposed acquisition of the Property is not defined as a project under
3 the California Environmental Quality Act ("CEQA") Guidelines, Sections 15378 and 15060
4 (c)(2) ("CEQA Determination") and is consistent with the General Plan, and the eight priority
5 policies of the Planning Code, Section 101.1 ("General Plan Findings"), a copy of said
6 Planning Letter is on file with the Clerk of the Board in File No. 220344; and

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

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

11 RESOLVED, The Executive Director of HSH or their designee is hereby authorized, in
12 consultation with the City Attorney, to enter into, execute, and deliver a Standard Agreement
13 for a total amount not to exceed \$56,578,000 and any and all other documents required or
14 deemed necessary or appropriate to secure the Project Homekey grant funds from HCD and
15 to participate in Project Homekey, and all amendments thereto (collectively, the "Homekey
16 Documents"); and, be it

17 FURTHER RESOLVED, HSH is hereby authorized to accept and expend up to
18 \$56,578,000 of Project Homekey grant funds for the acquisition of the Property and operating
19 costs as detailed in the Grant Budget, a copy of which is on file with the Clerk of the Board of
20 Supervisors in File No. 221158; and, be it

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

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

3 FURTHER RESOLVED, HSH is hereby authorized and directed to ensure that any
4 funds awarded for capital expenditures are spent by March 28, 2023, and that any funds
5 awarded for capitalized operating subsidies are spent by June 30, 2026; and, be it

6 FURTHER RESOLVED, The City acknowledges and agrees that it shall be subject to
7 the terms and conditions specified in the Standard Agreement, which includes a City
8 commitment of approximately \$98,800,000 in matching funds for acquisition of the property
9 and a minimum of five years of operating costs, and that the NOFA and the Application will be
10 incorporated in the Standard Agreement by reference and made a part thereof; any and all
11 activities, expenditures, information and timelines represented in the Application are
12 enforceable through the Standard Agreement; funds are to be used for the allowable
13 expenditures and activities identified in the Standard Agreement; and, be it

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

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

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

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

RECOMMENDED:

_____/s/_____

Shireen McSpadden
Homelessness and Supportive Housing
Executive Director

Approved: _____/s/_____

Controller’s Office

Approved: _____/s/_____

Mayor’s Office