

1 [Execute Standard Agreement and Accept and Expend Grant - California Department of  
2 Housing and Community Development Affordable Housing and Sustainable Communities  
3 Program - The Kelsey Civic Center - \$29,269,952]

4 **Resolution authorizing the Mayor’s Office of Housing and Community Development on**  
5 **behalf of the City and County of San Francisco to execute the Standard Agreements**  
6 **and other related documents with the State of California Department of Housing and**  
7 **Community Development (“HCD” or “Department”) under the Affordable Housing and**  
8 **Sustainable Communities Program for a total award of \$29,269,952 including**  
9 **\$20,000,000 disbursed by HCD as a loan to The Kelsey Civic Center, L.P. (“Developer”)**  
10 **for a 100% affordable housing project at 240 Van Ness Avenue and \$9,269,952 to be**  
11 **disbursed as a grant to the City for public transit improvements near 240 Van Ness**  
12 **Avenue, for the period starting on the execution date of the Standard Agreements to**  
13 **April 30, 2028; authorizing MOHCD to accept and expend the grant of up to \$9,269,952**  
14 **for transit, bicycle and pedestrian improvements, and other transit oriented**  
15 **programming as approved by HCD.**

16  
17 WHEREAS, The State of California, the Strategic Growth Council (“SGC”) and the  
18 Department of Housing and Community Development (“Department”) issued a Notice of  
19 Funding Availability (“NOFA”) dated February 26, 2021, under the Affordable Housing and  
20 Sustainable Communities (“AHSC”) Program established under Division 44, Part 1 of the  
21 Public Resources Code commencing with Section 75200; and

22 WHEREAS, The SGC is authorized to approve funding allocations for the AHSC  
23 Program, subject to the terms and conditions of the NOFA, AHSC Program Guidelines  
24 adopted by SGC on February 24, 2021 (“Program Guidelines”), an application package  
25 released by the Department for the AHSC Program (“Application Package”), and an AHSC

1 standard agreement with the State of California (“Standard Agreement”), the Department is  
2 authorized to administer the approved funding allocations of the AHSC Program; and

3 WHEREAS, The AHSC Program provides grants and loans to applicants identified  
4 through a competitive process for the development of projects that, per the Program  
5 Guidelines, will create new affordable housing and achieve greenhouse gas reductions and  
6 benefit disadvantaged communities through increased accessibility to affordable housing,  
7 employment centers and key destinations via low-carbon transportation; and

8 WHEREAS, The AHSC Program requires that joint applicants for a project will be held  
9 jointly and severally liable for completion of such project; and

10 WHEREAS, Mercy Housing California and The Kelsey (“Co-Developers”), requested  
11 the City and County of San Francisco (the “City”), acting by and through the Mayor’s Office of  
12 Housing and Community Development (“MOHCD”), to be a joint applicant for an eight story,  
13 112 unit, 100% affordable housing project, including 28 units reserved for people with  
14 disabilities who are eligible to receive home and community-based services (the “Project”)  
15 identified as The Kelsey Civic Center (“The Kelsey Civic Center”); and

16 WHEREAS, The San Francisco Municipal Transportation Agency (“SFMTA”) plans to  
17 perform transit improvements including bicycle and pedestrian improvements to Folsom Street  
18 and transit improvements to Mission Street in the vicinity of the Project (the “SFMTA Work”);  
19 and

20 WHEREAS, On June 3, 2021, by Notice of Final Approval of an SB 35 Project, the  
21 Planning Department has determined that the development of the proposed project with a  
22 ground floor community facility, met all the objective standards of the Planning Code and has  
23 completed design review of the Project. The Project has been approved in accordance with  
24 the provisions of SB35, as recorded in Building Permit Application No. 2021.0104.2034; the  
25 Project is eligible for ministerial approval under California Government Code, Section 65913.4

1 (Senate Bills 35 and 765), California Public Resources Code, Section 21080, in conjunction  
2 with the State Density Bonus Law (California Government Code Section 65913.4) and the  
3 CEQA Guidelines, Sections 15002(i)(1), 15268 and 15369, and would therefore not be subject  
4 to the California Environmental Quality Act (CEQA); and

5 WHEREAS, The Board of Supervisors authorized the City and County of San  
6 Francisco acting by and through the Mayor’s Office of Housing and Community Development  
7 (the “City”) to apply for AHSC Program funds and submit an Application Package as a joint  
8 applicant with the Developer through Resolution No. 259-21; and

9 WHEREAS, SFMTA, MOHCD and Developer entered into a Memorandum of  
10 Understanding to make commitments related to completion of the SFMTA Work on the Project  
11 as included in the Application Package; and

12 WHEREAS, The grant budget includes provision for indirect costs of up to  
13 \$1,390,492.80; and

14 WHEREAS, Through an award letter dated February 4, 2022, the Department made an  
15 award in the total amount of \$29,269,952, which includes \$20,000,000 to be disbursed by  
16 HCD as a loan to the Developer for the Project, and up to \$9,269,952 to be disbursed as a  
17 grant to the City for the SFMTA Work and other transit-oriented programming and  
18 improvements approved by HCD, subject to the terms and conditions of the STD 215  
19 Standard Agreement (“Standard Agreement”), a copy of which is on file with the Clerk of the  
20 Board of Supervisors in File No. 230064; now therefore, be it

21 RESOLVED, That the Board of Supervisors authorizes the City to enter into the  
22 Standard Agreements with the Department, with terms and conditions that AHSC program  
23 funds are to be used for allowable capital asset project expenditures identified in Exhibit A;  
24 and, be it

1 FURTHER RESOLVED, That the Board of Supervisors authorizes the City to accept  
2 and expend the grant funds disbursed under the Standard Agreement; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
4 MOHCD (or his designee) to execute and deliver any documents in the name of the City that  
5 are necessary, appropriate or advisable to accept and expend the AHSC Program funds from  
6 the Department, and all amendments thereto, and complete the transactions contemplated  
7 herein and to use the funds for eligible capital asset(s) in the manner presented in the  
8 application as approved by the Department and in accordance with the NOFA and Program  
9 Guidelines and Application Package; and, be it

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

13 FURTHER RESOLVED, That within thirty (30) days of the Standard Agreement being  
14 fully executed by all parties, MOHCD shall provide the final agreement to the Clerk of the  
15 Board for inclusion into the official file.

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RECOMMENDED:

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Eric D. Shaw, Director,  
Mayor's Office of Housing and Community Development