

File No. 201268

Committee Item No. 10

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 18, 2020

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input 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 type="checkbox"/>            | <input 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 type="checkbox"/> | <u>Project Development Budget</u> |
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Completed by: Linda Wong

Date November 13, 2020

Completed by: Linda Wong

Date \_\_\_\_\_

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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<b>Item 10</b> <b>Files 20-1268</b>	<b>Department:</b> Department of Homelessness and Supportive Housing
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## 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 4<sup>th</sup> 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**

<b>Source</b>	<b>Original Funding Plan File 20-1063</b>	<b>Proposed Funding Plan File 20-1268</b>	<b>Change</b>
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
<b>Total Sources</b>	<b>\$59,816,010</b>	<b>\$74,022,061</b>	<b>\$14,206,051</b>
<b>Uses</b>			
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
<b>Total Uses</b>	<b>59,816,010</b>	<b>\$74,022,061</b>	<b>\$14,206,051</b>

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
<b>1.0</b>					
<b>Requirments</b>	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
<b>2.0</b>					
<b>Entitlements</b>	No Change of Use/Variance/Conditional Use is Required	Not Applicable	N/A	N/A	N/A
<b>3.0</b>					
<b>Permits</b>	Building Permits	Submitted date and receipt of permit date	10/1/20	12/10/20	N/A
<b>4.0</b>					
<b>Environmental Clearance</b>	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
<b>5.0</b>					
<b>Board or Governing Body Approval</b>	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
<b>6.0</b>					
<b>Closing Process</b>	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
<b>LAND COST/ACQUISITION</b>			
Land Cost or Value	\$46,000,000	\$46,000,000	
Demolition	\$0		
Legal	\$0		
Land Lease Rent Prepayment	\$0		
<b>Total Land Cost or Value</b>	<b>\$46,000,000</b>	<b>\$46,000,000</b>	<b>\$0</b>
Existing Improvements Cost or Value	\$0		
Off-Site Improvements	\$0		
<b>Total Acquisition Cost</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Land Cost / Acquisition Cost</b>	<b>\$46,000,000</b>	<b>\$46,000,000</b>	<b>\$0</b>
Predevelopment Interest/Holding Cost	\$0		
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)	\$0		
Excess Purchase Price Over Appraisal	\$0		
<b>REHABILITATION</b>			
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	
<b>Total Rehabilitation Costs</b>	<b>\$18,717,610</b>	<b>\$18,717,610</b>	<b>\$0</b>
<b>Total Relocation Expenses</b>	<b>\$0</b>	<b>\$0</b>	
<b>NEW CONSTRUCTION</b>			
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		
<b>Total New Construction Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>ARCHITECTURAL FEES</b>			

Design	\$415,797	\$415,797	
Supervision	\$90,000	\$90,000	
<b>Total Architectural Costs</b>	<b>\$505,797</b>	<b>\$505,797</b>	<b>\$0</b>
<b>Total Survey &amp; Engineering</b>	<b>\$150,000</b>	<b>\$150,000</b>	
<b>CONSTRUCTION INTEREST &amp; FEES</b>			
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		
<b>Total Construction Interest &amp; Fees</b>	<b>\$2,471,760</b>	<b>\$2,471,760</b>	<b>\$0</b>
<b>PERMANENT FINANCING</b>			
Loan Origination Fee	\$0		
Credit Enhancement/Application Fee	\$0		
Title & Recording	\$0		
Taxes	\$0		
Insurance	\$0		
Other: (Specify)	\$0		
Other: (Specify)	\$0		
<b>Total Permanent Financing Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotals Forward</b>	<b>\$67,845,167</b>	<b>\$67,845,167</b>	<b>\$0</b>
<b>LEGAL FEES</b>			
Legal Paid by Applicant	\$85,000	\$85,000	
Other: (Specify)	\$0		
<b>Total Attorney Costs</b>	<b>\$85,000</b>	<b>\$85,000</b>	<b>\$0</b>
<b>RESERVES</b>			
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		
<b>Total Reserve Costs</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$0</b>
<b>CONTINGENCY COSTS</b>			
Construction Hard Cost Contingency	\$1,307,044	\$1,307,044	
Soft Cost Contingency	\$245,250	\$245,250	
<b>Total Contingency Costs</b>	<b>\$1,552,294</b>	<b>\$1,552,294</b>	<b>\$0</b>
<b>OTHER PROJECT COSTS</b>			
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		
<b>Total Other Costs</b>	<b>\$1,039,600</b>	<b>\$1,039,600</b>	<b>\$0</b>
<b>SUBTOTAL PROJECT COST</b>	<b>\$72,522,061</b>	<b>\$72,522,061</b>	<b>\$0</b>
<b>DEVELOPER COSTS</b>			
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		
<b>Total Developer Costs</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$0</b>
<b>TOTAL PROJECT COST</b>	<b>\$74,022,061</b>	<b>\$74,022,061</b>	<b>\$0</b>

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
<b>\$34,020</b>	<b>\$0</b>	<b>\$0</b>	<b>\$471,777</b>
			\$150,000

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			\$561,760
\$260,000			
	\$50,000		
\$1,400,000			
	\$200,000		
<b>\$1,660,000</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$561,760</b>

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<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>\$42,294,020</b>	<b>\$5,650,000</b>	<b>\$0</b>	<b>\$19,901,147</b>

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	\$85,000		
<b>\$0</b>	<b>\$85,000</b>	<b>\$0</b>	<b>\$0</b>

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		\$1,000,000	
		\$1,000,000	
<b>\$0</b>	<b>\$0</b>	<b>\$2,000,000</b>	<b>\$0</b>

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			\$1,307,044
			\$245,250
<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,552,294</b>

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\$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
	\$0
	\$0
	\$2,471,760
	\$0
	\$0
	\$0
	\$0
	\$0
	\$0
	\$0
	\$0
	\$0
	\$67,845,167
	\$85,000
	\$0
	\$85,000
approx 3m increased opex	\$1,000,000
	\$1,000,000
	\$0
	\$0
	\$0
	\$0
	\$0
	\$2,000,000
15% of structures cost	\$1,307,044
	\$245,250
	\$1,552,294
	\$0
	\$50,000

	\$0
estimated based on hard costs	\$190,600
	\$0
	\$0
for all program spaces/offices/units	\$484,000
	\$0
	\$30,000
	\$20,000
	\$75,000
estimated to get operations going while site transitions to ECS	\$190,000
	\$0
	\$0
	\$0
	\$0
	\$1,039,600
	\$72,522,061
	\$1,500,000
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	\$1,500,000
	\$74,022,061

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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](#)

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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.

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