

City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

August 29, 2023

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: City's Purchase of Real Property – 42 Otis Street – Permanent Supportive Housing

Dear Honorable Board Members:

Attached for your consideration is a Resolution authorizing the execution of a Purchase and Sale Agreement for the acquisition of the property located at 42 Otis Street (the "Property") for \$14,200,000 (the "Purchase Price") plus an estimated \$40,000 for typical closing costs for a total aggregate amount not to exceed \$14,240,000. The Property includes the real property and a 24-residential unit building which will be converted into permanent supportive housing to serve young adults exiting homelessness.

In July 2020, Mayor London N. Breed announced her Homelessness Recovery Plan that included the goal of acquiring and operating 1,500 new units of Permanent Supportive Housing over the next two years. As of December 2022, the City had more than doubled this goal. In April 2023, HSH released the five-year strategic plan "Home by the Bay: An Equity-Driven Plan to Prevent and End Homelessness in San Francisco", which calls for 3,250 new units of permanent supportive housing to meet the goals set out in the plan. The proposed purchase of the Property supports this goal.

The City, through the Department of Homelessness and Supportive Housing ("HSH") and the Real Estate Division, in consultation with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the property from Costanoan LLC. The Director of Property has determined the purchase price of \$14,200,000 to be at or below fair market value.

Along with the recommendation of RED's Director, HSH recommends approval of the proposed resolution authorizing the purchase. If you have questions regarding the proposed use of the property, please contact Dylan Schneider of HSH at 628.652.7742 or Dylan.schneider@sfgov.org; if you have questions regarding the Purchase Agreement, please contact me at 415.554.9850 or Andrico.penick@sfgov.org.

Respectfully,

Andrico Q. Penick
Director of Property