

1 [Purchase of Real Property - Mission Smartspace Senior LLC - 1321 Mission Street -  
2 Homelessness and Supportive Housing - \$86,673,000]

3 **Resolution 1) approving and authorizing the Director of Property, on behalf of the**  
4 **Department of Homelessness and Supportive Housing (“HSH”), to acquire certain**  
5 **property located at 1321 Mission Street (“Property”) for \$86,500,000 plus an**  
6 **estimated \$173,000 for typical closing costs, for a total anticipated amount of**  
7 **\$86,673,000 (“Acquisition Cost”); 2) approving and authorizing HSH, on behalf of the**  
8 **City, to apply to the California Department of Housing and Community Development**  
9 **(“HCD”) for its 2021 Homekey Grant Program (“Project Homekey”) to purchase the**  
10 **Property; 3) approving and authorizing an Agreement of Purchase and Sale for Real**  
11 **Estate for the acquisition of the Property from Mission Smartspace Senior LLC**  
12 **(“Purchase Agreement”), which includes a liquidated damages clause of up to**  
13 **\$5,000,000 in case of default by the City; 4) authorizing the Director of Property to**  
14 **execute the Purchase Agreement, make certain modifications, and take certain**  
15 **actions in furtherance of this Resolution and the Purchase Agreement; 5) affirming**  
16 **the Planning Department’s determination under the California Environmental Quality**  
17 **Act; and 6) adopting the Planning Department’s findings that the Purchase**  
18 **Agreement, and the transaction contemplated therein, is consistent with the General**  
19 **Plan, and the eight priority policies of Planning Code, Section 101.1.**

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21 WHEREAS, HSH’s mission is to prevent homelessness when possible and to  
22 make homelessness a rare, brief, and one-time experience in San Francisco through the  
23 provision of coordinated, compassionate, and high-quality services; and

24 WHEREAS, With the enactment of Resolution No. 319-18 in October 2018, the  
25 Board of Supervisors and Mayor Breed declared a shelter crisis and affirmed San

1 Francisco’s commitment to combatting homelessness and creating or augmenting a  
2 continuum of shelter and service options for those experiencing homelessness; and

3 WHEREAS, Proposition C (2018) (Gross Receipts Tax for Homelessness  
4 Services (“Prop C”), passed by San Francisco voters in November 2018, created the  
5 Homelessness Gross Receipts Tax to fund the Our City, Our Home (“OCOH”) Fund, in  
6 order to expand and be complementary to existing funding and strategic efforts to prevent  
7 and end homelessness for San Francisco residents; and

8 WHEREAS, Permanent Supportive Housing is the most effective, evidence-based  
9 solution to ending chronic homelessness and also prevents new incidents of homelessness  
10 among highly vulnerable people with long experiences of homelessness; and

11 WHEREAS, In July 2020, Mayor Breed announced her Homelessness Recovery  
12 Plan, including the goal of acquiring and operating 1,500 new units of Permanent  
13 Supportive Housing over the next two years; and

14 WHEREAS, The OCOH Oversight Committee recommended in its most recent  
15 Investment Plan that the City use Prop C funds to acquire and develop new Permanent  
16 Supportive Housing units for adults, families, and transitional age youth; and

17 WHEREAS, As of August 2021, the City has acquired or contracted for over 700  
18 new units of Permanent Supportive Housing to add to the existing portfolio of  
19 approximately 8,600 Permanent Supportive Housing units that provide permanent homes  
20 and services to over 10,000 San Francisco households; and

21 WHEREAS, In accordance with California Health and Safety Code Section  
22 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20), HCD has issued a Notice of  
23 Funding Availability (“NOFA”), dated September 9, 2021 for the Homekey Program, in  
24 order to provide housing for individuals and families who are experiencing homelessness or  
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1 who are at risk of homelessness, and who are impacted by the COVID-19 pandemic, a  
2 copy of which is on file with the Clerk of the Board in File No. 210967; and

3 WHEREAS, In 2020, the City received two Project Homekey grant awards for the  
4 acquisition of two hotels that have added approximately 362 Permanent Supportive  
5 Housing units to the City’s existing inventory, a copy of the corresponding authorizing  
6 Resolutions are on file with the Clerk of the Board in File No. 201193 and File No. 201268;  
7 and

8 WHEREAS, The Property includes the real property and 160-unit multifamily  
9 residence, consisting of ground floor commercial space, a central lobby, common areas,  
10 and a rooftop garden, located at 1321 Mission Street, as well as certain improvements,  
11 appurtenances, personal property, and intangible property described in the Purchase  
12 Agreement; and

13 WHEREAS, Upon acquisition of the Property, the City intends to use the Property  
14 to Permanent Supportive Housing; and

15 WHEREAS, HSH, on behalf of the City, may choose to submit an application  
16 (“Application”) for Project Homekey funds for the Property, in an amount not to exceed the  
17 Acquisition Cost, or the maximum award amount allowable under the 2021 Project Homekey  
18 NOFA, whichever is greater; and

19 WHEREAS, HCD requires a Resolution approved by the Board of Supervisors  
20 accompany the Application; and

21 WHEREAS, HSH anticipates using Prop C funding to supplement and match any  
22 Project Homekey funding award, if applicable; and

23 WHEREAS, The City, through HSH and the Real Estate Division, in consultation with  
24 the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the  
25 Property from Mission Smartspace Senior LLC for \$86,500,000 (“Purchase Price”), plus an

1 estimated \$173,000 for typical closing costs, and including a liquidated damages clause of up  
2 to \$5,000,000 in case of default by the City, substantially in the form approved by the Director  
3 of Property and the HSH Executive Director and on file with the Clerk of the Board of  
4 Supervisors in File No. 210967, incorporated herein by reference; and

5 WHEREAS, The Purchase Price, plus an estimated \$173,000 for typical closing  
6 costs, is collectively referred to as the "Acquisition Cost"; and

7 WHEREAS, The Director of Property has determined the Purchase Price to be at or  
8 below fair market value; and

9 WHEREAS, The Purchase Agreement will not become effective until the Board of  
10 Supervisors and the Mayor approve this Resolution, in their sole and absolute discretion; and

11 WHEREAS, The Planning Department, by letter dated September 3, 2021,  
12 ("Planning Letter") found that the City's proposed acquisition of the Property is not defined  
13 as a project under the California Environmental Quality Act ("CEQA") Guidelines, Sections  
14 15378 and 15060(c)(2) ("CEQA Determination"), and is consistent with the General Plan,  
15 and the eight priority policies of Planning Code, Section 101.1 ("General Plan Findings"), a  
16 copy of said Planning Letter is on file with the Clerk of the Board in File No. 210967; now,  
17 therefore, be it

18 RESOLVED, That in accordance with the recommendations of the Executive  
19 Director of HSH and the Director of Property, the Board of Supervisors approves the  
20 Purchase Agreement presented to the Board, and authorizes the Director of Property to  
21 acquire the Property; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes HSH,  
23 on behalf of the City, to submit an Application to HCD in response to the 2021 Project  
24 Homekey NOFA in an amount not to exceed the Acquisition Cost, or the maximum award  
25 amount allowable under the 2021 Homekey NOFA, whichever is greater; and, be it

1           FURTHER RESOLVED, That the Board of Supervisors acknowledges that if the  
2 Application is successful, HSH will seek Board of Supervisors approval to accept and  
3 expend the Project Homekey funds, and to authorize execution of a Standard Agreement,  
4 and any other documents required or deemed necessary to secure the Project Homekey  
5 funds under the terms of the Project Homekey program guidelines; and, be it

6           FURTHER RESOLVED, That, in accordance with the recommendations of the  
7 HSH Executive Director and the Director of Property, the Board of Supervisors approves  
8 the Purchase Agreement, including the liquidated damages clause in case of default by  
9 City, and approves and authorizes the HSH Executive Director and the Director of Property  
10 to take all actions necessary or appropriate to acquire the Property and effectuate the  
11 Purchase Agreement and this Resolution; and, be it

12           FURTHER RESOLVED, That the Board of Supervisors approves the Director of  
13 Property (or the Director's designees), in consultation with the HSH Executive Director and  
14 the Office of the City Attorney, to enter into any additions, amendments, or other  
15 modifications to the Purchase Agreement and any other documents or instruments  
16 necessary in connection therewith (including but not limited to the exhibits and ancillary  
17 agreements attached to the Purchase Agreement), that the Director of Property determines  
18 are in the best interests of the City, do not materially decrease the benefits to the City with  
19 respect to the Property, do not materially increase the obligations or liabilities of the City,  
20 and are necessary or advisable to complete the transaction contemplated in the Purchase  
21 Agreement, and that effectuate the purpose and intent of this Resolution, such  
22 determination to be conclusively evidenced by the execution and delivery by the Director of  
23 Property of any such additions, amendments, or other modifications; and, be it

24           FURTHER RESOLVED, The Board of Supervisors affirms the Planning  
25 Department's CEQA Determination and General Plan Findings, for the same reasons as

1 set forth in the Planning Letter, and hereby incorporates such findings by reference as  
2 though fully set forth in this Resolution; and, be it

3 FURTHER RESOLVED, That within thirty (30) days after the Closing (as defined  
4 in the Purchase Agreement), HSH shall provide any applicable final contracts to the Clerk  
5 of the Board for inclusion into the official file.

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