

File No. 210940

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date October 6, 2021

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
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- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
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- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- General Plan Referral - September 1, 2021
- Department Presentation - September 29, 2021
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Completed by: Linda Wong Date October 1, 2021

Completed by: Linda Wong Date _____

1 [Purchase of Real Property - Mahadeva, LLC - 3055-3061 16th Street - Homelessness and
2 Supportive Housing - \$5,715,000]

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 3055-3061 16th Street (“Property”); 2) approving and authorizing**
6 **HSH, on behalf of the City, to apply to the California Department of Housing and**
7 **Community Development (“HCD”) for its 2021 Homekey Grant Program (“Project**
8 **Homekey”) to purchase the Property; 3) approving and authorizing an Agreement of**
9 **Purchase and Sale for Real Estate for the acquisition of the Property, for \$5,600,000**
10 **plus an estimated \$115,000 for typical closing costs for a total amount of \$5,715,000**
11 **from Mahadeva, LLC (“Purchase Agreement”); 4) authorizing the Director of**
12 **Property to execute the Purchase Agreement, make certain modifications, and take**
13 **certain actions in furtherance of this Resolution and the Purchase Agreement, as**
14 **defined herein; 5) affirming the Planning Department’s determination under the**
15 **California Environmental Quality Act; and 6) adopting the Planning Department’s**
16 **findings that the Purchase Agreement, and the transaction contemplated therein, is**
17 **consistent with the General Plan, and the eight priority policies of Planning Code,**
18 **Section 101.1.**

19
20 WHEREAS, The Department of Homelessness and Supportive Housing’s (HSH’s)
21 mission is to prevent homelessness when possible and to make homelessness a rare, brief
22 and one-time experience in San Francisco through the provision of coordinated,
23 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 Services)
4 (“Prop C”), passed by San Francisco voters in November 2018, created the Homelessness
5 Gross Receipts Tax to fund the Our City, Our Home (“OCOH”) Fund, in order to expand
6 and be complementary to existing funding and strategic efforts to prevent and end
7 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, The Property includes the real property and 25-room hotel, consisting of
22 20 single residential occupancy units and five tourist rooms, located at 3055-3061 16th
23 Street, as well as certain improvements, appurtenances, personal property, and intangible
24 property described in the Purchase Agreement; and

1 WHEREAS, Upon acquisition of the Property, the City intends to covert the Property
2 to Permanent Supportive Housing; and

3 WHEREAS, HSH, on behalf of the City, may choose to submit an application
4 (“Application”) for Project Homekey funds for the Property, in an amount not to exceed
5 \$5,600,000, or the maximum award amount allowable under the forthcoming 2021 Project
6 Homekey NOFA, whichever is greater, upon HCD’s issuance of the 2021 Project Homekey
7 NOFA, which is expected in Fall 2021; and

8 WHEREAS, HSH anticipates that HCD will require a Resolution approved by the
9 Board of Supervisors to accompany the Application; and

10 WHEREAS, The City, through HSH and the Real Estate Division, in consultation
11 with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the
12 Property from Mahadeva, LLC for \$5,600,000 (“Purchase Price”), substantially in the form
13 approved by the Director of Property and the HSH Executive Director and on file with the
14 Clerk of the Board of Supervisors in File No. 210940, incorporated herein by reference; and

15 WHEREAS, The Purchase Price, plus an estimated \$115,000 for typical closing
16 costs, are collectively referred to as the “Acquisition Cost”; and

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

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

22 WHEREAS, The Planning Department, by letter dated September 1, 2021,
23 (“Planning Letter”) found that the City’s proposed acquisition of the Property is not defined
24 as a project under the California Environmental Quality Act (“CEQA”) Guidelines, Section
25 15378 and 15060(c)(2) (“CEQA Determination”), and is consistent with the General Plan,

1 and the eight priority policies of Planning Code, Section 101.1 (“General Plan Findings”), a
2 copy of said Planning Letter is on file with the Clerk of the Board in File No. 210940; now,
3 therefore, be it

4 RESOLVED, That in accordance with the recommendations of the Executive
5 Director of HSH and the Director of Property, the Board of Supervisors approves the
6 Purchase Agreement presented to the Board, and authorizes the Director of Property
7 acquire the property; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes HSH, on
9 behalf of the City, to submit the Application upon HCD’s issuance of the 2021 Project
10 Homekey NOFA; and, be it

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

16 FURTHER RESOLVED, That, in accordance with the recommendations of the HSH
17 Executive Director and the Director of Property, the Board of Supervisors approves the
18 Purchase Agreement, and approves the HSH Executive Director and the Director of
19 Property to take all actions necessary or appropriate to effectuate the Purchase Agreement
20 and this Resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors approves the Director of
22 Property (or the Director’s designees), in consultation with the HSH Executive Director and
23 the Office of the City Attorney, to enter into any additions, amendments, or other
24 modifications to the Purchase Agreement and any other documents or instruments
25 necessary in connection therewith (including but not limited to the exhibits and ancillary

1 agreements attached to the Purchase Agreement), that the Director of Property determines
 2 are in the best interests of the City, do not materially decrease the benefits to the City with
 3 respect to the Property, do not materially increase the obligations or liabilities of the City,
 4 and are necessary or advisable to complete the transaction contemplated in the Purchase
 5 Agreement, and that effectuate the purpose and intent of this Resolution, such
 6 determination to be conclusively evidenced by the execution and delivery by the Director of
 7 Property of any such additions, amendments, or other modifications; and, be it

8 FURTHER RESOLVED, The Board of Supervisors affirms the Planning
 9 Department's CEQA Determination and General Plan Findings, for the same reasons as
 10 set forth in the Planning Letter, and hereby incorporates such findings by reference as
 11 though fully set forth in this Resolution; and, be it

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

15
 16
 17
 18 \$5,715,000

Fund ID:	10582 SR OCOH Nov18PropCHomelessSvc
Department ID:	203646
Project ID:	10036745 HOM AffordHousing-UnderAge30
Authority ID:	21529
Account ID:	506070
Activity ID:	1 HOM AffordHousing-UnderAge30

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/s/
Michelle Allersma, Budget and Analysis
Division Director on behalf of
Ben Rosenfield, Controller

RECOMMENDED:

/s/
Shireen McSpadden
Homelessness and Supportive Housing
Executive Director

/s/
Andrico Q. Penick
Real Estate Division
Director of Property

Item 1**File 21-0940***Continued from September 29, 2021)***Department:** Department of Homelessness and Supportive Housing (HSH), Real Estate Division (RED)**EXECUTIVE SUMMARY****Legislative Objectives**

- The proposed resolution would authorize the Director of Property, on behalf of the Department of Homelessness and Supportive Housing (HSH), to purchase the 25-room Eula Hotel located at 3055-3061 16th Street from Mahadeva, LLC, for an amount of \$5,600,000, plus an estimated \$115,000 for closing costs, for a total amount of \$5,715,000.

Key Points

- In January 2021, HSH issued a Request for Information (RFI) to identify suitable properties for possible acquisition as permanent supportive housing sites. The owners of 3055-3061 16th Street, which contains the Eula Hotel with 20 single residential occupancy units, five tourist rooms, and a ground floor liquor store, responded to the RFI. HSH prioritized acquisition of the Eula Hotel because of its condition, location, price, and ability to meet the needs of the transitional-aged youth population.
- HSH and the Real Estate Division (RED) have negotiated a purchase and sale agreement with the owners of the Eula Hotel for an amount of \$5,600,000, plus typical closing costs. HSH would select a third-party non-profit contractor to operate the building. HSH estimates annual operating costs to be \$19,800 per unit, or \$495,000 for the 25-unit building. HSH estimates improvement costs to the building to be approximately \$1-1.5 million.

Fiscal Impact

- The total cost to purchase the building, including closing costs, is \$5,715,000. Including an estimated \$1,500,000 improvement cost, the total acquisition and improvement cost is approximately \$7,215,000, or approximately \$288,600 per unit.
- HSH estimates that initial annual operating costs are \$19,800 per unit, or \$495,000 for the 25-unit building. Assuming three percent annual escalation, total operating costs over five years would be approximately \$2,628,022. Over 10 years, total operating costs would be approximately \$5,674,620. All acquisition, improvement, and operating costs would be funded by Proposition C funds.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Section 23.3 states that the Board of Supervisors must approve acquisitions and conveyances of real property by resolution. An appraisal of the property is required if the Real Estate Division determines that the fair market value is greater than \$10,000 and an appraisal review if the fair market value is greater than \$200,000.

BACKGROUND

In November 2018, San Francisco voters approved Proposition C, a gross receipts tax to fund homeless services and housing. In July 2020, Mayor London Breed announced her Homelessness Recovery Plan with the goal of acquiring and operating 1,500 new units of permanent supportive housing over the next two years. According to the proposed resolution, as of August 2021, the City has acquired or contracted for over 700 new units of permanent supportive housing.

In January 2021, the Department of Homelessness and Supportive Housing (HSH) issued a Request for Information (RFI) to identify suitable properties for possible acquisition as permanent supportive housing sites and received 85 responses. The owners of 3055-3061 16th Street, which currently contains the Eula Hotel with 20 single residential occupancy units, five tourist rooms, and a ground floor liquor store, responded to the RFI. According to Dylan Schneider, HSH Manager of Policy and Legislative Affairs, HSH prioritized the Eula Hotel for acquisition because of its fitness with the criteria considered as part of the RFI, including the condition, location, price, and ability to meet the needs of the transitional-aged youth population. Although the RFI stated a preferred minimum of 30 rooms and preferred range of 50 to 150 rooms, HSH determined that the Eula Hotel, with 25 rooms, could viably serve its target population. HSH and the Real Estate Division (RED) have negotiated a purchase and sale agreement with the owners of the Eula Hotel for an amount of \$5,600,000, plus typical closing costs.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would make the following actions:

1. Approve and authorize the Director of Property, on behalf of HSH, to acquire the Eula Hotel property located at 3055-3061 16th Street;
2. Approve and authorize HSH on behalf of the City to apply to the California Department of Housing and Community Development for the 2021 Homekey Grant Program for the purchase of the property;
3. Approve an Agreement of Purchase and Sale for Real Estate for acquisition of the property for \$5,600,000 plus an estimated \$115,000 for typical closing costs,¹ for a total amount of \$5,715,000 from Mahadeva, LLC;

¹ Closing costs include escrow fee, title insurance, property inspection fee, and recording fees. Specific amounts of each fee were not provided by HSH.

4. Authorize the Director of Property, HSH Director, and City Attorney's Office to make certain modifications, and take certain actions in furtherance of the resolution and the purchase and sale agreement that do not increase the liabilities of the City;
5. Affirm the Planning Department's determinations that the purchase is not considered a project under the California Environmental Quality Act (CEQA); and
6. Adopt the Planning Department's findings that the purchase and sale agreement is consistent with the General Plan and Planning Code Section 101.1.

An appraisal conducted by Watts, Cohn, and Partners, Inc. confirmed that the proposed sale price of \$5,600,000 is fair market value. An appraisal review by R. Blum and Associates affirmed the appraised value.

Homekey Grant Application

The proposed resolution allows HSH to apply for a competitive Homekey Program grant to purchase the Eula Hotel. Projects are eligible for up to \$200,000 in funding per unit, or \$300,000 per unit if the applicant provides at least \$100,000 per unit in matching funds. Operating subsidies are available for up to \$1,400 per unit per month for two years, or for three years if a match is provided. Per unit subsidies vary based on unit size and population served.

If the grant application is successful, HSH would seek Board of Supervisors approval to accept and expend the Homekey and approve a Standard Agreement with HCD. According to HSH Policy and Legislative Affairs Manager Schneider, the City would purchase the property with Proposition C funds if the Homekey grant is not awarded.

Ongoing Costs

After the purchase is complete, the property will be operated by a third-party non-profit contractor. HSH is currently finalizing a Solicitation of Information (SOI) to select an operator for the property. At this time, HSH estimates annual operating and services costs of \$19,800 per unit, or \$495,000 in total for the 25-unit building.

Rehabilitation Costs

Saida + Sullivan Design Partners Inc. and ZFA Structural Engineers assessed the general interior condition of the building and site accessibility on behalf of the City. According to HSH Policy and Legislative Affairs Manager Schneider, the residential portion of the building was recently renovated and requires no improvements for occupancy. The ground floor would be converted from its current liquor store use to support spaces for residents, including offices, counseling rooms, and a resident lounge. The scope and budget for the commercial space would be determined in coordination with the selected operator. At this time, HSH estimates the costs to be approximately \$1.0 - 1.5 million. According to HSH Policy and Legislative Affairs Manager Schneider, following selection of the operator, a scope and budget will be determined for the commercial space. Based on that scope, a timeline for implementation of the improvements and subsequent lease-up will be developed.

FISCAL IMPACT

The total cost to purchase the property, including closing costs, is \$5,715,000. Including an estimated \$1,500,000 improvement cost, the total acquisition and improvement cost is approximately \$7,215,000, or approximately \$288,600 per unit. Details are shown in Exhibit 1 below.

Exhibit 1: Estimated Acquisition and Improvement Costs

Item	Amount
Purchase Price	\$5,600,000
Closing Costs	115,000
Improvement Cost	1,500,000
Total Cost	\$7,215,000
Units	25
Cost Per Unit	\$288,600

Transfer Taxes

Because the City is purchasing the property, the property sale does not generate real estate transfer taxes, estimated to be \$126,000. According to Andrico Penick, Director of Real Estate, the Real Estate Division does not reduce the purchase price by the amount of the waived transfer tax for a number of reasons: (1) the transfer tax is waived by statute to induce owners to sell their property to government entities and reducing the price would take away that statutory incentive; (2) allocation of closing costs is a negotiated item between seller and buyer, thus the seller could require a private entity buyer to pay the transfer fee and still obtain the full appraised value; and (3) it is the practice of RED to get the best deal possible for the City and often gets other concessions from the seller in recognition that there is no transfer fee and thus increasing their net profit.

Tenant Improvement and Operating Costs

HSH estimates that initial annual operating costs are \$19,800 per unit, or \$495,000 for the 25-unit building. Assuming three percent annual escalation, total operating costs over five years would be approximately \$2,628,022. Over 10 years, total operating costs would be approximately \$5,674,620.

According to the HSH Policy and Legislative Affairs Manager, all acquisition, improvement, and operating costs would be funded by Proposition C funds. Acquisition costs are included in HSH’s FY 2021-22 budget. Estimated annual Proposition C revenues are approximately \$266 million.

Project Homekey Grants

An additional round of Project Homekey grant funding was recently announced by the California Department of Housing and Community Development (HCD). According to HSH Policy and Legislative Affairs Manager Schneider, HSH will not apply for Homekey grant funding for the Eula Hotel purchase due to its small size relative to other properties under consideration for purchase. HSH has prioritized larger properties for Homekey grant applications to maximize leveraging of grant funds.

RECOMMENDATION

Approve the proposed resolution.

Item 4 File 21-0940	Department: Department of Homelessness and Supportive Housing (HSH), Real Estate Division (RED)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would authorize the Director of Property, on behalf of the Department of Homelessness and Supportive Housing (HSH), to purchase the 25-room Eula Hotel located at 3055-3061 16th Street from Mahadeva, LLC, for an amount of \$5,600,000, plus an estimated \$115,000 for closing costs, for a total amount of \$5,715,000. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In January 2021, HSH issued a Request for Information (RFI) to identify suitable properties for possible acquisition as permanent supportive housing sites. The owners of 3055-3061 16th Street, which contains the Eula Hotel with 20 single residential occupancy units, five tourist rooms, and a ground floor liquor store, responded to the RFI. HSH prioritized acquisition of the Eula Hotel because of its condition, location, price, and ability to meet the needs of the transitional-aged youth population. • HSH and the Real Estate Division (RED) have negotiated a purchase and sale agreement with the owners of the Eula Hotel for an amount of \$5,600,000, plus typical closing costs. HSH would select a third-party non-profit contractor to operate the building. HSH estimates annual operating costs to be \$19,800 per unit, or \$495,000 for the 25-unit building. HSH estimates improvement costs to the building to be approximately \$1-1.5 million. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total cost to purchase the building, including closing costs, is \$5,715,000. Including an estimated \$1,500,000 improvement cost, the total acquisition and improvement cost is approximately \$7,215,000, or approximately \$288,600 per unit. • HSH estimates that initial annual operating costs are \$19,800 per unit, or \$495,000 for the 25-unit building. Assuming three percent annual escalation, total operating costs over five years would be approximately \$2,628,022. Over 10 years, total operating costs would be approximately \$5,674,620. All acquisition, improvement, and operating costs would be funded by Proposition C funds. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

Administrative Code Section 23.3 states that the Board of Supervisors must approve acquisitions and conveyances of real property by resolution. An appraisal of the property is required if the Real Estate Division determines that the fair market value is greater than \$10,000 and an appraisal review if the fair market value is greater than \$200,000.

BACKGROUND

In November 2018, San Francisco voters approved Proposition C, a gross receipts tax to fund homeless services and housing. In July 2020, Mayor London Breed announced her Homelessness Recovery Plan with the goal of acquiring and operating 1,500 new units of permanent supportive housing over the next two years. According to the proposed resolution, as of August 2021, the City has acquired or contracted for over 700 new units of permanent supportive housing.

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DETAILS OF PROPOSED LEGISLATION

The proposed resolution would make the following actions:

1. Approve and authorize the Director of Property, on behalf of HSH, to acquire the Eula Hotel property located at 3055-3061 16th Street;
2. Approve an Agreement of Purchase and Sale for Real Estate for acquisition of the property, for \$5,600,000 plus an estimated \$115,000 for typical closing costs,¹ for a total amount of \$5,715,000 from Mahadeva, LLC;
3. Authorize the Director of Property, HSH Director, and City Attorney's Office to make certain modifications, and take certain actions in furtherance of the resolution and the purchase and sale agreement that do not increase the liabilities of the City;

¹ Closing costs include escrow fee, title insurance, property inspection fee, and recording fees. Specific amounts of each fee were not provided by HSH.

- 4. Affirm the Planning Department’s determinations that the purchase is not considered a project under the California Environmental Quality Act (CEQA); and
- 5. Adopt the Planning Department’s findings that the purchase and sale agreement is consistent with the General Plan and Planning Code Section 101.1.

An appraisal conducted by Watts, Cohn, and Partners, Inc. confirmed that the proposed sale price of \$5,600,000 is fair market value. An appraisal review by R. Blum and Associates affirmed the appraised value.

Ongoing Costs

After the purchase is complete, the property will be operated by a third-party non-profit contractor. HSH is currently finalizing a Solicitation of Information (SOI) to select an operator for the property. At this time, HSH estimates annual operating and services costs of \$19,800 per unit, or \$495,000 in total for the 25-unit building.

Rehabilitation Costs

Saida + Sullivan Design Partners Inc. and ZFA Structural Engineers assessed the general interior condition of the building and site accessibility on behalf of the City. According to HSH Policy and Legislative Affairs Manager Schneider, the residential portion of the building was recently renovated and requires no improvements for occupancy. The ground floor would be converted from its current liquor store use to support spaces for residents, including offices, counseling rooms, and a resident lounge. The scope and budget for the commercial space would be determined in coordination with the selected operator. At this time, HSH estimates the costs to be approximately \$1.0 - 1.5 million. According to HSH Policy and Legislative Affairs Manager Schneider, following selection of the operator, a scope and budget will be determined for the commercial space. Based on that scope, a timeline for implementation of the improvements and subsequent lease-up will be developed.

FISCAL IMPACT

The total cost to purchase the property, including closing costs, is \$5,715,000. Including an estimated \$1,500,000 improvement cost, the total acquisition and improvement cost is approximately \$7,215,000, or approximately \$288,600 per unit. Details are shown in Exhibit 1 below.

Exhibit 1: Estimated Acquisition and Improvement Costs

Item	Amount
Purchase Price	\$5,600,000
Closing Costs	115,000
Improvement Cost	1,500,000
Total Cost	\$7,215,000
Units	25
Cost Per Unit	\$288,600

Transfer Taxes

Because the City is purchasing the property, the property sale does not generate real estate transfer taxes, estimated to be \$126,000. According to Andrico Penick, Director of Real Estate, the Real Estate Division does not reduce the purchase price by the amount of the waived transfer tax for a number of reasons: (1) the transfer tax is waived by statute to induce owners to sell their property to government entities and reducing the price would take away that statutory incentive; (2) allocation of closing costs is a negotiated item between seller and buyer, thus the seller could require a private entity buyer to pay the transfer fee and still obtain the full appraised value; and (3) it is the practice of RED to get the best deal possible for the City and often gets other concessions from the seller in recognition that there is no transfer fee and thus increasing their net profit.

Tenant Improvement and Operating Costs

HSH estimates that initial annual operating costs are \$19,800 per unit, or \$495,000 for the 25-unit building. Assuming three percent annual escalation, total operating costs over five years would be approximately \$2,628,022. Over 10 years, total operating costs would be approximately \$5,674,620.

According to the HSH Policy and Legislative Affairs Manager, all acquisition, improvement, and operating costs would be funded by Proposition C funds. Acquisition costs are included in HSH’s FY 2021-22 budget. Estimated annual Proposition C revenues are approximately \$266 million.

Project Homekey Grants

An additional round of Project Homekey grant funding was recently announced by the California Department of Housing and Community Development (HCD). According to HSH Policy and Legislative Affairs Manager Schneider, HSH will not apply for Homekey grant funding for the Eula Hotel purchase due to its small size relative to other properties under consideration for purchase. HSH has prioritized larger properties for Homekey grant applications to maximize leveraging of grant funds.

RECOMMENDATION

Approve the proposed resolution.

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

MAHADEVA, LLC, a California limited liability company,
as Seller

and

CITY AND COUNTY OF SAN FRANCISCO,
as Buyer

For the purchase and sale of

3061 16th Street,
San Francisco, California

_____, 2021

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11.19 Agreement Not to Market**Error! Bookmark not defined.**
11.20 Acceptance of Agreement by Seller**Error! Bookmark not defined.**
11.21 Cooperative Drafting.18

LIST OF EXHIBITS

- EXHIBIT A – Real Property Description
- EXHIBIT B – Description of Accepted Personal Property
- EXHIBIT C – Grant Deed
- EXHIBIT D – Bill of Sale
- EXHIBIT E – Assignment of Contracts, Warranties and Guaranties, and Other Intangible Property
- EXHIBIT F – Assignment of Leases
- EXHIBIT G – Tenant's Estoppel Certificate
- EXHIBIT H – Certificate of Transferor Other Than An Individual (FIRPTA Affidavit)
- EXHIBIT I – Memorandum of Agreement

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE
(3061 16th Street, San Francisco)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this "**Agreement**"), dated for reference purposes only as of _____, 2021, is by and between MAHADEVA, LLC, a California limited liability company ("**Seller**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**Buyer**" or "**City**").

IN CONSIDERATION of the payment of the non-refundable sum of Ten Dollars and No/100 (\$10.00) by City, the receipt of which is hereby acknowledged by Seller, and the respective agreements contained hereinbelow, Seller and City agree as follows:

1. PURCHASE AND SALE

1.1 Property Included in Sale

Seller agrees to sell and convey to City, and City agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following:

(a) the real property consisting of approximately 3,056 square feet of land, located in the City and County of San Francisco, commonly known as 3061 16th Street, Assessor Parcel Numbers Block 3569, Lot 078 and more particularly described in the attached Exhibit A (the "**Land**");

(b) all improvements and fixtures located on the Land, including, without limitation, that certain hotel consisting of 20 single residential occupancy units plus 5 tourist rooms and associated leases, as well as all other buildings and structures located on the Land, all apparatus, equipment and appliances used in connection with the operation or occupancy of the Land and its improvements such as heating and air conditioning systems and facilities used to provide any utility, refrigeration, ventilation, garbage disposal or other services, and together with and all on-site parking (collectively, the "**Improvements**");

(c) any and all rights, privileges, and easements incidental or appurtenant to the Land or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Land, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and any and all of Seller's right, title and interest in and to all roads and alleys adjoining or servicing the Land or Improvements (collectively, the "**Appurtenances**");

(d) the personal property owned by Seller, and accepted by City, located on or in or used in connection with the Land or Improvements as described in Exhibit B attached hereto (the "**Personal Property**"). If City requests that Seller remove any existing personal property owned by Seller located on or in or used in connection with the Land or Improvements, Seller shall remove such personal property prior to the Closing Date (as defined in Section 6.2 (Closing Date)). Unless City has requested such removal, Seller shall not remove any Personal Property subsequent to the Effective Date; and

(e) any intangible personal property now or hereafter owned by Seller and used in the ownership, use or operation of the Land, Improvements or Personal Property, including, without limitation, the right to use the name "Mission Inn" and any other trade name now used in connection with the Land or Improvements, and, to the extent expressly approved by City pursuant to this Agreement, any contract rights or other agreements or rights relating to

the ownership, use and operation of the Land, Improvements or Personal Property or any of the foregoing (collectively, the "**Intangible Property**").

All of the items referred to in Subsections (a), (b), (c), (d) and (e) above are collectively referred to as the "**Property**."

2. PURCHASE PRICE

2.1 Purchase Price

The total purchase price for the Property is Five Million Six Hundred Thousand and No/100 Dollars (\$5,600,000.00) (the "**Purchase Price**").

2.2 INTENTIONALLY OMITTED.

2.3 Payment

(a) On the Closing Date (as defined in Section 6.2 (Closing Date)), City will pay the Purchase Price, adjusted pursuant to the provisions of Article 7 (Expenses and Taxes), and reduced by any credits due City hereunder.

(b) Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under Sections 6.3(f) and 6.3(g) (Seller's Delivery of Documents), City may be required to withhold a portion of the Purchase Price pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the "**Federal Tax Code**"), or Section 18662 of the California Revenue and Taxation Code (the "**State Tax Code**"). Any amount properly so withheld by City will be deemed to have been paid by City as part of the Purchase Price, and Seller's obligation to consummate the transaction contemplated herein and its obligations under this Agreement will not be excused or otherwise affected such withholding.

2.4 Funds

All payments made by any party hereto will be in legal tender of the United States of America, paid by Controller's warrant or in cash or by wire transfer of immediately available funds to Title Company (as defined in Section 3.2 (Title Insurance)), as escrow agent.

3. TITLE TO THE PROPERTY

3.1 Conveyance of Title to the Property

At the Closing, Seller will convey to City, or its nominee, marketable and insurable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the "**Deed**"), subject to the Accepted Conditions of Title (as defined in the Due Diligence Agreement and Permit to Enter Property by and between Seller and City dated as of June 16, 2021 (the "**Due Diligence Agreement**")).

3.2 Title Insurance

Delivery of title in accordance with the preceding Section will be evidenced by the commitment of Chicago Title Insurance Company (the "**Title Company**") to issue to City, or its nominee, an ALTA extended coverage owner's policy of title insurance (Form ALTA 2006 –

updated 6/17/2006) (the "**Title Policy**") in the amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements in City, or its nominee, free of the liens of any and all deeds of trust, mortgages, assignments of rents, financing statements, rights of tenants or other occupants (except for the tenants under leases approved by City, provided such exception is limited to the interest of such tenants as tenants only without any rights or options to purchase any of the Property), subject only to the Accepted Conditions of Title, as defined in the Due Diligence Agreement, or otherwise accepted by City under the Due Diligence Agreement. If Seller gives notice under Section 1.3(c) of the Due Diligence Agreement that Seller will remove or cure the exceptions objected to by City on or before the Closing and fails to remove the objectionable exceptions from title before the Closing Date, and City is unwilling to take title subject to the objectionable exceptions, Seller will be in default under this Agreement and City will have the rights and remedies provided in this Agreement. The Title Policy must provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property, and contain an affirmative endorsement that there are no violations of restrictive covenants, if any, affecting the Property and such other special endorsements as City may reasonably request. The Title Policy will also provide for reinsurance with direct access with such companies and in such amounts as City may reasonably request.

3.3 Bill of Sale

At the Closing, Seller will transfer title to the Personal Property by bill of sale in the form attached hereto as Exhibit D (the "**Bill of Sale**"), such title to be free of any liens, encumbrances or interests. To the extent possible, any maintenance contract or warranty in connection with the purchase the Personal Property will be optional (namely, City may, but is not required to, purchase any maintenance contract or warranty), and included in the Assignment of Intangible Property (defined below).

3.4 Assignment of Intangibles

At the Closing, Seller will transfer title to the Intangible Property by such instruments as City may reasonably determine necessary, including, without limitation, an assignment of Intangible Property in the form attached hereto as Exhibit E (the "**Assignment of Intangible Property**").

3.5 Assignment of Leases

At the Closing, Seller shall transfer its title to the Leases by an assignment of leases in the form attached hereto as Exhibit F (the "**Assignment of Leases**"), such title to be free of any liens, encumbrances or interests, except for the Accepted Conditions of Title (as defined in the Due Diligence Agreement).

4. BUYER'S DUE DILIGENCE INVESTIGATIONS; AS-IS SALE

4.1 City's Due Diligence

As of the date hereof, Seller has given City and/or its Agents a full opportunity to investigate the Property as provided in the Due Diligence Agreement, and Seller has provided the Documents (as defined in the Due Diligence Agreement) to City and its Agents.

5. ENTRY; CONDITIONS TO CLOSING

5.1 Entry

During the Due Diligence Period and at all times prior to the Closing Date, Seller shall afford City and its Agents reasonable access to the Property and the Documents (as defined in the Due Diligence Agreement) for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the Conditions Precedent including, without limitation, the drilling of test wells and the taking of soil borings.

5.2 City's Conditions to Closing

The following are conditions precedent to City's obligation to purchase the Property (collectively, "**City Conditions Precedent**"):

- (a) City has reviewed and approved title to the Property, as set forth in Article 3 herein and the Due Diligence Agreement.
- (b) City has reviewed and approved physical and environmental conditions of the Property, as provided in the Due Diligence Agreement.
- (c) City has reviewed and confirmed the compliance of the Property with all applicable laws, regulations, permits, and approvals as of the Closing Date.
- (d) City has reviewed and approved the Documents (as defined in the Due Diligence Agreement).
- (e) Seller is in not default in the performance of any covenant or agreement to be performed by Seller under this Agreement or the Due Diligence Agreement, and all of Seller's representations and warranties contained in or made pursuant to this Agreement are true and correct both when made and as of the Closing Date. At the Closing, Seller will deliver to City a certificate certifying that each of Seller's representations and warranties contained in Section 8.1 (Representations and Warranties of Seller) below are true and correct as of the Closing Date.
- (f) The physical condition of the Property is substantially the same on the Closing Date as on the Effective Date, reasonable wear and tear and loss by casualty excepted (subject to the provisions of Section 9.1 (Risk of Loss)), and, as of the Closing Date, there is no litigation or administrative agency or other governmental proceeding, pending or threatened, that after the Closing would materially adversely affect the value of the Property or the ability of City to operate the Property for its intended use, and no proceedings is pending or threatened that could or would cause the change, redesignation or other modification of the zoning classification of, or of any building or environmental code requirements applicable to, any of the Property.
- (g) Title Company is committed at the Closing to issue to City, or its nominee, the Title Policy as provided in Section 3.2 (Title Insurance).
- (h) City has reviewed and approved a schedule (the "**Schedule of Agreements**") setting forth a list of all of the contracts or agreements that City has elected that Seller will assign to City, and City will assume at Closing (the "**Assumed Contracts**"), together with true and accurate copies of all such documents. At or before the Closing, Seller has terminated any contracts or agreements not to be assumed by City, without liability to City.

(i) Seller has delivered the items described in Section 6.3 below (Seller's Delivery of Documents) in form and substance satisfactory to City.

(j) Title Company has agreed to be the real estate reporting person for the Closing in compliance with the Reporting Requirements (as defined in Section 6.6 below).

(k) City has reviewed and approved of all income and expense statements, year-end financial and monthly operating statements for the Property for the three (3) most recent calendar years prior to Closing and to the extent available, the current year, all of which shall be certified by an independent certified public accountant as having been prepared in accordance with generally accepted accounting principles (except to the extent prepared on a cash basis).

(l) City has reviewed and approved: (i) all existing and pending leases and other occupancy agreements that City has elected that Seller will assign to City, and City will assume at Closing ("**Leases**"), (ii) tenant correspondence files, and (iii) a current rent roll for the Property, prepared by Seller and listing for each tenant the name, location of leased premises, rent, obligation for reimbursement of expenses, amount of security deposit and rent paid more than thirty (30) days in advance, lease commencement date, lease termination date, lease expansion or extension options, option rent, and cost of living or other rent escalation clauses, any free rent, operating expense abatements or other unexpired concessions, and a description of any uncured defaults. At or before the Closing, Seller has terminated any existing and pending leases and other occupancy agreements that City has not agreed to assume City, without liability to City.

(m) Seller has obtained and delivered to City, before the Closing Date, tenant estoppel certificates in form and substance satisfactory to City from any and all tenants occupying any portion of the Property. Such certificates shall be substantially in the form attached hereto as Exhibit G and shall be dated no earlier than thirty (30) days prior to the Closing Date. Notwithstanding the foregoing, to the extent Seller is unable, despite its best efforts, to obtain estoppel certificates from all tenants occupying any portion of the Property, City will have the right, in its sole discretion, to accept an estoppel certificate from Seller certifying the lease information, or to waive in writing this requirement for one or more tenants.

(n) Prior to the Effective Date, the City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution or an ordinance, as applicable, approving, adopting and authorizing this Agreement and the transaction contemplated herein.

The City Conditions Precedent are solely for the benefit of City. If any City Condition Precedent is not satisfied, City will have the right in its sole discretion either to waive in writing the City Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement. The waiver of any City Condition Precedent will not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant, or agreement of Seller. If one or more City Condition Precedents has not been satisfied, but may be satisfied with additional time, then City may extend Closing Date, at City's option, for a reasonable period of time specified by City, to allow such City Conditions Precedent to be satisfied, subject to City's further right to terminate this Agreement upon the expiration of the period of any such extension if all City Conditions Precedent have not been satisfied.

5.3 Cooperation with City

Seller will cooperate with City and do all acts as may be reasonably requested by City with regard to the fulfillment of any City Conditions Precedent including, without limitation,

execution of any documents, applications or permits, but Seller's representations and warranties to City will not be affected or released by City's waiver or fulfillment of any City Condition Precedent. Seller hereby irrevocably authorizes City and its Agents to make all inquiries with and applications to any person or entity, including, without limitation, any regulatory authority with jurisdiction as City may reasonably require to complete its due diligence investigations.

5.4 Map Act Compliance

The parties acknowledge that the conveyance of the Property is exempt from the California Subdivision Map Act under Government Code section 66428; therefore, compliance with the Subdivision Map Act is not a condition precedent to Closing.

6. ESCROW AND CLOSING

6.1 Opening of Escrow

On or before the Closing Date (as defined in Section 6.2), the parties will open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement will serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated under this Agreement. Seller and City will execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement will control.

6.2 Closing Date

The consummation of the purchase and sale contemplated under this Agreement (the "**Closing**") will be held, and delivery of all items to be made at the Closing under the terms of this Agreement will be made, at the offices of Title Company located at One Embarcadero, Suite 250, San Francisco, CA 94111, the later of forty-five (45) days after the Effective Date or October 29, 2021 (the "**Anticipated Closing Date**"), or on such other date as City and Seller may mutually agree (the actual date of Closing, the "**Closing Date**"); provided, however, that City will have the right to extend the Closing Date as provided under Section 5.2 (City's Conditions to Closing) and the right to extend (for any reason) to December 31, 2021. The Closing Date may not otherwise be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. If the Closing does not occur on or before the Anticipated Closing Date, Title Company will, unless it is notified by both parties to the contrary, within five (5) days after the Anticipated Closing Date, return to the depositor any items that may have been deposited into escrow. Any such return will not, however, limit the provisions of this Agreement or otherwise relieve either party of any liability it may have for its wrongful failure to close. In no circumstances shall the Closing Date occur prior to the Effective Date.

6.3 Seller's Delivery of Documents

At or before the Closing, Seller will deliver to City, or City's nominee, through escrow, the following, in form and substance satisfactory to City:

- (a) a duly executed and acknowledged Deed;
- (b) a duly executed Bill of Sale for the Personal Property, if any;

(c) a Certificate from the Secretary of State or other appropriate government official of the State of California indicating that, as of the Closing Date, there are no filings against Seller in the office of the Secretary of State or other government official under the Uniform Commercial Code of such State which would be a lien on any of the items specified in the Bill of Sale (other than such filings, if any, as are being released at the time of the Closing);

(d) four (4) duly executed and acknowledged counterparts of the Assignment of Leases;

(e) duly executed tenant estoppel certificates as required pursuant to Section 5.1(m) hereof;

(f) four (4) duly executed counterparts of the Assignment of Intangible Property;

(g) originals of the Documents, Leases, and Assumed Contracts and any other items relating to the ownership or operation of the Property not previously delivered to City;

(h) a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit H, and on which City is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code;

(i) a properly executed California Franchise Tax Board Form 593C certifying that Seller is a California resident if Seller is an individual or Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or other evidence satisfactory to City that Seller is exempt from the withholding requirements of Section 18662 of the State Tax Code;

(j) such resolutions, authorizations, or other limited liability company documents or agreements relating to Seller and its members as the Title Company may reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated by this Agreement, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;

(k) a closing statement in form and content satisfactory to City and Seller; and

(l) the duly executed certificate regarding the continued accuracy of Seller's representations and warranties as required by Section 5.2(e) above.

6.4 City's Delivery of Documents and Funds

At or before the Closing, City, or its nominee, will deliver to Seller through escrow the following:

(a) an executed certificate of acceptance of the Deed executed by City's Director of Property;

(b) four (4) duly executed and acknowledged counterparts of the Assignment of Leases;

- Property;
- (c) four (4) duly executed counterparts of the Assignment of Intangible
 - (d) a closing statement in form and content satisfactory to City and Seller; and
 - (e) the Purchase Price, as provided in Article 2 hereof.

6.5 Other Documents

Seller and City will each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms of this Agreement.

6.6 Title Company as Real Estate Reporting Person

Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "**Reporting Requirements**") require that certain information be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Closing. Seller and City agree that if the Closing occurs, Title Company will be the party responsible for closing the transaction contemplated in this Agreement and is designated as the real estate reporting person (as defined in the Reporting Requirements) for such transaction. Title Company will perform all duties required of the real estate reporting person for the Closing under the Reporting Requirements, and Seller and City will each timely furnish Title Company with any information reasonably requested by Title Company and necessary for the performance of its duties under the Reporting Requirements with respect to the Closing.

6.7 Seller Default

If the sale of the Property is not consummated because of a Seller default under this Agreement or the Due Diligence Agreement, or if a City Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some affirmative act or negligent omission, City may, at its sole election, either (1) terminate this Agreement by delivery of notice of termination to Seller, whereupon Seller will pay to City any title, escrow, legal and inspection fees incurred by City and any other expenses incurred by City in connection with the Due Diligence Agreement and performance of its due diligence review of the Property, and neither party will have any further rights or obligations under this Agreement or the Due Diligence Agreement; or (2) continue this Agreement pending City's action for specific performance and/or damages hereunder, including, without limitation, City's costs and expenses incurred under this Agreement and the Due Diligence Agreement.

7. EXPENSES AND TAXES

7.1 Rent and Other Apportionments

The following are to be apportioned through escrow as of the Closing Date:

- (a) Rent

Rent under the Leases shall be apportioned as of the Closing Date, regardless of whether or not such rent has been paid to Seller. With respect to any rent arrearage arising under the Leases, after the Closing, City shall pay to Seller any rent actually collected which is applicable to the period preceding the Closing Date; provided, however, that all rent collected by

City shall be applied first to all unpaid rent accruing on and after the Closing Date, and then to unpaid rent accruing prior to the Closing Date. City shall not be obligated to take any steps to recover any rent arrearage, and Seller shall not be permitted to do so.

(b) Leasing Costs

Seller shall pay all leasing commissions and tenant improvement costs accrued in connection with any Lease executed on or before the Closing [(including, without limitation, leasing commissions attributable to expansion or extension options which are not exercised until after the Closing)], if applicable. City shall be entitled to a credit against the Purchase Price for the total sum of all security deposits paid to Seller by tenants under any Leases, and any interest earned thereon[, as well as for any free rent, operating expense abatements, or other unexpired concessions under any Leases to the extent they apply to any period after the Closing].

(c) Other Tenant Charges

Where the Leases contain tenant obligations for taxes, common area expenses, operating expenses or additional charges of any other nature, and where Seller shall have collected any portion thereof in excess of amounts owed by Seller for such items for the period prior to the Closing Date, there shall be an adjustment and credit given to City on the Closing Date for such excess amounts collected. City shall apply all such excess amounts to the charges owed by City for such items for the period after the Closing Date and, if required by the Leases, shall rebate or credit tenants with any remainder. If it is determined that the amount collected during Seller's ownership period exceeded expenses incurred during the same period by more than the amount previously credited to City at Closing, then Seller shall promptly pay the deficiency to City.

(d) Utility Charges

Seller will cause all the utility meters to be read on the Closing Date, and will be responsible for the cost of all utilities used prior to the Closing Date. All utility deposits paid by Seller will remain the property of Seller and City will reasonably cooperate to cause such deposits to be returned to Seller to the extent Seller is entitled thereto.

(e) Other Apportionments

Amounts payable under any Assumed Contracts, annual or periodic permit or inspection fees (calculated on the basis of the period covered), and liability for other normal Property operation and maintenance expenses and other recurring costs will be apportioned as of the Closing Date.

7.2 Closing Costs

City will pay the cost of the any survey ordered by City, the premium for any Title Policy endorsements, and escrow and recording fees. City will pay the cost of any transfer taxes applicable to the sale and any sales tax on any Personal Property. Seller will pay for the premium for any Title Policy, and for all costs incurred in connection with the prepayment or satisfaction of any loan, bond or other indebtedness secured by the Property including, without limitation, any prepayment fees, penalties or charges. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section or elsewhere in this Agreement will be allocated in accordance with the closing customs for San Francisco County, as determined by Title Company.

7.3 Real Estate Taxes and Special Assessments

At or before the Closing, Seller will pay all general real estate taxes payable for the tax year in which the Closing occurs and all prior years. Seller may file claim with the City and County of San Francisco for a property tax refund for any taxes paid for the period from and after the Closing Date. At or before the Closing, Seller will pay the full amount of any special assessments against the Property, including, without limitation, interest payable thereon, applicable to the period prior the Closing Date. Seller will pay all hotel or other taxes applicable to the period prior the Closing Date.

7.4 Preliminary Closing Adjustment

Seller and City shall jointly prepare a preliminary Closing adjustment on the basis of the Leases and other sources of income and expenses, and shall deliver such computation to Title Company prior to Closing.

7.5 Sales and Use Taxes for Transferred Taxable Personal Property

Seller will promptly remit to the State of California the entire amount of any sales and use taxes triggered by the transfer of taxable personal property included in the sale of the Property, in accordance with the California law. Upon such payment of sales and use taxes, Seller will promptly provide City with confirmation of such payment to the State of California. Seller, on behalf of itself and its successors and assigns, will indemnify, defend and hold harmless City, its Agents and their respective successors and assigns, from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses (including, without limitation, reasonable attorneys' fees) relating to the sales and use taxes arising out of the transfer of taxable personal property included in the sale of the Property. The foregoing indemnity includes, without limitation, any applicable sales and use taxes that Seller fails to remit to the State of California. The indemnification provisions of this Section will survive beyond the Closing.

7.6 Post-Closing Reconciliation

If any of the foregoing proration cannot be calculated accurately on the Closing Date, then they will be calculated as soon after the Closing Date as feasible. Either party owing the other party a sum of money based on such subsequent proration will promptly pay such sum to the other party.

7.7 Survival

The provisions of this Section will survive the Closing.

8. REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties of Seller

Seller represents and warrants to and covenants with City as follows:

(a) The Leases, Assumed Contracts, Documents, and other information furnished to City are all of the relevant documents and information pertaining to the condition and operation of the Property to the extent available to Seller and are, and at the time of Closing, will be true, correct, and complete copies of the documents.

(b) The Leases and Assumed Contracts are, and at the time of Closing will be, in full force and effect.

(c) No document or instrument furnished or to be furnished by the Seller to the City in connection with this Agreement contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement will have been made.

(d) Seller does not have knowledge of any condemnation, either instituted or planned to be instituted by any governmental or quasi-governmental agency other than City, which could detrimentally affect the use, operation or value of the Property.

(e) There are no easements or rights of way on the Property that have been acquired by prescription or are otherwise not of record, and to Seller's knowledge, there are no easements, rights of way, permits, licenses or other forms of agreement that afford third parties the right to traverse any portion of the Property to gain access to other real property that are not of record. There are no disputes with regard to the location of any fence or other monument of the Property's boundary nor any claims or actions involving the location of any fence or boundary.

(f) To Seller's knowledge, all water, sewer, gas, electric, telephone, and drainage facilities and all other utilities required by law or by the normal use and operation of the Property are and at the time of Closing will be installed to the property lines of the Property and are and at the time of Closing will be adequate to service the Property.

(g) There is no litigation pending or, after due and diligent inquiry, to Seller's knowledge, threatened, against Seller or any basis for litigation that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or the ability of Seller to perform its obligations under this Agreement.

(h) Seller is the legal and equitable owner of the Property, with full right to convey the same, and without limiting the generality of the foregoing, Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any interest in any of the Property.

(i) Seller is a limited liability company duly organized and validly existing under the laws of the State of California and is in good standing under the laws of the State of California, and in good standing as a registered foreign limited liability company in California; this Agreement and all documents executed by Seller that are to be delivered to City at the Closing are, or at the Closing will be, duly authorized, executed and delivered by Seller, are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, are, and at the Closing will be, sufficient to convey good and marketable title (if they purport to do so), and do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

(j) Seller represents and warrants to City that it has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state, or local governmental agency. In the event Seller has been so suspended, disbarred, disciplined, or prohibited from contracting with any governmental agency, it will immediately notify the City of and the reasons therefor together with any relevant facts or information requested by City. Any

such suspension, debarment, discipline, or prohibition may result in the termination or suspension of this Agreement.

(k) Seller knows of no facts nor has Seller failed to disclose any fact that would prevent City from using and operating the Property after Closing in the normal manner in which it is intended.

(l) At the time of Closing, there will be no outstanding written or oral contracts made by Seller for any of the Improvements that have not been fully paid for and Seller will cause to be discharged all mechanics' or materialmen's liens arising from any labor or materials furnished to the Property before Closing. There are no obligations in connection with the Property that will be binding upon City after Closing except for the Accepted Conditions of Title, the Assumed Contracts, and the Leases.

(m) Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code.

(n) There are no free rent, operating expense abatements, incomplete tenant improvements, rebates, allowances, or other unexpired concessions (collectively referred to as "Offsets") or any termination, extension, cancellation or expansion rights under any existing or pending Leases; and all of the Leases are absolutely net (including the full pass-through of management fees), except for replacement of major capital items, such as roof, foundation and structural components. Seller has paid in full any of landlord's leasing costs incurred by Seller in connection with any tenant improvements.

(o) No brokerage or similar fee is due or unpaid by Seller with respect to any Lease. No brokerage or similar fee shall be due or payable on account of the exercise of, without limitation, any renewal, extension or expansion options arising under any Leases.

(p) The copies of the Leases delivered by Seller to City on or before the commencement of the Due Diligence Period contain all of the information pertaining to any rights of any parties to occupy the Property, including, without limitation, all information regarding any rent concessions, over-standard tenant improvement allowances or other inducements to lease. None of the tenants of the Property has indicated to Seller either orally or in writing its intent to terminate its respective Lease prior to expiration of the respective term of such Lease.

(q) Seller represents that it is fully compliant with the California Sales and Use Tax Law and warrants to City that Landlord that it will fulfill its use tax obligations under that law with respect to the subject transaction.

8.2 Indemnity

Seller, on behalf of itself and its successors and assigns, will indemnify, defend and hold harmless City, its Agents and their respective successors and assigns, from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses, including, without limitation, reasonable attorneys' and consultants' fees, resulting from any misrepresentation or breach of warranty or breach of covenant made by Seller in this Agreement or in any document, certificate, or exhibit given or delivered to City pursuant to or in connection with this Agreement. The indemnification provisions of this Section will survive beyond the

Closing, or, if title is not transferred pursuant to this Agreement, beyond any termination of this Agreement.

9. RISK OF LOSS; POSSESSION

9.1 Risk of Loss

If any of the Property is damaged or destroyed prior to the Closing Date, or if condemnation proceedings are commenced against any portion of the Property, then the rights and obligations of Seller and City under this Agreement are as follows:

(a) If such damage or destruction is fully covered by Seller's insurance except for the deductible amount of up to Five Thousand Dollars (\$5,000) and the insurer agrees to timely pay for the entire cost of such repair (except the deductible), and the entire cost of the damage or destruction would cost less than Seven Hundred Fifty Thousand Dollars (\$750,000) (the "**Threshold Damage Amount**") to repair or restore, then this Agreement will remain in full force and effect and City may proceed acquire the Property upon the terms and conditions set forth in this Agreement. In such event, City will receive a credit against the Purchase Price equal to the deductible amount, and Seller will assign to City at Closing all of Seller's right, title and interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City.

(b) If such damage or destruction is not fully covered by Seller's insurance, other than the above deductible amount, and would cost less than the Threshold Damage Amount to repair or restore, then the transaction contemplated by this Agreement will be consummated with City receiving a credit against the Purchase Price at the Closing in an amount reasonably determined by Seller and City (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction.

(c) If the cost of the repairs of damage or destruction would equal or exceed the Threshold Damage Amount, then City will have the right, at its election, to terminate this Agreement in its entirety, or to not terminate this Agreement and purchase the Property. City will have thirty (30) days after Seller notifies City that an event described in this Subsection (c) has occurred to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within the thirty (30)-day period will be deemed City's election to terminate this Agreement. If this Agreement is terminated by City's delivery of notice of termination to Seller, then City and Seller will each be released from all obligations under this Agreement, except those expressly stated to survive, the parties will share equally any title fees and escrow cancellation costs. If City elects not to terminate this Agreement, Seller will notify City of Seller's intention to repair such damage or destruction, in which case this Agreement will remain in full force and effect, or notify City of Seller's intention to give City a credit against the Purchase Price at the Closing in the amount reasonably determined by City and Seller (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction, in which case this Agreement will otherwise remain in full force and effect, and Seller will be entitled to any proceeds of insurance or condemnation awards. Any repairs elected to be made by Seller under this Subsection must be made within one hundred eighty (180) days following such damage or destruction and the Closing will be extended until the repairs are substantially completed.

(d) If condemnation proceedings are commenced against any of the Property (other than by the City or any division or instrumentality thereof), then, City will have the right, at its election, either to terminate this Agreement in its entirety, or only as to that portion of the Property subject to condemnation proceedings (in which case there will be an equitable adjustment to the Purchase Price), or to not terminate this Agreement and purchase the Property

(or the portion not affected by condemnation, as the case may be). City will have thirty (30) days after Seller notifies City of receipt of the condemnation notice to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within such thirty (30)-day period will be deemed City's election to terminate this Agreement in its entirety. If this Agreement is terminated in its entirety or in part pursuant to this Subsection (d) by City's delivery of notice of termination to Seller, then City and Seller will each be released from all obligations hereunder pertaining to that portion of the Property affected by such termination except those expressly stated to survive, the parties will share equally any title fees and escrow cancellation costs. If City elects not to terminate this Agreement, then this Agreement will remain otherwise in full force and effect and City will pay Seller the full purchase price less the amount of any condemnation award previously paid to Seller and Seller will transfer and assign to City at Closing the right to receive any condemnation award not paid as of the Closing Date.

9.2 Insurance

Through the Closing Date, Seller will maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of property insurance in amounts equal to the full replacement value of the Improvements and the Personal Property, insuring against all insurable risks, including, without limitation, fire, vandalism, malicious mischief, lightning, windstorm, water, earthquake, and other perils customarily covered by casualty insurance and the costs of demolition and debris removal. Seller will furnish City with evidence of such insurance upon request by City.

9.3 Possession

Seller will deliver possession of the Property to City on the Closing Date, vacant, except for the Assumed Contracts and Leases.

10. MAINTENANCE; CONSENT TO NEW CONTRACTS

10.1 Maintenance of the Property by Seller

Between the Effective Date and the Closing, Seller will maintain the Property in good order, condition and repair, reasonable wear and tear excepted, and will make all repairs, maintenance and replacements of the Improvements and any Personal Property and otherwise operate the Property in the same manner as before the making of this Agreement, as if Seller were retaining the Property.

10.2 City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts

After the Effective Date, Seller may not enter into any lease or contract, or any amendment thereof, or waive any rights of Seller under any Assumed Contract, without in each instance obtaining City's prior written consent. City agrees that it will not unreasonably withhold or delay any such consent. Seller will terminate prior to the Closing, at no cost or expense to City, any and all agreements, including any management agreements affecting the Property that are not Assumed Contracts.

11. GENERAL PROVISIONS

11.1 Notices

Any notice, consent or approval required or permitted to be given under this Agreement must be in writing and will be deemed to have been given upon receipt, as demonstrated by

courier confirmation of delivery or US mail return receipt or other verified tracking. Notices will be addressed as follows:

City:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: **3061 16th Street**
joshua.keene@sfgov.org

with copy to:

Eileen K. Chauvet
Deputy City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Re: 3061 16th Street
Email Address: eileen.chauvet@sfcityatty.org
and jessie.cassella@sfcityatty.org

Seller:

MAHADEVA, LLC
212 Sutter Street, 3rd Floor
San Francisco, CA 94108
Attn: Sam Devdhara
Email Address: samd.corehotels@gmail.com

or to such other address as either party may from time to time specify in writing to the other upon five (5) days prior written notice in the manner provided above. For convenience of the parties, copies of notices may also be given by email to the email address listed above, or such other address as may be provided from time to time. However, neither party may give official or binding notice by email. The effective time of a notice will not be affected by the receipt, before receipt of the original, of an email copy of the notice.

11.2 Brokers and Finders

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the purchase and sale contemplated herein. If any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, then the party through whom the broker or finder makes his or her claim will be responsible for such commission or fee and will indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section will survive the Closing.

11.3 Successors and Assigns

This Agreement is binding on, and will inure to the benefit of, the parties and their respective successors, heirs, administrators and assigns. City has the right, upon notice to Seller, to assign its right, title and interest in and to this Agreement to a non-profit organization directly affiliated with City's intended use of the Property at any time before the Closing Date.

11.4 Amendments

Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by City and Seller.

11.5 Continuation and Survival of Representations and Warranties

All representations and warranties by the respective parties in this Agreement or made in writing under this Agreement are intended to be, and must remain, true and correct as of the Closing, will be deemed to be material, and, together with all conditions, covenants, and indemnities made by the respective parties under this Agreement or made in writing in accordance with this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), will survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in conjunction with the transaction contemplated by this Agreement will constitute representations and warranties hereunder.

11.6 Governing Law

This Agreement is governed by and construed in accordance with the laws of the State of California and the City's Charter and Municipal Code.

11.7 Merger of Prior Agreements

The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) and the Due Diligence Agreement are the final expressions of their agreement with respect to Seller's sale of the Property and City's purchase of the Property and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings, including, without limitation, any letter of intent or term sheet. The parties further intend that this Agreement and the Due Diligence Agreement will constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts or changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

11.8 Parties and Their Agents; Approvals

The term "Seller" as used herein includes the plural as well as the singular. If there is more than one (1) Seller, then the obligations under this Agreement imposed on Seller will be joint and several. As used herein, the term "Agents" when used with respect to either party includes the agents, employees, officers, contractors, and representatives of such party. All approvals, consents, or other determinations permitted or required by City will be made by or through City's Director of Property unless otherwise provided herein, subject to applicable law.

11.9 Interpretation of Agreement

The article, section, and other headings of this Agreement and the table of contents are for convenience of reference only and will not affect the meaning or interpretation of any provision of this Agreement. Whenever the context requires, the use of the singular will be deemed to include the plural and vice versa, and each gender reference will be deemed to include any gender. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law

(including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement will be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

11.10 Seller Tax Obligations

Seller acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code (“**Delinquent Payment**”). If, under that authority, any payment City is required to make to Seller under this Agreement is withheld because Seller owes the City a Delinquent Payment, then City will not be in breach or default under this Agreement, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Seller, without interest, late fees, penalties, or other charges, upon Seller coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

11.11 Sunshine Ordinance

Seller understands and agrees that under the City’s Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder public records subject to public disclosure. Seller hereby acknowledges that the City may disclose any records, information and materials submitted to the City in connection with this Agreement.

11.12 Conflicts of Interest

Through its execution of this Agreement, Seller acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller will immediately notify the City.

11.13 Notification of Prohibition on Contributions

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from any department of the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or twelve (12) months after the date the contract is approved. Seller acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Seller further acknowledges that the (i) prohibition on contributions applies to each Seller; each member of Seller's board of directors, and Seller’s chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten

percent (10%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller; and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department with whom Seller is contracting is obligated to submit to the Ethics Commission the parties to the contract and any subcontractor. Additionally, Seller certifies that Seller has informed each of the persons described in the preceding sentence of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

11.14 Non-Liability of City Officials, Employees and Agents

Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee or agent of City will be personally liable to Seller, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Seller, its successors and assigns, or for any obligation of City under this Agreement.

11.15 Memorandum of Agreement

At any time on or after the Closing Date, the parties, upon City's request, shall execute and acknowledge a memorandum hereof, on the form attached hereto as Exhibit I, which will be recorded in the Official Records of the County in San Francisco, California.

11.16 Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

11.17 Effective Date

As used herein, the term "**Effective Date**" means the date on which City, or its nominee, and Seller have executed this Agreement, as authorized by a resolution or ordinance, as applicable, enacted by the City's Board of Supervisors and Mayor approving and authorizing this Agreement and the transaction contemplated hereunder.

11.18 Severability

If any provision of this Agreement or the application thereof to any person, entity or circumstance is determined to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, will not be affected, and each other provision of this Agreement will be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

11.19 Intentionally Omitted

11.20 Cooperative Drafting.

This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party will be considered the drafter of this Agreement, and no presumption or rule that an

ambiguity will be construed against the party drafting the clause will apply to the interpretation or enforcement of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF CITY'S BOARD OF SUPERVISORS WILL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT WILL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY WILL NOT BE DEEMED TO IMPLY THAT SUCH LEGISLATION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

[SIGNATURES ON FOLLOWING PAGES]

The parties have duly executed this Agreement as of the respective dates written below.

SELLER:

MAHADEVA, LLC,
a California limited liability company

By: Shailendra Devdhara
Shailendra Devdhara, Manager

Date: 8/18/2021

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: Andrico Q. Penick
Andrico Q. Penick
Director of Property

Date: 8/20/2021

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: Eileen Chauvet
Eileen Chauvet
Deputy City Attorney

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the County of San Francisco, State of California, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Commencing at a point on the Southerly line of 16th Street, distant thereon 61 feet Westerly from the Westerly line of Hoff Street; thence Westerly along the Southerly line of 16th Street, 31 feet, 6 inches; thence at a right angle Southerly 97 feet; thence at a right angle Easterly 31 feet, 6 inches; thence at a right angle Northerly 97 feet to the point of commencement.

Being a part of Mission Block No. 40.

APN: Lot 078, Block 3569

EXHIBIT B

DESCRIPTION OF ACCEPTED PERSONAL PROPERTY

NONE

EXHIBIT C

GRANT DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

The undersigned declares this instrument to be
exempt from Recording Fees (CA Govt. Code
§ 27383) and Documentary Transfer Tax (S.F.
Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for
Recorder's use only)

GRANT DEED

(Assessor's Parcel No. Block 3569, Lot 078)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
MAHADEVA, LLC, a California limited liability company, hereby grants to the CITY AND
COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in the City
and County of San Francisco, State of California, described on the attached Exhibit A which is
made a part hereof (the "**Property**").

TOGETHER WITH any and all rights, privileges and easements incidental or
appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other
hydrocarbon substances on and under the Property, as well as any and all development rights, air
rights, water, water rights, riparian rights and water stock relating to the Property, and any and all
easements, rights-of-way or other appurtenances used in connection with the beneficial use and
enjoyment of the land and all of Grantor's right, title and interest in and to any and all roads and
alleys adjoining or servicing the Property.

[SIGNATURES ON FOLLOWING PAGE]

Executed as of _____, 20__.

MAHADEVA, LLC,
a California limited liability company

By: _____

Its: _____

By: _____

Its: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property located at _____ conveyed by the foregoing Grant Deed dated _____ to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Board of Supervisors' Resolution No. _____ Series of _____, approved _____, and Resolution No. _____, approved _____, 20____, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____
Andrico Q. Penick
Director of Property

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the County of San Francisco, State of California, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Commencing at a point on the Southerly line of 16th Street, distant thereon 61 feet Westerly from the Westerly line of Hoff Street; thence Westerly along the Southerly line of 16th Street, 31 feet, 6 inches; thence at a right angle Southerly 97 feet; thence at a right angle Easterly 31 feet, 6 inches; thence at a right angle Northerly 97 feet to the point of commencement.

Being a part of Mission Block No. 40.

APN: Lot 078, Block 3569

EXHIBIT D

BILL OF SALE

For good and valuable consideration the receipt of which is acknowledged, MAHADEVA, LLC, a California limited liability company ("**Seller**"), does hereby sell, transfer and convey to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**Buyer**"), all personal property owned by Seller and located on or in or used in connection with the Land and Improvements (as such terms are defined in that certain Agreement of Purchase and Sale of Real Estate dated as of _____, 20____, between Seller and Buyer (or Buyer's predecessor in interest), including, without limitation, those items described in the attached Schedule 1.

Seller hereby represents to Buyer that Seller is the lawful owner of such personal property, that such personal property is free and clear of all encumbrances, and that Seller has good right to sell such personal property and will warrant and defend the title thereto unto Buyer, its successors and assigns, against the claims and demands of all persons whomsoever.

DATED _____, 20 ____.

SELLER:

MAHADEVA, LLC, a California limited liability company

By: _____
[NAME]

Its: _____

EXHIBIT E

**ASSIGNMENT OF CONTRACTS,
WARRANTIES AND GUARANTIES,
AND OTHER INTANGIBLE PROPERTY**

THIS ASSIGNMENT is made and entered into as of _____, 20____, by and between MAHADEVA, LLC, a California limited liability company ("**Assignor**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**Assignee**").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is acknowledged, effective as of the Closing Date (as defined in the Purchase Agreement), Assignor assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under:

A. the contracts listed in the attached Schedule 1 (the "**Contracts**")

B. all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other improvement situated on, or comprising a part of any building or other improvement situated on, any part of that certain real property described in the attached Exhibit A including, without limitation, those warranties and guaranties listed in the attached Schedule 2 (collectively, "**Warranties**");

C. any other Intangible Property (as defined in that certain Agreement of Purchase and Sale of Real Estate dated as of _____, 20____, between Assignor and Assignee (or Assignee's predecessor in interest) (the "**Purchase Agreement**").

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor will indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Closing Date and arising out of the Assignor's obligations under the Contracts.

2. Except as otherwise set forth in the Purchase Agreement, effective as of the Closing Date, Assignee hereby assumes all of the owner's obligations under the Contracts and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating on or subsequent to the Closing Date and arising out of the Assignor's obligations under the Contracts.

3. This Assignment will be binding on and inure to the benefit of the parties to this Assignment, their heirs, executors, administrators, successors in interest and assigns.

4. This Assignment is governed by and construed in accordance with the laws of the State of California and the City's Charter and Municipal Code.

5. This Assignment may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

MAHADEVA, LLC, a California limited liability company

By: _____
[NAME]

Its: _____

By: _____
[NAME]

Its: _____

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the County of San Francisco, State of California, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Commencing at a point on the Southerly line of 16th Street, distant thereon 61 feet Westerly from the Westerly line of Hoff Street; thence Westerly along the Southerly line of 16th Street, 31 feet, 6 inches; thence at a right angle Southerly 97 feet; thence at a right angle Easterly 31 feet, 6 inches; thence at a right angle Northerly 97 feet to the point of commencement.

Being a part of Mission Block No. 40.

APN: Lot 078, Block 3569

SCHEDULE 1
CONTRACTS

SCHEDULE 2

WARRANTIES

EXHIBIT F

ASSIGNMENT OF LEASES

THIS ASSIGNMENT is made and entered into as of _____, 20____, by and between MAHADEVA, LLC, a California limited liability company ("**Assignor**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**Assignee**").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Closing Date (as defined in the Agreement for the Purchase and Sale of Real Property between Assignor, as Seller, and Assignee, as City, dated as of _____ (the "**Purchase Agreement**")), Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under certain leases executed with respect to that certain real property commonly known as 3061 16th Street, San Francisco, and more fully described in Exhibit A to the Purchase Agreement (the "**Property**") as more fully described in Schedule 1 attached hereto (collectively, the "**Leases**"). Initially capitalized terms used but not defined in this Assignment have the meanings given to them in the Purchase Agreement.

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor represents and warrants that, as of the date of this Assignment and the Closing Date, the attached Schedule 1 includes all of the Leases and occupancy agreements affecting any of the Property. As of the date hereof and as of the Closing Date, there are no assignments of or agreements to assign the Leases to any other party.
2. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Closing Date and arising out of the landlord's obligations under the Leases.
3. Except as otherwise set forth in the Purchase Agreement, effective as of the Closing Date, Assignee hereby assumes all of the landlord's obligations under the Leases and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating on or subsequent to the Closing Date and arising out of the landlord's obligations under the Leases.
4. Any rental and other payments under the Leases will be prorated between the parties as provided in the Purchase Agreement.
5. This Assignment will be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
6. This Assignment is governed by and will be construed in accordance with the laws of the State of California.
7. This Assignment may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

MAHADEVA, LLC, a California limited liability company

By: _____
[NAME]

Its: _____

By: _____
[NAME]

Its: _____

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
[DEPUTY'S NAME]
Deputy City Attorney

SCHEDULE 1
LEASES

EXHIBIT G

TENANT'S ESTOPPEL CERTIFICATE

DATE: _____

TENANT: _____

PREMISES: _____

LEASE DATE: _____

COMMENCEMENT DATE: _____

EXPIRATION DATE: _____

TERM IN MONTHS: _____

DATE RENT AND OPERATING EXPENSE
PARKING: _____

PAYMENTS ARE DUE: _____

OPTIONS: Check if you have any of these
options or rights, and provide details in
Sections 5 or 9 below.

_____ Extension Option

_____ Termination Option

_____ Expansion Option

_____ Purchase Option

CURRENT MONTHLY PAYMENTS: _____

BASE RENTAL: _____

TAXES: _____

OP. EXP. CAP: _____

_____ Check here if you have rental escalations and provide details in Section 6 below:

SECURITY DEPOSIT: _____

THE UNDERSIGNED, AS TENANT OF THE ABOVE REFERENCED PREMISES
("PREMISES") UNDER THE LEASE DATED AS OF THE ABOVE-REFERENCED LEASE
DATE, BETWEEN _____
("LANDLORD") AND TENANT, HEREBY CERTIFIES, REPRESENTS AND WARRANTS

TO THE CITY AND COUNTY OF SAN FRANCISCO ("CITY"), AND ITS ASSIGNEES, AS FOLLOWS:

1. Accuracy. All of the information specified above and elsewhere in this Certificate is accurate as of the date hereof.

2. Lease. The copy of the Lease attached hereto as Exhibit A is a true and correct copy of the Lease. The Lease is valid and in full force and effect. The Lease contains all of the understandings and agreements between Landlord and Tenant and has not been amended, supplemented or changed by letter agreement or otherwise, except as follows (if none, indicate so by writing "NONE" below):

3. Premises. The Premises consist of _____, and Tenant does not have any options to expand the Premises except as follows (if none, indicate so by writing "NONE"): _____

4. Acceptance of Premises. Tenant has accepted possession of the Premises and is currently occupying the Premises. There are no unreimbursed expenses due Tenant including, but not limited to, capital expense reimbursements.

5. Lease Term. The term of the Lease commenced and will expire on the dates specified above, subject to the following options to renew or rights to terminate the Lease (if none, indicate so by writing "NONE"): _____

6. Rental Escalations. The current monthly base rental specified above is subject to the following escalation adjustments (if none, indicate so by writing "NONE"):

7. No Defaults/Claims. Neither Tenant nor Landlord under the Lease is in default under any terms of the Lease nor has any event occurred which with the passage of time (after notice, if any, required under the Lease) would become an event of default under the Lease. Tenant has no claims, counterclaims, defenses or setoffs against Landlord arising from the Lease, nor is Tenant entitled to any concession, rebate, allowance or free rent for any period after this certification. Tenant has no complaints or disputes with Landlord regarding the overall operation and maintenance of the property within which the Premises are located (the "Property"), or otherwise.

8. No Advance Payments. No rent has been paid in advance by Tenant except for the current month's rent.

9. No Purchase Rights. Tenant has no option to purchase, or right of first refusal to purchase, the Premises, the Property or any interest therein (if none, indicate so by writing "NONE"): _____

10. Notification by Tenant. From the date of this Certificate and continuing until, Tenant agrees to notify City immediately of the occurrence of any event or the discovery of any fact that would make any representation contained in this Certificate inaccurate as of the date hereof or as of any future date.

11. No Sublease/Assignment. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises.

12. No Notice. Tenant has not received notice of any assignment, hypothecation, mortgage, or pledge of Landlord's interest in the Lease or the rents or other payments payable

thereunder, except those listed below (if none, indicate so by writing "NONE"):

13. Hazardous Materials. Tenant has not used, treated, stored, disposed of or released any Hazardous Materials on or about the Premises or the Property. Tenant does not have any permits, registrations or identification numbers issued by the United States Environmental Protection Agency or by any state, county, municipal or administrative agencies with respect to its operation on the Premises, except for any stated below, and except as stated below no such governmental permits, registrations or identification numbers are required with respect to Tenant's operations on the Premises. For the purposes of this Certificate, the term "Hazardous Material" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

14. No Relocation Assistance; Waiver of Claims. Tenant acknowledges that it will not be a displaced person at the time the Lease is terminated or expires by its own terms, and Tenant fully RELEASES AND DISCHARGES forever any and all claims against, and covenants not to sue, City, its departments, commissions, officers, directors, and employees, and all persons acting by, through or under each of them, under any legal requirements, including any and all claims for relocation benefits or assistance from City under federal and state relocation assistance legal requirements (including California Government Code Section 7260 et seq.).

15. Reliance. Tenant recognizes and acknowledges it is making these representations to City with the intent that City, and any of its assigns, will fully rely on Tenant's representations.

16. Binding. The provisions hereof shall be binding upon and inure to the benefit of the successors, assigns, personal representatives and heirs of Tenant and City.

17. Due Execution and Authorization. The undersigned, and the person(s) executing this Certificate on behalf of the undersigned, represent and warrant that they are duly authorized to execute this Certificate on behalf of Tenant and to bind Tenant hereto.

EXECUTED BY TENANT ON THE DATE FIRST WRITTEN ABOVE.

By:

[NAME]

[TITLE]

By:

[NAME]

[TITLE]

EXHIBIT A
COPY OF LEASE

EXHIBIT H

**CERTIFICATE OF TRANSFEROR
OTHER THAN AN INDIVIDUAL
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by _____

_____, a _____ ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. Transferor's U.S. employer identification number is _____; and

3. Transferor's office address is _____.

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated: _____, 20__.

On behalf of:

_____,
[NAME]

a _____

By: _____
[NAME]

Its: _____

EXHIBIT I

MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property

The undersigned hereby declares this instrument to be exempt from Recording Fees (CA Govt. Code § 27383) and Documentary Transfer Tax (CA Rev. & Tax Code § 11922 and S.F. Bus. & Tax Reg. Code § 1105)

APN Block 3569 Lot 078

(Space above this line reserved for Recorder's use only)

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT dated as of _____, 20____, is by and between MAHADEVA, LLC, a California limited liability company ("Seller"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City").

1. Seller is the owner of certain real property located in the City and County of San Francisco, California, commonly known as 3061 16th Street, San Francisco, more particularly described in Exhibit A attached to and incorporated by this reference in this Memorandum of Agreement (the "Real Property").

2. Seller and City have entered into that certain unrecorded Agreement for the Purchase and Sale of Real Estate dated as of _____, 20____ incorporated by this reference into this Memorandum (the "Agreement"), pursuant to which Seller agreed to sell, and City agreed to purchase, the Real Property upon all the terms and conditions set forth in the Agreement.

3. The purpose of this Memorandum of Agreement is to give notice of the Agreement and the respective rights and obligations of the parties thereunder, and all of the terms and conditions of the Agreement are incorporated herein by reference as if they were fully set forth herein.

4. This Memorandum of Agreement shall not be deemed to modify, alter or amend in any way the provisions of the Agreement. In the event any conflict exists between the terms of the Agreement and this instrument, the terms of the Agreement shall govern and determine for all purposes the relationship between Seller and City and their respective rights and duties.

5. This Memorandum of Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective legal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum of Agreement as of the date first written above.

SELLER:

MAHADEVA, LLC, a California limited liability company

By: _____

Its: _____

By: _____

Its: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

Date: _____

[SIGNATURES ON FOLLOWING PAGE]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the County of San Francisco, State of California, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Commencing at a point on the Southerly line of 16th Street, distant thereon 61 feet Westerly from the Westerly line of Hoff Street; thence Westerly along the Southerly line of 16th Street, 31 feet, 6 inches; thence at a right angle Southerly 97 feet; thence at a right angle Easterly 31 feet, 6 inches; thence at a right angle Northerly 97 feet to the point of commencement.

Being a part of Mission Block No. 40.

APN: Lot 078, Block 3569



GENERAL PLAN REFERRAL

September 1, 2021

Case No.: 2021-008441GPR
Block/Lot No.: 3055-3061 16th Street, 3569/078
Project Sponsor: City and County of San Francisco
Applicant: Dan Adams, Department of Homelessness and Supportive Housing
Dan.adams@sfgov.org
1650 Mission Street
San Francisco, CA, 94102

Staff Contact: Dylan Hamilton – (628) 652-7478
dylan.hamilton@sfgov.org

Recommended By: 
AnMarie Rodgers, Director of Citywide Policy
for
Rich Hillis, Director of Planning

Recommendation: Finding the project, on balance, is **in conformity** with the General Plan

Project Description

The City of San Francisco Department of Homelessness and Supportive Housing proposes to purchase the property at 3055-3061 16th Street. The property includes 20 single-room occupancy units, plus 5 tourist rooms, and ground floor retail space. The transaction does not entail any physical changes to the building itself, or adjacent streets and public infrastructure.

A General Plan Referral is generally required for any purchase of real property by the City.

Environmental Review

Real estate transaction only. Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment. The City anticipates the subsequent use of the building as affordable and or supportive housing could be ministerially approved under SB-35.

General Plan Compliance and Basis for Recommendation

As described below, the proposed purchase of 3055-3061 16th Street is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING

POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing.

POLICY 7.5

Encourage the production of affordable housing through process and zoning accommodations, and prioritize affordable housing in the review and approval processes.

OBJECTIVE 6

REDUCE HOMELESSNESS AND THE RISK OF HOMELESSNESS

POLICY 6.1 Prioritize permanent housing and service enriched solutions while pursuing both short- and long-term strategies to eliminate homelessness.

The City anticipates the subsequent use of the building as affordable and or supportive housing. This real estate transaction helps facilitate the production of permanently affordable housing, adding to the City's affordable housing stock.

OBJECTIVE 11

SUPPORT AND RESPECT THE DISTINCT CHARACTER OF SAN FRANCISCO'S NEIGHBORHOODS

POLICY 11.7

Respect San Francisco's historic fabric, by preserving landmark buildings and ensuring consistency with historic districts

The property and building to be purchased by the City of San Francisco will not undergo any alterations as part of the transaction, and its design and character will thus be preserved.

MISSION AREA PLAN

OBJECTIVE 1.1

STRENGTHEN THE MISSION'S EXISTING MIXED USE CHARACTER, WHILE MAINTAINING THE NEIGHBORHOOD AS A PLACE TO LIVE AND WORK

3055-3061 16th Street is located within the geography of the Mission Area Plan. The project does not call for any physical or structural changes to the building at this time.

Planning Code Section 101 Findings

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The proposed project will not have an impact on neighborhood serving retail uses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The proposed project will help preserve existing neighborhood character, as the building will not undergo any changes of use at this time. The proposed project will strengthen neighborhood character, as the proposed project is a property purchase that does not include any changes to the building itself. The City anticipates that the building will be subsequently occupied by affordable and or supportive housing.

3. That the City's supply of affordable housing be preserved and enhanced;

The Project will not diminish the City's affordable housing supply; on the contrary the anticipated future use will enhance the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed project will not result in commuter traffic impeding MUNI transit service or overburdening the

streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The proposed project does not include any changes to industrial and service space in San Francisco.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

This project does not include any construction, and will not impact emergency preparedness.

7. That the landmarks and historic buildings be preserved;

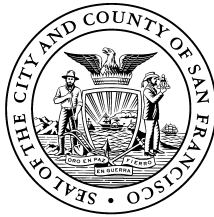
The property included in this project will be utilized in its current state; the project does not include any structural or design changes.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed project will not impact the access to sunlight or vistas for the parks and open space.

Recommendation: Finding the project, on balance, is in conformity with the General Plan

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

September 3, 2021

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 – 3055 - 3061 16th Street – Permanent Supportive Housing

Dear Honorable Board Members:

Attached for your consideration is a Resolution approving and authorizing an Agreement of Purchase and Sale for the Eula Hotel, a 25-room SRO located at 3055-3061 16th Street (the "Property") for \$5,600,000 (the "Purchase Price") to be converted into up to 25 units of Permanent Supportive Housing to serve Transitional Age Youth (TAY).

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. To help meet that goal, the City is proposing to purchase the Eula Hotel.

The City, through HSH and the Real Estate Division, in consultation with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the property located at 3055-3061 16th Street from Mahadeva, LLC for \$5,600,000 plus typical closing costs. The Director of Property has determined the Purchase Price 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



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Proposed Acquisition: 3061 16th Street

Board of Supervisors Budget and Finance Committee

September 29, 2021

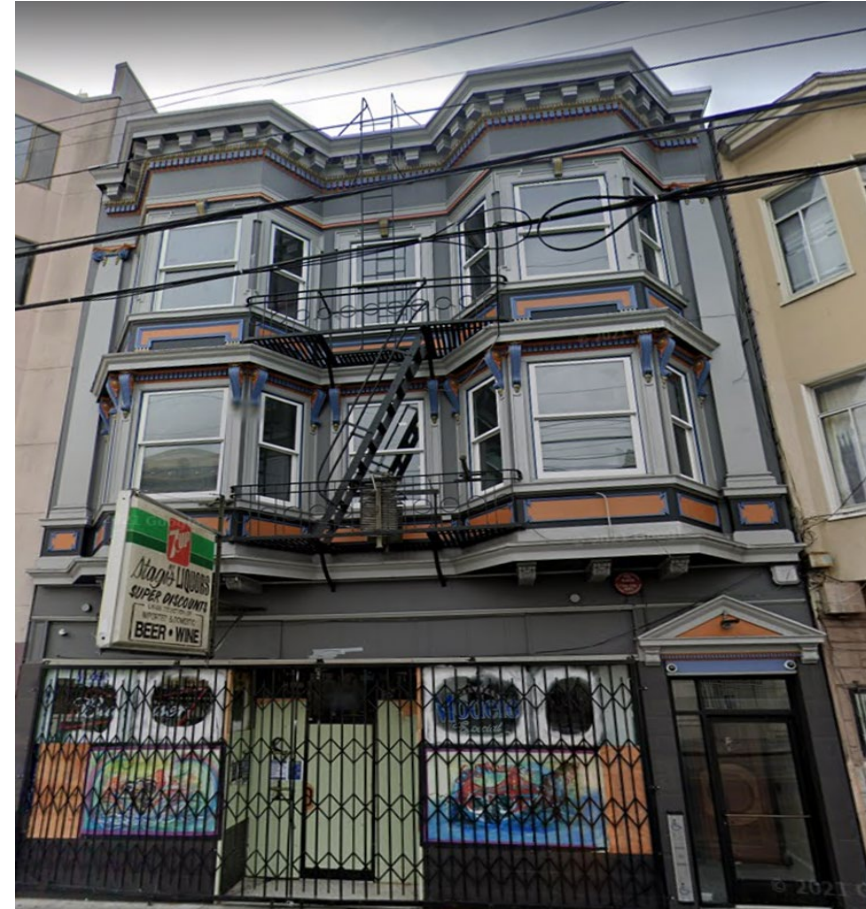
<http://hsh.sfgov.org>



3061 16th Street: Property Details

2

- Proposed use: affordable housing with services for **Transitional Age Youth** (ages 18 – 24)
- **25 SRO units** with **private bathrooms**
- Small building (good for TAY)
- Currently unoccupied and **recently renovated**.
- Close to public transit





3061 16th Street: Fiscal Information

3

- Resolution authorizes HSH and Director of Property to acquire the property for:
 - **\$5.6 million** for acquisition.
 - Estimated **\$115,000** for typical closing costs.
- HSH plans to use **Prop C** funds for the total acquisition cost of **\$5,715,000**.



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Thank you.

Questions?

<http://hsh.sfgov.org>



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 210940

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Bryn Miller	978-460-2875
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
HOM Homelessness and Supportive Housing	bryn.miller@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Mahadeva, LLC	TELEPHONE NUMBER 415-982-1416 ext. 7051
STREET ADDRESS (including City, State and Zip Code) 212 Sutter St, 3rd Floor, San Francisco, CA 94108	EMAIL samd.corehotels@gmail.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 210940
DESCRIPTION OF AMOUNT OF CONTRACT \$5,600,000		
NATURE OF THE CONTRACT (Please describe) Acquisition of the property at 3061 16th Street for permanent supportive housing.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Devdhara	Shailendra (Sam)	Shareholder
2	Appenrodt	Jeffrey	Shareholder
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4			
5			
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			

Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
---	---------------------------

From: [Peacock, Rebecca \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Kittler, Sophia \(MYR\)](#); [Schneider, Dylan \(HOM\)](#); [Sawyer, Amy \(MYR\)](#); [Miller, Bryn \(HOM\)](#); [Cohen, Emily \(HOM\)](#); [Adams, Dan \(MYR-DEM\)](#); [Buhse, Caroline \(MYR\)](#); [Beinart, Amy \(BOS\)](#); [Morris, Geoffrea \(BOS\)](#)
Subject: Mayor -- [Resolution] -- [Purchase of Real Property - Mahadeva, LLC - 3055-3061 16th Street - Homelessness and Supportive Housing - \$5,715,000]
Date: Tuesday, September 7, 2021 4:08:19 PM
Attachments: [Reso_HSH_3055-61_16th_Purchase.zip](#)

Attached for introduction to the Board of Supervisors is a **resolution 1) approving and authorizing the Director of Property, on behalf of the Department of Homelessness and Supportive Housing (“HSH”), to acquire certain property located at 3055-3061 16th Street (“Property”); 2) approving and authorizing an Agreement of Purchase and Sale for Real Estate for the acquisition of the Property, for \$5,600,000 plus an estimated \$115,000 for typical closing costs for a total amount of \$5,715,000 from Mahadeva, LLC (“Purchase Agreement”); 3) authorizing the Director of Property to execute the Purchase Agreement, make certain modifications, and take certain actions in furtherance of this Resolution and the Purchase Agreement, as defined herein; 4) affirming the Planning Department’s determination under the California Environmental Quality Act; and 5) adopting the Planning Department’s findings that the Purchase Agreement, and the transaction contemplated therein, is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

Please note that Supervisors Ronen and Safaí are co-sponsors of this legislation.

Please let me know if you have any questions.

Rebecca Peacock ([they/them](#))
Office of Mayor London N. Breed
Legislative & Government Affairs
City & County of San Francisco

From: [Calder Lorenz](#)
To: [Wong, Linda \(BOS\)](#)
Cc: [Lydia Bransten](#)
Subject: Support: Eula & Mission Inn Acquisitions
Date: Wednesday, September 29, 2021 11:34:08 AM

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Hello,

Thank you to the Budget & Finance Committee members for hearing these agenda items (3&4) today.

The Gubbio Project supports the acquisitions of the Eula & Mission Inn. We know that housing solves homelessness and that there is no medicine as powerful as housing.

We encourage the City and HSH and the Board of Supervisors to continue to acquire units and buildings throughout the City to support the needs of our unhoused community with access to housing.

In Community, Calder

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Calder Lorenz (he/him), *Harm Reduction Saves Lives, I carry naloxone!*
Director of Operations at the Gubbio Project
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