

City & County of San Francisco  
Daniel Lurie, Mayor



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

June 23, 2025

**Department of Public Health  
Acquisition of real property  
601-617 Laguna Street**

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

RE: Acquisition – 601-617 Laguna Street

Dear Board Members:

Attached for consideration is an Ordinance authorizing the acquisition of 601-617 Laguna Street, a 10,300 square foot assisted living facility that is licensed for 47 beds. The Department of Public Health (DPH) is seeking to acquire this facility to preserve these services in the community and expand the number of assisted living beds in San Francisco that are accessible to clients of the City's public health system. The facility will serve low-income senior and adult residents who require support with daily tasks.

We are also seeking Chapter 6. Waiver to allow the seller to address deferred maintenance on the building and make modifications to adapt the building for programming by DPH, while they are doing seismic that is their sole responsibility.

DPH and the Real Estate Division (RED) conducted a search of assisted living facilities in San Francisco and determined that this facility is well-suited to DPH's goal of expanding and preserving its portfolio of residential care and treatment beds. This expansion is a major element of Mental Health SF, the City's strategic framework for improving the behavioral health system for San Francisco's most vulnerable residents.

Historically, this building was operated along with an adjacent property at 624 Laguna Street. 624 Laguna Street was acquired by the City in July of 2024, Resolution No. 240477.

The Department of Public Works has completed an assessment of the condition of the building and an environmental review of the site and determined there was a). deferred maintenance on the building, b). a seismic upgrade performed in 1997, that was incorrectly completed and therefore deficient, and c). modifications required for the planned DPH programming in the building.

RED negotiated a price of \$11,030,000 for the acquisition of 601-617 Laguna Street. The Seller agreed to cure the seismic deficiencies at their sole cost and the combination of build out and addressing deferred maintenance on the building is estimated to not exceed \$8,680,000, including \$260,000 in project management fees to the seller and \$30,000 for escrow.

An Appraisal was performed (by a certified Member of the Appraisal Institute), and reviewed by a second appraiser, I concur and confirm that the acquisition price is at or below air Market Value.

The Planning Department found that the acquisition of the facility is not considered a project under the California Environmental Quality Act (CEQA) and that it is consistent with the eight priority policies of the General Plan.

The Real Estate Division recommends approval of this acquisition. If you have any questions regarding this matter, please contact Jeff Suess at the Real Estate Division office at 415-554-9860.

Respectfully,



Andrico Q. Penick

cc. Daniel Tsai, Director DPH