



June 29, 2021

Through City Administrator Carmen Chu

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

RE: City's Purchase of Real Property - 888 Post Street – TAY Navigation Center

Dear Board Members:

Attached for your consideration is a resolution approving the exercise of the City's option to purchase the multi-level, 33,970 gross square foot building located at 888 Post Street (the "Property") for \$29 million ("Purchase Price").

On July 19, 2019, the Board of Supervisors unanimously approved a resolution urging the City to lease or purchase the Property for the primary purpose of operating a Navigation Center to help and support people experiencing homelessness. In partnership with the Department of Homelessness and Supportive Housing ("HSH"), the Real Estate Division negotiated a 20-year "Lease" of the Property, which was unanimously approved by the Board in February 2020.

Through the Lease, the City has since opened and, through its service provider, now operates the City's first Navigation Center dedicated to meet the unique needs of Transitional Aged Youth ("TAY"). The 75-bed program and supportive space occupy the entire third floor and a portion of the second floor of the Property. The ground floor and the remainder of the second floor are currently vacant, but HSH is undertaking efforts to competitively solicit a user (or users) for those areas.

Lastly, under the Lease, the City also negotiated an option to purchase the Property at the fixed Purchase Price, exercisable by City any time before August 1, 2022. The purchase is subject to future Board approval (today's proposed resolution).

The City waited until the landlord completed the capital improvements at the Property earlier this year before exercising its option to purchase the Property, but sent notice on May 13th of its intent to now do so. If approved, the proposed acquisition would occur on or around August 31, 2021, funded by Series 2021D Health and Recovery General Obligation Bonds. These bond funds were appropriated through Ordinance No. 082-21 and include \$29,100,000 for this proposed acquisition (the \$100,000 contingency is for typical closing costs and insurance to be paid by City). If the City purchases the Property, it will avoid nearly \$39 million in rental payments owed through the initial term of the Lease.

HSH and the Real Estate Division recommend approval of this resolution. Please contact Dylan Schneider from HSH at dylan.schneider@sfgov.org if you have questions about anything programmatic in nature at the Property. Alternatively, please reach out to Josh Keene of my office at joshua.keene@sfgov.org if you have any questions or concerns about the transaction itself.

Sincerely,



Andrico Q. Penick
Director of Real Estate

