

AMENDED IN COMMITTEE
7/14/23

FILE NO. 230740

RESOLUTION NO.

1 [Purchase of Real Property - Greenseed Folsom Land LLC - 1174-1178 Folsom Street and
2 663 Clementina Street - Homelessness and Supportive Housing - Not to Exceed
3 \$27,225,000]

4 **Resolution 1) approving and authorizing the Director of Property, on behalf of the**
5 **Department of Homelessness and Supportive Housing (“HSH”), to acquire certain**
6 **property located at 1174-1178 Folsom Street and 663 Clementina Street (“Property”)**
7 **for \$27,150,000 plus an estimated \$75,000 for typical closing costs, for a total**
8 **anticipated amount of \$27,225,000; 2) approving and authorizing an Agreement of**
9 **Purchase and Sale for Real Estate for the acquisition of the Property from**
10 **Greenseed Folsom Land LLC (“Purchase Agreement”), which includes a liquidated**
11 **damages clause of up to \$2,700,000 in case of default by the City; 3) authorizing the**
12 **Director of Property to execute the Purchase Agreement, make certain**
13 **modifications, and take certain actions in furtherance of this Resolution and the**
14 **Purchase Agreement, and to authorize the Director of Property to enter into**
15 **amendments or modifications to the Agreement that do not materially increase the**
16 **obligations or liabilities to the City and are necessary to effectuate the purposes of**
17 **the Agreement or this Resolution; 4) affirming the Planning Department’s**
18 **determination under the California Environmental Quality Act; and 5) adopting the**
19 **Planning Department’s findings that the Purchase Agreement, and the transaction**
20 **contemplated therein, is consistent with the General Plan, and the eight priority**
21 **policies of Planning Code, Section 101.1.**

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

1 WHEREAS, With the enactment of Resolution No. 319-18 in October 2018, the
2 Board of Supervisors and Mayor Breed declared a shelter crisis and affirmed San
3 Francisco’s commitment to combatting homelessness and creating or augmenting a
4 continuum of shelter and service options for those experiencing homelessness; and

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

10 WHEREAS, Permanent supportive housing is the most effective, evidence-based
11 solution to ending chronic homelessness and also prevents new incidents of homelessness
12 among highly vulnerable people with long experiences of homelessness; and

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

16 WHEREAS, As of December 31, 2022, the City had more than doubled this goal
17 with 3,081 units of site-based and scattered site PSH that were active or under contract
18 with a non-profit provider since July 2020; and

19 WHEREAS, In April 2023 HSH released the five-year strategic plan “Home By the
20 Bay: An Equity-Driven Plan to Prevent and End Homelessness in San Francisco” which
21 calls for 3,250 new units of permanent supportive housing to meet the goals set out in the
22 plan; and

23 WHEREAS, The OCOH Oversight Committee recommended in its 2021-2022
24 Investment Plan that the City use Prop C funds to acquire and develop new permanent
25 supportive housing units for adults, families, and transitional age youth; and

1 WHEREAS, The Property includes the real property and a 42-unit apartment
2 building, consisting of office space, commercial space, storage space, community spaces,
3 and laundry room located at 1174-1178 Folsom Street and 663 Clementina Street, as well
4 as certain improvements, appurtenances, personal property, and intangible property
5 described in the Purchase Agreement; and

6 WHEREAS, Upon acquisition of the Property, the City intends to use the Property
7 for permanent supportive housing for young adults exiting homelessness; and

8 WHEREAS, HSH has committed to soliciting community input about the project,
9 which will include: development of a community advisory group, regular meetings with the
10 community, site operator and the city, and regular reporting on outcomes of the program; and

11 WHEREAS, HSH will explore ways to integrate community input into the
12 development of a Good Neighbor Policy and use of the retail space in the building; and

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

15 WHEREAS, In accordance with California Health and Safety Code, Section
16 50675.1.3, the California Department of Housing and Community Development
17 (“Department”) issued a Notice of Funding Availability (“NOFA”) dated March 29, 2023, for
18 Round 3 of the Homekey Grant program; and

19 WHEREAS, HSH received authorization from the Board of Supervisors to submit
20 an application to the Department for a total amount not to exceed \$14,720,000, or the
21 maximum award amount allowable under the NOFA for the Property, a copy of this
22 Resolution and NOFA is on file with the Clerk of the Board of Supervisors in File No.
23 230506; and

24 WHEREAS, The City, through HSH and the Real Estate Division, and in consultation
25 with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the

1 Property from Greenseed Folsom Land LLC for \$27,150,000 (“Purchase Price”), plus an
2 estimated \$75,000 for typical closing costs, and including a liquidated damages clause of up
3 to \$2,700,000 in case of default by the City, substantially in the form approved by the Director
4 of Property and the HSH Executive Director and on file with the Clerk of the Board of
5 Supervisors in File No. 230740, incorporated herein by reference; and

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

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

10 WHEREAS, The Planning Department, by letter dated May 8, 2023, (“Planning
11 Letter”) has determined that the City’s proposed acquisition of the Property is not defined
12 as a project under the California Environmental Quality Act (“CEQA”) Guidelines, Sections
13 15378 and 15060(c)(2) (“CEQA Determination”), and is consistent, on balance, with the
14 General Plan, and the eight priority policies of Planning Code, Section 101.1 (“General
15 Plan Findings”), and a copy of said Planning Letter is on file with the Clerk of the Board of
16 Supervisors in File No.230740 and is incorporated herein by reference; now, therefore, be
17 it

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

22 FURTHER RESOLVED, That, in accordance with the recommendations of the
23 HSH Executive Director and the Director of Property, the Board of Supervisors approves
24 the Purchase Agreement, including the liquidated damages clause in case of default by
25 City, and approves and authorizes the HSH Executive Director and the Director of Property

1 to take all actions necessary or appropriate to acquire the Property and effectuate the
2 Purchase Agreement and this Resolution; and, be it

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

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

19 FURTHER RESOLVED, HSH has committed to soliciting community input about
20 the project, and integrating that input into key components of the project; and, be it

21 FURTHER RESOLVED, That approval of the Purchase Agreement shall not be
22 construed as approval of any change in use or new project on the Property; the City will
23 conduct environmental review of any new uses and/or project, following further design
24 development and study under CEQA, and retains absolute discretion to: 1) modify potential
25 future projects to mitigate significant adverse environmental impacts, 2) select feasible

1 alternatives which avoid significant adverse impacts, 3) require the implementation of
2 specific measures to mitigate the significant adverse environmental impacts, 4) reject
3 proposed projects if the economic and social benefits of said project do not outweigh
4 otherwise unavoidable significant adverse impacts of the project, or 5) approve future
5 projects upon a finding that the economic and social benefits of said project outweigh
6 otherwise unavoidable significant adverse impacts; and, be it

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

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12 \$27,225,000 Total available in the Chartfields below:

Fund ID:	10582 SR OCOH Nov18 PropCHomelessSvc
Department ID:	203646 HOM PROGRAMS
Project ID:	10036745 HOM AffordHousing-Under Age 30
Authority ID:	21529 HOM AffordHousing-Under Age 30
Account ID:	506070 Programmatic Projects
Activity ID:	1 HOM AffordHousing-Under Age 30

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