

1 [Purchase of Real Property - Apply for Grant Application - VSSF Associates, LLC - 835
2 Turk Street - Homelessness and Supportive Housing - Homekey Grant Program -
3 \$25,701,300]

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 835 Turk Street (“Property”) for \$25,650,000 plus an estimated**
7 **\$51,300 for typical closing costs, for a total anticipated amount of \$25,701,300; 2)**
8 **approving and authorizing HSH, on behalf of the City, to apply to the California**
9 **Department of Housing and Community Development for its Homekey Grant**
10 **Program to purchase the Property; 3) approving and authorizing an Agreement of**
11 **Purchase and Sale for Real Estate for the acquisition of the Property from VSSF**
12 **Associates, LLC (“Purchase Agreement”), which includes a liquidated damages**
13 **clause of up to \$250,000 in case of default by the City, and an interim property**
14 **management fee not to exceed \$5,000 per month, plus reasonable operating**
15 **expenses for the Property, to be paid to VSSF Associates, LLC until City selects an**
16 **operator for the Property; 4) authorizing the Director of Property to execute the**
17 **Purchase Agreement, make certain modifications, and take certain actions in**
18 **furtherance of this Resolution and the Purchase Agreement, as defined herein; 5)**
19 **affirming the Planning Department’s determination under the California**
20 **Environmental Quality Act; and 6) adopting the Planning Department’s findings that**
21 **the Purchase Agreement, and the transaction contemplated therein, is consistent**
22 **with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

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

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

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

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

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

19 WHEREAS, The OCOH Oversight Committee recommended in its most recent
20 Investment Plan that the City use Prop C funds to acquire and develop new Permanent
21 Supportive Housing units for adults, families, and Transitional Age Youth; and

22 WHEREAS, Since July 2020, the City has contracted, opened, or received
23 authorization to acquire more than 950 new units of Permanent Supportive Housing to add
24 to the existing portfolio of Permanent Supportive Housing units that provide permanent
25 homes and services to over 10,000 San Francisco households; and

1 WHEREAS, In October 2021, the Board of Supervisors approved the City to
2 move forward with the acquisition of three properties that will provide more than 230 units
3 of Permanent Supportive Housing in Supervisorial Districts 11, 9, and 6; and

4 WHEREAS, In accordance with California Health and Safety Code, Section
5 50675.1.1, California Department of Housing and Community Development (“HCD”) has
6 issued a 2021 Notice of Funding Availability (“NOFA”), a copy of which is on file with the
7 Clerk of the Board of Supervisors in File No. 220015, for the Homekey Grant Program
8 (“Project Homekey”), to provide housing for individuals and families who are experiencing
9 homelessness or who are at risk of homelessness and who are impacted by the COVID-19
10 pandemic; and

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

16 WHEREAS, The Property includes the real property and a 114-room single room
17 occupancy hotel, consisting of a central lobby, dining room, and a parking garage, located
18 at 835 Turk Street, as well as certain improvements, appurtenances, personal property,
19 and intangible property described in the Purchase Agreement; and

20 WHEREAS, Upon acquisition of the Property, the City intends to use the Property
21 for Permanent Supportive Housing; and

22 WHEREAS, HSH, on behalf of the City, may choose to submit an application
23 (“Application”) for Project Homekey funds for the Property, under the 2021 NOFA or a future
24 NOFA for Project Homekey funds, in an amount not to exceed the \$25,650,000 plus an
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1 estimated \$51,300 for typical closing costs, for a total anticipated amount of \$25,701,300
2 (“Acquisition Cost”), or the maximum award amount allowable under Project Homekey; and

3 WHEREAS, HCD will require a Resolution approved by the Board of Supervisors to
4 accompany the Application; and

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

7 WHEREAS, The City, through HSH and the Real Estate Division and in consultation
8 with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the
9 Property from VSSF Associates, LLC for \$25,650,000, (“Purchase Price”), plus an estimated
10 \$51,300 for typical closing costs, and including a liquidated damages clause of up to \$250,000
11 in case of default by the City, substantially in the form approved by the Director of Property
12 and the HSH Executive Director and on file with the Clerk of the Board of Supervisors in File
13 No. 220015, incorporated herein by reference; and

14 WHEREAS, VSSF Associates, LLC has agreed to provide certain interim property
15 management services at the Property after Closing (as defined in the Purchase Agreement)
16 until City selects an operator for the Property, in exchange for a monthly property
17 management fee not to exceed \$5,000 per month (“Interim Property Management Fee”), plus
18 reasonable operating expenses for the Property (“Interim Operating Expenses”), as further
19 described in the Purchase Agreement; and

20 WHEREAS, The Purchase Price, plus an estimated \$51,300 for typical closing
21 costs, is collectively referred to as the “Acquisition Cost”; and

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

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

1 WHEREAS, The Planning Department has determined that the actions contemplated in
2 this Resolution comply with the California Environmental Quality Act (“CEQA Determination”)
3 (California Public Resources Code, Sections 21000 et seq.); the Planning Department has
4 also determined that the actions contemplated in this Resolution are consistent, on balance,
5 with the General Plan, and eight priority policies of Planning Code, Section 101.1 (“General
6 Plan Findings”); a copy of said determination (“Planning Letter”) is on file with the Clerk of the
7 Board of Supervisors in File No. 220015 and is incorporated herein by reference; the Board
8 affirms these determinations; now, therefore, be it

9 RESOLVED, That in accordance with the recommendations of the Executive
10 Director of HSH and the Director of Property, the Board of Supervisors approves the
11 Purchase Agreement presented to the Board and authorizes the Director of Property to
12 acquire the Property; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes HSH,
14 on behalf of the City, to submit the Application to HCD; and, be it

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

20 FURTHER RESOLVED, That, in accordance with the recommendations of the
21 HSH Executive Director and the Director of Property, the Board of Supervisors approves
22 the Purchase Agreement, including the liquidated damages clause in case of default by
23 City and the Interim Property Management Fee and Interim Operating Expenses to be paid
24 to VSSF Associates, LLC, and approves and authorizes the HSH Executive Director and
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1 the Director of Property to take all actions necessary or appropriate to acquire the Property
2 and effectuate the 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, That approval of the Purchase Agreement shall not be
20 construed as approval of any change in use or new project on the Property; the City will
21 conduct environmental review of any new uses and/or project, following further design
22 development and study under CEQA, and retains absolute discretion to: (1) modify
23 potential future projects to mitigate significant adverse environmental impacts, (2) select
24 feasible alternatives which avoid significant adverse impacts, (3) require the
25 implementation of specific measures to mitigate the significant adverse environmental

1 impacts, (4) reject proposed projects if the economic and social benefits of said project do
2 not outweigh otherwise unavoidable significant adverse impacts of the project, or (5)
3 approve future projects upon a finding that the economic and social benefits of said project
4 outweigh otherwise unavoidable significant adverse impacts; and, be it

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

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