

File No. 220729

Committee Item No. 11

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: November 17, 2022

Board of Supervisors Meeting:

Date: _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU - FY2022-2024 - Clean
- MOU - FY2022-2024 - Redline
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract / DRAFT Mills Act Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER

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- _____
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Prepared by: Stephanie Cabrera

Date: November 10, 2022

Prepared by: _____

Date: _____

Prepared by: _____

Date: _____

1 [Settlement of Lawsuit - Phi Associates (Drisco Hotel) Swords to Plowshares to Receive Loan
2 Payoff of \$2,000,000]

3 **Ordinance authorizing settlement of the lawsuit filed by Phi Associates L.P., against**
4 **the City and County of San Francisco for a payment by Phi Associates of \$2,000,000 to**
5 **provide construction loan repayment and thereby support affordable housing for**
6 **veterans at the Veterans Academy located at 1030 Girard Road, San Francisco,**
7 **operated by Swords to Plowshares (“Veterans Academy”), in exchange for the release**
8 **of 16 Residential Hotel rooms from regulation under the Hotel Conversion Ordinance;**
9 **the lawsuit was filed on March 17, 2021, in San Francisco Superior Court, Case No.**
10 **CPF-21-517409, entitled Phi Assoc., L.P. v. City and County of San Francisco; the**
11 **lawsuit involves petitioner’s challenge to the City’s enforcement of the Hotel**
12 **Conversion Ordinance at the Drisco Hotel, located at 2901 Pacific Avenue, San**
13 **Francisco.**

14
15 Be it ordained by the People of the City and County of San Francisco:

16
17 Section 1. Pursuant to Charter Section 6.102(5), the Board of Supervisors hereby
18 authorizes the City Attorney to settle the action entitled, Phi Assoc., L.P. v. City and County of
19 San Francisco, San Francisco Superior Court, Case No. CPF-21-517409, by the payment of
20 \$2,000,000 by Phi Associates. L.P. to the Bank of San Francisco (the “Settlement Payment”)
21 for the benefit of the City. The Drisco Hotel Owner will instruct the Bank of San Francisco to
22 apply the Settlement Payment to repayment of a loan obtained by Swords to Plowshares for
23 mobility improvements to the Veterans Academy, its affordable housing facility for very low-
24 income veterans located at 1030 Girard Road, San Francisco (“Veterans Academy”), and
25 operated by Swords to Plowshares. Veterans Academy is located approximately one mile

1 from the Drisco Hotel. The Settlement Agreement also requires Swords to Plowshares to
2 negotiate with its current landlord, the Presidio Trust, to extend the term of its existing lease
3 for the Veterans Academy and execute an affordable housing agreement with the City related
4 to the Veterans Academy. Petitioner's payment of the \$2,000,000 is contingent upon the
5 approval by the Planning Commission and the Board of Supervisors of legislation releasing
6 the Drisco Hotel from the restrictions of the Hotel Conversion Ordinance.

7 Section 2. The above-named action was filed in San Francisco Superior Court on
8 March 17, 2021, and the following parties were named in the Lawsuit: Phi Associates, L.P.;
9 City and County of San Francisco.

10 Section 3. The Board of Supervisors authorizes the City Attorney's Office to take all
11 actions reasonably necessary to perform the City's obligations under the Settlement
12 Agreement.

13

14 APPROVED AS TO FORM AND
15 RECOMMENDED:

16 DAVID CHIU
17 City Attorney

RECOMMENDED:

/s/ _____
Patrick O'Riordan
Director of Department of Building Inspection

18 /s/ _____
19 AUSTIN M. YANG
20 Chief Land Use Deputy

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