

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 anticipates using Prop C funding to supplement and match any
9 Project Homekey funding award, if applicable; and

10 WHEREAS, In accordance with California Health and Safety Code, Section
11 50675.1.3, the California Department of Housing and Community Development
12 (“Department”) issued a Notice of Funding Availability (“NOFA”) dated March 29, 2023, for
13 Round 3 of the Homekey Grant program; and

14 WHEREAS, HSH received authorization from the Board of Supervisors to submit
15 an application to the Department for a total amount not to exceed \$14,720,000, or the
16 maximum award amount allowable under the NOFA for the Property, a copy of this
17 Resolution and NOFA is on file with the Clerk of the Board of Supervisors in File No.
18 230506; and

19 WHEREAS, The City, through HSH and the Real Estate Division, and in consultation
20 with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the
21 Property from Greenseed Folsom Land LLC for \$27,150,000 (“Purchase Price”), plus an
22 estimated \$75,000 for typical closing costs, and including a liquidated damages clause of up
23 to \$2,700,000 in case of default by the City, substantially in the form approved by the Director
24 of Property and the HSH Executive Director and on file with the Clerk of the Board of
25 Supervisors in File No. 230740, incorporated herein by reference; and

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

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

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

13 RESOLVED, That in accordance with the recommendations of the Executive
14 Director of HSH and the Director of Property, the Board of Supervisors approves the
15 Purchase Agreement presented to the Board, and authorizes the Director of Property to
16 acquire the Property; and, be it

17 FURTHER RESOLVED, That, in accordance with the recommendations of the
18 HSH Executive Director and the Director of Property, the Board of Supervisors approves
19 the Purchase Agreement, including the liquidated damages clause in case of default by
20 City, and approves and authorizes the HSH Executive Director and the Director of Property
21 to take all actions necessary or appropriate to acquire the Property and effectuate the
22 Purchase Agreement and this Resolution; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors approves the Director of
24 Property (or the Director’s designees), in consultation with the HSH Executive Director and
25 the Office of the City Attorney, to enter into any additions, amendments, or other

1 modifications to the Purchase Agreement and any other documents or instruments
2 necessary in connection therewith (including but not limited to the exhibits and ancillary
3 agreements attached to the Purchase Agreement), that the Director of Property determines
4 are in the best interests of the City, do not materially decrease the benefits to the City with
5 respect to the Property, do not materially increase the obligations or liabilities of the City,
6 are necessary or advisable to complete the transaction contemplated in the Purchase
7 Agreement, and that effectuate the purpose and intent of this Resolution, such
8 determination to be conclusively evidenced by the execution and delivery by the Director of
9 Property of any such additions, amendments, or other modifications; and, be it

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

14 FURTHER RESOLVED, That approval of the Purchase Agreement shall not be
15 construed as approval of any change in use or new project on the Property; the City will
16 conduct environmental review of any new uses and/or project, following further design
17 development and study under CEQA, and retains absolute discretion to: 1) modify potential
18 future projects to mitigate significant adverse environmental impacts, 2) select feasible
19 alternatives which avoid significant adverse impacts, 3) require the implementation of
20 specific measures to mitigate the significant adverse environmental impacts, 4) reject
21 proposed projects if the economic and social benefits of said project do not outweigh
22 otherwise unavoidable significant adverse impacts of the project, or 5) approve future
23 projects upon a finding that the economic and social benefits of said project outweigh
24 otherwise unavoidable significant adverse impacts; and, be it

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RECOMMENDED:

_____/s/
Shireen McSpadden
Homelessness and Supportive Housing
Executive Director

_____/s/
Andrico Q. Penick
Real Estate Division
Director of Property