



GENERAL PLAN REFERRAL

August 30, 2023

Case No.: 2023-008064GPR
Block/Lot No.: 0306/007
Project Sponsor: Mayor's Office of Housing and Community Development
Applicant: Sophie Rubin, Mayor's Office of Housing and Community Development
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Recommended By:

Joshua Switzky, Acting Director of Citywide Policy for
Rich Hillis, Director of Planning

Recommendation: Finding the project, on balance, is **in conformity** with the General Plan

Project Description

The Project is a \$47M permanent loan for the Hotel Diva at 440 Geary Street, which was acquired and rehabilitated from 2021-2023 using short-term financing from SHFAF that is now expiring. The San Francisco Board of Supervisors approved funds of \$27M in 2021 for this project early in the process. These funds were used to acquire the property and rehabilitate it into 121 units of permanent supportive housing for homeless households and those at risk of homelessness (and 1 manager's unit). The Project is the upsizing of the City's loan and the payoff of the short term acquisition/rehabilitation loan.

Hotel Diva is one of the City's first Homekey projects, acquired in an effort led by the Department of Homelessness and Supportive Housing (HSH) with co-applicant Episcopal Community Services (ECS) as owner and service provider. Since the Hotel Diva was privately acquired by ECS, and HSH only manages assets it owns, the Project is being underwritten by--and will be monitored as an asset by--the Mayor's Office of Housing and Community Development (MOHCD).

Located in the Downtown/Civic Center neighborhood, Hotel Diva comprises 110 Single Room Occupancy (SRO) units and 12 one-bedroom units for homeless and formerly homeless single adults with incomes at or below 50% MOHCD Area Median Income (MOHCD AMI) for all units except one staff unit. The affordable units are supported by the Local Operating Subsidy Program (LOSP). Hotel Diva contains two ground floor commercial spaces, including a long-term Starbucks and vacant commercial space, which has been used as the construction office. ECS hopes to expand its workforce development program in the vacant space.

Total development costs are \$73.5M. The purchase of the Hotel Diva was made possible by a \$26M Homekey grant from California Department of Housing and Community Development (HCD). Robust services are funded through a separate services contract by HSH. This requested permanent loan of \$47.38M would be used to pay off a construction loan from the San Francisco Housing Accelerator Fund (HAF). In addition, the LOSP grant will be resized and updated to reflect the final unit count and include commercial income from Starbucks, which was not part of the initial analysis completed at LOSP contract underwriting. Payoff of the HAF construction loan is estimated to occur by October 19, 2023, requiring an extension as the HAF loan will expire on September 30, 2023.

Section 2A.53 of the San Francisco Administrative Code requires a written report from the Planning Department to the Board of Supervisors on the consistency of the proposed Project with the General Plan.

Environmental Review

The project was determined to be categorically exempt under CEQA Guidelines Section 15301 on 11/03/2020 (Planning Case No. 2020-009596PRJ).

General Plan Compliance and Basis for Recommendation

As described below, the proposed Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1.A

ENSURE HOUSING STABILITY AND HEALTHY HOMES.

OBJECTIVE 1.B

ADVANCE EQUITABLE HOUSING ACCESS.

OBJECTIVE 1.C

ELIMINATE HOMELESSNESS.

OBJECTIVE 4.A

SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW- TO MODERATE-INCOME HOUSEHOLDS.

Policy 3

Acquire and rehabilitate privately-owned housing as permanently affordable to better serve residents and areas vulnerable to displacement with unmet affordable housing needs.

Policy 8

Expand permanently supportive housing and services for individuals and families experiencing homelessness as a primary part of a comprehensive strategy to eliminate homelessness.

Policy 39

Support the repair and rehabilitation of housing to ensure life safety, health, and well-being of residents, especially in Environmental Justice Communities, and to support sustainable building practices.

The Project is a loan to refinance the completed acquisition and rehabilitation of a building with 121 units of supportive housing for homeless households and those at risk of homelessness. It would support the expansion of the City's supply of rehabilitated, permanently affordable supportive housing. 440 Geary Street is located in the Tenderloin, an Environmental Justice Community.

Planning Code Section 101 Findings

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The Project would not negatively impact existing or future neighborhood-serving retail uses. 440 Geary Street includes ground-floor retail space which would be retained.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The Project would conserve and protect existing housing. It would protect neighborhood character by allowing San Francisco households that have experienced homelessness to continue living in the City, thus preserving the neighborhood's cultural and economic diversity.

3. That the City's supply of affordable housing be preserved and enhanced;

The Project would enhance the City's supply of affordable housing. The Project is a loan to refinance the acquisition and rehabilitation of a building with 121 units of supportive housing for formerly homeless

households.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The Project is a loan to refinance the acquisition and rehabilitation of an existing building. It would not result in commuter traffic impeding MUNI transit service or overburdening streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The Project would not cause displacement of businesses in the industrial or service sectors and will have no impact on future opportunities for resident employment or ownership in these sectors. 440 Geary Street includes ground-floor retail space which would be retained.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The Project is a loan to refinance the acquisition and rehabilitation of an existing building which was rehabilitated according to all applicable safety regulations. It would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The Project would have no impact on the City's Landmarks and historic buildings. 440 Geary Street is a historic resource situated in a Conservation District. The building has been rehabilitated in accordance with all applicable regulations. The Project is a loan to refinance the acquisition and completed rehabilitation of the building.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The Project would have no impact on the City's parks and open space and their access to sunlight and vistas.

Recommendation: Finding the project, on balance, is in conformity with the General Plan