

1 [Purchase of Real Property - TC II 888 Post, LLC - 888 Post Street - Homelessness and
Supportive Housing - \$29,000,000]

2

3 **Resolution approving the Director of Property, on behalf of the Department of**
4 **Homelessness and Supportive Housing, to execute a purchase and sale agreement for**
5 **the purchase of real property located at 888 Post Street, for \$29,000,000 plus typical**
6 **closing costs, from TC II 888 Post, LLC; and authorizing the Director of Property to**
7 **execute documents, make certain modifications and take certain actions in furtherance**
8 **of the Purchase Agreement, the Purchase Option, the Lease and this Resolution, as**
9 **defined herein.**

10

11 WHEREAS, The mission of the Department of Homelessness and Supportive
12 Housing (“HSH”) is to prevent homelessness when possible and to make homelessness a
13 rare, brief and one-time experience in San Francisco through the provision of coordinated,
14 compassionate and high-quality services; and

15 WHEREAS, With the enactment of Ordinance Nos. 60-19 and 61-19 in April 2019,
16 the Board of Supervisors and Mayor Breed acknowledged homelessness in San Francisco to
17 be at a crisis point, and passed these Ordinances to expedite the process of opening
18 programs to respond to that crisis; and

19 WHEREAS, The Board of Supervisors unanimously passed Supervisor Peskin’s
20 resolution urging the Real Estate Division to pursue an option to lease or purchase the 33,970
21 square foot property located at 888 Post Street (the “Property”) for use as a Navigation Center
22 and/or workforce development on July 9, 2019, on file with the Clerk of the Board of
23 Supervisors in File No. 190738; and

24 WHEREAS, On February 25, 2020, through Resolution No. 71-20, the Board of
25 Supervisors adopted a resolution authorizing the Real Estate Division, through HSH, and in

1 consultation with the Office of the City Attorney, to enter into a 20-year master lease dated
2 January 13, 2020 (the “Lease”) of the Property with TC II 888 Post, LLC (“Landlord”), for the
3 primary purpose of providing temporary shelter to people experiencing homelessness in San
4 Francisco and to provide related services, a copy of the Lease and associated approvals is on
5 file with the Clerk of the Board in File No. 200043; and

6 WHEREAS, Under the Lease, the Landlord granted the City an exclusive and irrevocable
7 option to purchase the Property (“Purchase Option”), pursuant to terms and conditions specified
8 in the Lease, for the purchase price of \$29,000,000 (“Purchase Price”); and

9 WHEREAS, Under the Lease, the City may exercise the Purchase Option at any time
10 during the term of the Lease so long as there is sufficient time to allow closing to occur by
11 August 1, 2022; and

12 WHEREAS, The City sent notice to the Landlord by letter dated May 13, 2021 (“Notice”),
13 exercising the City’s Purchase Option, with the City and the Landlord agreeing to use good faith
14 efforts to consummate the conveyance to City on or before August 31, 2021, a copy of the
15 Notice is on file with the Clerk of the Board in File No. 210772; and

16 WHEREAS, Along with the Notice, the City included a form of purchase and sale
17 agreement (“Purchase Agreement”) previously included as part of the Lease, which was
18 executed by all parties shortly thereafter, a copy of the Purchase Agreement is on file with the
19 Clerk of the Board in File No. 210772; and

20 WHEREAS, The effectiveness of the City’s Purchase Option and the Purchase
21 Agreement is subject to approval of this Resolution by the Board of Supervisors and Mayor, in
22 their absolute and sole discretion; and

23 WHEREAS, Under the Lease at the Property, the City has successfully opened the
24 first Navigation Center dedicated to meet the unique needs of Transitional Aged Youth
25 experiencing homelessness; and

1 WHREAS, Upon the City’s acquisition of the Property, the City will continue to
2 operate the Navigation Center while competitively soliciting proposals for potential tenants to
3 occupy other portions of the Property; and

4 WHEREAS, Subject to authority provided under Resolution No. 71-20 and any other
5 authority under Chapter 23 of the Administrative Code, any future lease or sublease of the
6 Property will be subject to future approval by the Board of Supervisors; and

7 WHEREAS, The Planning Department, by letter dated February 11, 2020 (the
8 “Planning Letter”) found that the City’s proposed acquisition of the Property is categorically
9 exempt as a Class 3 exemption under the California Environmental Quality Act (“CEQA”)
10 Guidelines Section 15303 (the “CEQA Determination”), and is consistent with the General
11 Plan, and the eight priority policies of Planning Code, Section 101.1 (the “General Plan
12 Findings”), a copy of the Planning Letter is on file with the Clerk of the Board in File
13 No. 200043; and

14 WHEREAS, The Purchase Price, plus an estimated \$100,000 for typical closing costs,
15 are collectively referred to as the “Acquisition Cost;” and

16 WHEREAS, On June 17, 2021, this Board of Supervisors enacted Ordinance
17 No. 082-21, a copy of which is on file with the Clerk of the Board in File No. 210422, which
18 amongst other things and other appropriations, appropriated \$29,100,000 (“888 Post
19 Proceeds”) of the Series 2021D Health and Recovery General Obligation Bonds to HSH for
20 the purpose of acquiring the Property under the Purchase Agreement, subject to the sale of
21 bonds in the amount of the 888 Post Proceeds, which is expected to occur prior to
22 August 31, 2021; and

23 WHEREAS, The Director of Property determines the Purchase Price of the Property to
24 be at or below fair market value; now, therefore, be it

25

1 RESOLVED, That in accordance with the recommendations of the Executive Director
2 of HSH and the Director of Property, the Board of Supervisors approves the Purchase
3 Agreement presented to the Board, and approves the Executive Director of HSH, the Director
4 of Property, and the Director of Public Finance, to take all actions necessary or appropriate to
5 effectuate the Purchase Option, the Purchase Agreement, and this Resolution; and, be it

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

17 FURTHER RESOLVED, That upon the sale of the 888 Post Proceeds, the Director
18 of Property is authorized to acquire the Property at the Acquisition Cost; and

19 FURTHER RESOLVED, That under the Purchase Agreement City shall indemnify
20 and hold harmless the Landlord from, and agree to defend the Landlord against, any and all
21 claims, costs and expenses, including without limitation, reasonable attorneys' fees, incurred
22 as a result of City's use of the premises or any negligent acts or omissions of City, its agents
23 or invitees in, on or about the Property; and, be it

24 FURTHER RESOLVED, That within thirty (30) days after the Closing, HSH shall
25 provide any applicable final contracts to the Clerk of the Board for inclusion into the official file.

\$29,100,000
(Available upon upcoming bond sales)

Fund ID:	15513 <i>CPXCF 20 HEALTH&RECOV S2021D</i>
Department ID:	203646 <i>HOM Programs</i>
Project ID:	10036340 <i>PW 888 Post TAY Nav Center</i>
Authority ID:	21707 <i>2020 Health and Recovery Bond</i>
Account ID:	506070
Activity ID:	0020 <i>PW 888 Post TAY Nav Center</i>

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

Funding for Fiscal Year 2021/2022 is
subject to issuance of General
Obligation Bonds as authorized per
Ordinance No. 082-21

RECOMMENDED:

/s/
Shireen McSpadden
Homelessness and Supportive Housing
Executive Director

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