

1 [Purchase of Real Property - Mahadeva, LLC - 3055-3061 16th Street - Homelessness and
2 Supportive Housing - \$5,715,000]

3 **Resolution 1) approving and authorizing the Director of Property, on behalf of the**
4 **Department of Homelessness and Supportive Housing (“HSH”), to acquire certain**
5 **property located at 3055-3061 16th Street (“Property”); 2) approving and authorizing**
6 **HSH, on behalf of the City, to apply to the California Department of Housing and**
7 **Community Development (“HCD”) for its 2021 Homekey Grant Program (“Project**
8 **Homekey”) to purchase the Property; 3) approving and authorizing an Agreement of**
9 **Purchase and Sale for Real Estate for the acquisition of the Property, for \$5,600,000**
10 **plus an estimated \$115,000 for typical closing costs for a total amount of \$5,715,000**
11 **from Mahadeva, LLC (“Purchase Agreement”); 4) authorizing the Director of**
12 **Property to execute the Purchase Agreement, make certain modifications, and take**
13 **certain actions in furtherance of this Resolution and the Purchase Agreement, as**
14 **defined herein; 5) affirming the Planning Department’s determination under the**
15 **California Environmental Quality Act; and 6) adopting the Planning Department’s**
16 **findings that the Purchase Agreement, and the transaction contemplated therein, is**
17 **consistent with the General Plan, and the eight priority policies of Planning Code,**
18 **Section 101.1.**

19
20 WHEREAS, The Department of Homelessness and Supportive Housing’s (HSH’s)
21 mission is to prevent homelessness when possible and to make homelessness a rare, brief
22 and one-time experience in San Francisco through the provision of coordinated,
23 compassionate and high-quality services; and

24 WHEREAS, With the enactment of Resolution No. 319-18 in October 2018, the
25 Board of Supervisors and Mayor Breed declared a shelter crisis and affirmed San

1 Francisco’s commitment to combatting homelessness and creating or augmenting a
2 continuum of shelter and service options for those experiencing homelessness; and

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

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

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

14 WHEREAS, The OCOH Oversight Committee recommended in its most recent
15 Investment Plan that the City use Prop C funds to acquire and develop new Permanent
16 Supportive Housing units for adults, families, and transitional age youth; and

17 WHEREAS, As of August 2021, the City has acquired or contracted for over 700
18 new units of Permanent Supportive Housing to add to the existing portfolio of
19 approximately 8,600 Permanent Supportive Housing units that provide permanent homes
20 and services to over 10,000 San Francisco households; and

21 WHEREAS, The Property includes the real property and 25-room hotel, consisting of
22 20 single residential occupancy units and five tourist rooms, located at 3055-3061 16th
23 Street, as well as certain improvements, appurtenances, personal property, and intangible
24 property described in the Purchase Agreement; and

1 WHEREAS, Upon acquisition of the Property, the City intends to covert the Property
2 to Permanent Supportive Housing; and

3 WHEREAS, HSH, on behalf of the City, may choose to submit an application
4 (“Application”) for Project Homekey funds for the Property, in an amount not to exceed
5 \$5,600,000, or the maximum award amount allowable under the forthcoming 2021 Project
6 Homekey NOFA, whichever is greater, upon HCD’s issuance of the 2021 Project Homekey
7 NOFA, which is expected in Fall 2021; and

8 WHEREAS, HSH anticipates that HCD will require a Resolution approved by the
9 Board of Supervisors to accompany the Application; and

10 WHEREAS, The City, through HSH and the Real Estate Division, in consultation
11 with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the
12 Property from Mahadeva, LLC for \$5,600,000 (“Purchase Price”), substantially in the form
13 approved by the Director of Property and the HSH Executive Director and on file with the
14 Clerk of the Board of Supervisors in File No. 210940, incorporated herein by reference; and

15 WHEREAS, The Purchase Price, plus an estimated \$115,000 for typical closing
16 costs, are collectively referred to as the “Acquisition Cost”; and

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

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

22 WHEREAS, The Planning Department, by letter dated September 1, 2021,
23 (“Planning Letter”) found that the City’s proposed acquisition of the Property is not defined
24 as a project under the California Environmental Quality Act (“CEQA”) Guidelines, Section
25 15378 and 15060(c)(2) (“CEQA Determination”), and is consistent with the General Plan,

1 and the eight priority policies of Planning Code, Section 101.1 (“General Plan Findings”), a
2 copy of said Planning Letter is on file with the Clerk of the Board in File No. 210940; now,
3 therefore, be it

4 RESOLVED, That in accordance with the recommendations of the Executive
5 Director of HSH and the Director of Property, the Board of Supervisors approves the
6 Purchase Agreement presented to the Board, and authorizes the Director of Property
7 acquire the property; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes HSH, on
9 behalf of the City, to submit the Application upon HCD’s issuance of the 2021 Project
10 Homekey NOFA; and, be it

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

16 FURTHER RESOLVED, That, in accordance with the recommendations of the HSH
17 Executive Director and the Director of Property, the Board of Supervisors approves the
18 Purchase Agreement, and approves the HSH Executive Director and the Director of
19 Property to take all actions necessary or appropriate to effectuate the Purchase Agreement
20 and this Resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors approves the Director of
22 Property (or the Director’s designees), in consultation with the HSH Executive Director and
23 the Office of the City Attorney, to enter into any additions, amendments, or other
24 modifications to the Purchase Agreement and any other documents or instruments
25 necessary in connection therewith (including but not limited to the exhibits and ancillary

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

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

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

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 16
 17
 18 \$5,715,000

Fund ID:	10582 SR OCOH Nov18PropCHomelessSvc
Department ID:	203646
Project ID:	10036745 HOM AffordHousing-UnderAge30
Authority ID:	21529
Account ID:	506070
Activity ID:	1 HOM AffordHousing-UnderAge30

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

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RECOMMENDED:

/s/
Shireen McSpadden
Homelessness and Supportive Housing
Executive Director

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