

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, In accordance with California Health and Safety Code Section
22 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20), HCD has issued a Notice of
23 Funding Availability (“NOFA”), dated September 9, 2021 for the Homekey Program, in
24 order to provide housing for individuals and families who are experiencing homelessness or
25

1 who are at risk of homelessness, and who are impacted by the COVID-19 pandemic, a
2 copy of which is on file with the Clerk of the Board in File No. 210940; and

3 WHEREAS, The Property includes the real property and 25-room hotel, consisting of
4 20 single residential occupancy units and five tourist rooms, located at 3055-3061 16th
5 Street, as well as certain improvements, appurtenances, personal property, and intangible
6 property described in the Purchase Agreement; and

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

9 WHEREAS, HSH, on behalf of the City, may choose to submit an application
10 (“Application”) for Project Homekey funds for the Property, in an amount not to exceed
11 \$5,600,000, or the maximum award amount allowable under the 2021 Project Homekey
12 NOFA, whichever is greater; and

13 WHEREAS, HCD requires a Resolution approved by the Board of Supervisors
14 accompany the Application; and

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

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

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

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

4 WHEREAS, The Planning Department, by letter dated September 1, 2021,
5 (“Planning Letter”) found that the City’s proposed acquisition of the Property is not defined
6 as a project under the California Environmental Quality Act (“CEQA”) Guidelines, Section
7 15378 and 15060(c)(2) (“CEQA Determination”), and is consistent with the General Plan,
8 and the eight priority policies of Planning Code, Section 101.1 (“General Plan Findings”), a
9 copy of said Planning Letter is on file with the Clerk of the Board in File No. 210940; now,
10 therefore, be it

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

15 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes HSH, on
16 behalf of the City, to submit an Application to HCD in response to the 2021 Project
17 Homekey NOFA in an amount not to exceed the Acquisition Cost, or the maximum award
18 amount allowable under the 2021 Homekey NOFA, whichever is greater; and, be it

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

24 FURTHER RESOLVED, That, in accordance with the recommendations of the HSH
25 Executive Director and the Director of Property, the Board of Supervisors approves the

1 Purchase Agreement, and approves the HSH Executive Director and the Director of
2 Property to take all actions necessary or appropriate to effectuate the Purchase Agreement
3 and this Resolution; and, be it

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

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

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

\$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

RECOMMENDED:

/S/
Shireen McSpadden
Homelessness and Supportive Housing
Executive Director

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