

# PSH Acquisitions Update

July 8, 2021

# Guiding Principles

- ▶ Acquire SIP Hotels to assist with the SIP Rehousing Plan and de-mobilization effort
- ▶ Address broader community need through efficient deployment of Prop C and Health and Recovery acquisition dollars
- ▶ Leverage state and federal resources to the fullest extent possible
- ▶ Move fast

# Dashboard

#	Description	Data
1	RFI Responses	
	<ul style="list-style-type: none"><li>• Total Properties submitted in RFI</li></ul>	86
	<ul style="list-style-type: none"><li>• Properties Rejected</li></ul>	6
	<ul style="list-style-type: none"><li>• Total properties currently under consideration</li></ul>	80
2	Properties Visited (some more than once)	50
3	Properties Prioritized for Acquisition Negotiations	20
4	Negotiated LOIs (non-binding)	5
5	Properties in Contract for Purchase	0
6	Properties Purchased	0

# Acquisition Priorities

- ▶ Building condition (minimal rehab/maximum accessibility)
- ▶ Accommodate a diverse set of program needs (Gen, TAY, Family)
- ▶ Private bathrooms
- ▶ Have or can accommodate in-unit kitchenettes
- ▶ Geographic equity
- ▶ Scale of property matches program needs while maximizing operating efficiency
- ▶ For non-SIP properties, low current occupancy (mostly empty)
- ▶ Potential for longer term redevelopment (large motel sites)

# To keep in mind:

- ▶ There are no perfect buildings
- ▶ Not all submitted buildings are really for sale
- ▶ Acquisition priorities are often in tension
- ▶ Need to work from the general to the specific (i.e. from priorities to individual opportunities) AND from the specific to the general (what does this property “want to be?”)
- ▶ Scale of effort will require us to stretch into new program and operating models

# Acquisition Process

- ▶ RFI response and desktop review
- ▶ Initial site visit to confirm program viability
- ▶ Initial pricing conversation with owner (“Priority Buildings”)
- ▶ Confirm initial programming/operating assumptions
- ▶ Enter into non-binding LOI and access agreement to initiate due diligence
- ▶ Draft and execute Purchase and Sale Agreement
- ▶ Introduce PSA at BOS
- ▶ BOS and Mayor Approval
- ▶ Close on Financing

# Ownership/Operating Models

- ▶ City purchases property - distinct from traditional practice of working with a NPHP; faster!
- ▶ City transfers title to owner/operator (services, program operations, and property management); or
- ▶ City holds title and enters into a master lease/operating agreement with operating entity (services, program operations and property management)

# Ongoing Key Issues/Questions

- ▶ Optimal ownership/operating model (can vary by property)
- ▶ Asset management function (where City holds title)
- ▶ Provider/operator selection (SIP vs. non-SIP)
- ▶ Process and timing of conversion to PSH
- ▶ Other