



**DEAN PRESTON**

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September 9, 2021

Director Shireen McSpadden  
Department of Homelessness and Supportive Housing  
Via Email: shireen.mcspadden@sfgov.org

**RE: Acquisitions of Permanent Supportive Housing in District 5**

Dear Director McSpadden:

Thank you to you and your team for your work to acquire permanent supportive housing sites across the city. I am heartened to see the City implementing a vision for affordable housing for formerly homeless people that is off the private market and inclusive of onsite services. As you know, I'm eager to locate affordable housing sites in my district, and am excited at the opportunities under Project Homekey and Our City Our Home to acquire properties for permanent supportive housing. The purpose of this letter is to propose a path forward to maximize supportive housing in District 5 and allow for further discussions with the Japantown community before finalizing a decision on Buchanan.

Since taking office, I have prioritized expanding the infrastructure in District 5 for assisting our unhoused neighbors. We spearheaded efforts to launch the first SIP hotel and welcomed others, partnered with the EOC to launch the city's most successful safe sleep site at 730 Stanyan Street, prioritized funding for at-risk youth in the Haight, and championed forward-looking programs like the tenant right to counsel to prevent further displacement. We intend to continue our work housing all neighbors, and welcome the opportunity to do more in District 5.

That said, we reject a zero sum game that pits marginalized city residents against each other. We appreciate your thoughtful comments on these issues and leadership, and your staff's hard work to listen to concerns in Japantown since announcing this proposal. The sole focus should not be whether D5 adds one supportive housing site specifically at 1800 Sutter. We need to scale up to meet the need, and there's no reason to limit that conversation to one controversial site. We offer this proposal as a path forward that maximizes supportive housing in my district, while continuing the conversation on Buchanan in a manner that is respectful of labor and Japantown and designed to succeed.

## **Background**

In response to your RFI, eight property owners, including six tourist hotels, in District 5 expressed interest in selling to the City. We appreciate the work vetting these sites.

Our understanding is that one of these sites, the Oasis Hotel, is being master leased with the city for the purpose of creating a permanent shelter for our unhoused neighbors. Having raised private funding to immediately shelter homeless women and families at the Oasis Hotel at the start of the pandemic and recruited the owner's participation in that groundbreaking effort, it is a welcome step to see the city making permanent a place for our unhoused residents to stay.

For the other properties under consideration for permanent supportive housing, my office was notified in August that HSH had decided to move forward with Hotel Buchanan. This hotel was not my office's choice, and we warned this site in particular could be most controversial because of the precarious situation in Japantown where fears about the very survival of Japantown are acute with expiring covenants, potential development, and closure of many small businesses during the pandemic. In the face of expiring covenants and small businesses closures, my office has been working closely with Japantown leaders throughout the pandemic to save the neighborhood. We warned that consultation with the Japantown community was essential, as the hotel is viewed as a valued part of the struggling Japantown community.

Your office notified Japantown leaders on August 13 of the plans, and publicly announced the plan on August 16, with a plan to introduce the enabling legislation at the Board of Supervisors meeting of September 7, 2021. Following a community meeting of over 350 participants online, HSH scheduled a second community meeting and decided to delay introduction at the Board.

### **1. Acquisition of Gotham Hotel (835 Turk -- 114 units) and Majestic Hotel (1500 Sutter Street -- 60 units)**

In our correspondence with city staff on citywide acquisition plans, we have been assured that all properties submitted under the RFI remain under consideration. We suggest acquisition of the Majestic Hotel (1500 Sutter Street) and the Gotham Hotel (835 Turk Street) in time for Project Homekey and/or OCOH funding.

These two hotels -- one three blocks from the Buchanan, one six blocks from the Buchanan -- expressed interest in selling in response to the RFI. It is our understanding that both are in good condition and available for occupancy, and together these hotels would bring at least 174 units of supportive housing for formerly homeless individuals.

We would welcome the opportunity to partner with you to help move either or both projects forward without delay. We suggest that HSH hold a community meeting for these sites, as was done for the other sites citywide, and we would be happy to participate in such an event.

## **2. Continue Community Engagement for Buchanan Hotel**

Since learning of the city's plans to acquire the Buchanan, my office has spent many hours meeting with and listening to stakeholders, including more than six hours of public comment from meetings hosted by HSH, as well as multiple meetings with community leaders and homelessness advocates.

What has become clear from this outreach is that while the Buchanan presents an attractive opportunity on paper, and there is a strong desire across the board for permanent supportive housing in District 5, there are unique and significant impacts raised by community members on the sale of the Buchanan Hotel.

These concerns broadly fit into four categories: first, the impact of losing the tourist hotel; second, the impact on union workers who may lose their jobs; third, the process; and fourth, the alleged impact of having supportive housing at this site.

I want to be clear that I do not share the last concern about having supportive housing in the community. I am confident that permanent supportive housing would be a positive addition, and many of the arguments to the contrary that I have heard are based on unfair assumptions about formerly homeless people and affordable housing. Of course there will be details to work out, but I have no doubt that if this acquisition were to occur, the City would find a responsible housing provider to manage the site and address neighborhood issues if any were to arise.

The other concerns, however, need further attention. Specifically, what is the impact of losing the Buchanan as a tourist hotel to the future survival of Japantown? How can we as a city plan with, not over, the Japantown community to address potential issues? Likewise, we must address how the hotel workers' jobs and livelihoods would be protected in the event of acquisition.

As we continue community engagement, it is imperative to take into account the precarious position in which the neighborhood--the oldest Japantown in the country--finds itself. After more than a year and a half of pandemic restrictions, many of the long term businesses in the neighborhood, specifically those in the Japan Center, have shut down completely or face daunting sums of unpaid rent and an unclear path forward. In addition, covenants that guarantee the preservation and continuation of Japanese culture at the Center are soon expiring, adding further uncertainty to the neighborhood's future. This context is relevant to the City's approach on a potential acquisition strategy for the Buchanan. We should take the time to understand these concerns, evaluate the economic impacts, and address them to the greatest extent possible. We also should not ignore the fact that permanent supportive housing adds residents and

staff to the neighborhood that also contributes to the economic success of Japantown. Our goal must be preserving a strong Japantown and maximizing our permanent supportive housing in District 5.

Meanwhile, as these conversations continue, we believe it is important to continue the use of the Buchanan as a SIP hotel. I look forward to working with you and the hotel ownership/management and service provider to ensure that the SIP use can continue until we are able to find stable housing options for the current residents.

In closing, I want to thank you for engaging in this process with our office. It has become very clear over the course of this community process that there is a strong desire to have more permanent supportive housing in District 5. At the same time, the concerns raised on the Buchanan acquisition necessitate that the City plan with, and not for, the Japantown community and impacted workers. I am eager to move forward the discussion on Buchanan, while simultaneously advancing the acquisition of the Majestic and Gotham sites. I look forward to discussing these further with your office in the upcoming days.

Thank you again for your time and partnership as we work together to expand supportive housing opportunities in District 5.

Sincerely,



Dean Preston  
District 5 Supervisor  
City and County of San Francisco

CC: Dan Adams, Emily Cohen