

City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

November 10, 2022

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Lease and Property Management Agreement – 835 Turk Street– Permanent Supportive Housing

Dear Honorable Board Members:

Attached for your consideration is an Ordinance authorizing the Director of Property and the Executive Director of the Department of Homelessness and Supportive Housing (“HSH”) to enter into a Lease and Property Management Agreement (“Agreement”) with Five Keys Schools and Programs (“Five Keys”). The Agreement authorizes Five Keys to lease, operate, and maintain the real property and residential improvements for the property located at 835 Turk Street (“Property”).

The Property consist of a 114-room single occupancy hotel which was acquired by the City in spring 2022 to be converted into Permanent Supportive Housing by Resolution #36-22.

The Agreement is for an initial five-year term, with an option to extend for up to an additional five years and base rent of \$1 per year with no annual rent increases, commencing upon the first day of the month following the effective date of this Ordinance. Annual net property management and operating costs will be paid by the City in a total five-year amount not to exceed \$16,682,000.

The City, through HSH and the Real Estate Division, in consultation with the Office of the City Attorney, has negotiated the Agreement with Five Keys. The below market rent payable under the Agreement will serve a public purpose by providing Permanent Supportive Housing for low-income households in need, in accordance with Section 23.33 of the Administrative Code.

The Ordinance waives Administrative Code Chapter 6, to the extent applicable to work performed by Five Keys or its agents at the Property, provided the payment of prevailing wages and apprenticeship requirements as required by Section 23.61 of the Administrative Code will apply as set forth in the Agreement.

Along with the recommendation of the Director of Property, HSH recommends approval of the proposed resolution authorizing the Agreement. If you have questions regarding the property management and operations services, please contact Dylan Schneider of HSH at 628.652.7742 or Dylan.schneider@sfgov.org; if you have questions regarding the lease, please contact me at 415.554.9871 or claudia.gorham@sfgov.org.

Respectfully,

Claudia J. Gorham
Deputy Managing Director