

FILE NO.

RESOLUTION NO.

1 [Sublease Amendment with the John Stewart Company related to Treasure Island Housing]

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3 **Resolution approving and authorizing the Executive Director for the Treasure Island**
4 **Development Authority to enter into an amendment to a sublease with the John Stewart**
5 **Company to change the premises, to adjust the rent schedule and to adjust the**
6 **development fee.**

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8 WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed
9 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a
10 nonprofit public benefit corporation known as the Treasure Island Development Authority (the
11 "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction,
12 rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for
13 the public interest, convenience, welfare and common benefit of the inhabitants of the City
14 and County of San Francisco; and,

15 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
16 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
17 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
18 as a redevelopment agency under California redevelopment law with authority over the Base
19 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the
20 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
21 administer the public trust for commerce, navigation and fisheries as to such property; and,

22 WHEREAS, There are approximately 1,000 units of housing on the Base, 904 on
23 Treasure Island and 96 on Yerba Buena Island (the "Base-Wide Housing Units"); and,

24 WHEREAS, On March 17, 1999, the John Stewart Company ("Subtenant") and the
25 Authority entered into a Sublease, Development, Marketing, and Property Management

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1 Agreement (the "Agreement") for the rehabilitation, marketing, and property management of
2 up to 766 of the Base-Wide Housing Units; and

3 WHEREAS, the Subtenant, the Authority and Community Housing Partnership ("CHP"),
4 a Treasure Island Homeless Development Initiative ("TIHDI") member agency, have
5 determined that it is in their respective and mutual interests to allow CHP to sublease 6 units
6 of housing, commonly referred to as Building 1230, previously allocated to Subtenant under
7 the terms of the Agreement; and

8 WHEREAS, Building 62 is currently unoccupied and is suffering from deterioration and
9 the Authority does not have the financial resources to properly maintain the unit; and

10 WHEREAS, JSCo has indicated a desire to include Building 62 in their premises and are
11 willing to provide necessary repairs and upgrades to the Building to make it habitable, and will
12 market the unit and the Authority will receive a financial benefit; and

13 WHEREAS, Rents for the units managed by the John Stewart Company were set
14 according to a complete rent schedule on a unit-by-unit basis which was attached to the
15 Agreement as Exhibit J; and

16 WHEREAS, Rent variations of 10% of those set forth on Exhibit J may be approved by
17 the Executive Director, and changes in excess of 10% require the approval of the Authority;
18 and,

19 WHEREAS, Due to changing market conditions JSCo has lowered rents to remain
20 competitive and to retain tenants and some of the rent reductions are in excess of the 10%
21 variation which may be approved by the Executive Director; and

22 WHEREAS, The Navy has been unable to meet its commitment to deliver all units
23 covered by the Agreement by August 1, 1999; and

24 WHEREAS, The Navy has prevented occupancy of certain units for which a Finding of
25 Suitability to Lease ("FOSL") has been issued; and

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1 WHEREAS, Rehabilitation work was underway on those FOSL'ed units as well as other
2 units that Navy had identified as ready to be FOSL'ed; and

3 WHEREAS, The Authority has determined that based on the level of effort expended
4 by the JSCo on these Delayed Units (as defined in the Sublease Amendment) that they are
5 eligible to receive the Development Fee set forth in the Agreement for these units; and

6 WHEREAS, on June 11, 2003 at a properly noticed meeting, the Authority approved an
7 amendment to the Agreement to: (i) adjust the premises to exclude Building 1230 and include
8 Building 62; (ii) adjust the rents from those set forth on Exhibit J in the Agreement, as
9 amended; and (iii) authorize the payment of the Development Fee for the Delayed Units in an
10 amount not to exceed \$42,560.00 (Forty-Two Thousand Five Hundred Sixty Dollars); now,
11 therefore, be it

12 RESOLVED, That the San Francisco Board of Supervisors authorizes the Executive
13 Director for the Authority to enter into modifications to the Agreement (including, without
14 limitation, the attachment or modification of exhibits as filed with the Clerk of the Board, under
15 File No. 031202 that are in the best interests of the Authority and the City, do not materially
16 change the terms of the Agreement, and are necessary and advisable to effectuate the
17 purpose and intent of this resolution.

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