

1 [Lease Renewal - Empress Hotel - 144 Eddy Street - Empress, LLC - \$60,687.03 Monthly In  
2 Initial Year]

2

3 **Resolution retroactively authorizing the extension of the Lease between the City and**  
4 **County of San Francisco, as Tenant, and Empress, LLC, as Landlord, for the Empress**  
5 **Hotel located at 144 Eddy Street, consisting of approximately 41,490 square feet, for a**  
6 **ten year term beginning July 1, 2014, at \$60,687.03 monthly in the initial year, for use by**  
7 **the Department of Public Health.**

8

9 WHEREAS, The Department of Public Health operates the nationally recognized  
10 “Direct Access to Housing” (DAH) program, which is designed to provide supportive housing  
11 for chronically homeless San Francisco residents by having the City master lease privately  
12 owned buildings and then sublease residential units in those building to individuals who are  
13 chronically homeless; and

14 WHEREAS, Direct Access to Housing targets homeless people who are struggling with  
15 complex medical and behavioral health conditions; and

16 WHEREAS, As part of DAH, in 2004, the City and County of San Francisco, Tenant,  
17 and Empress LLC., Landlord, executed a lease dated May 1, 2004 (the “Lease”), authorized  
18 by Board of Supervisors Resolution 368-04 for Premises commonly known as the Empress  
19 Hotel located at 144 Eddy Street and consisting of approximately 41,490 sq. ft. and providing  
20 approximately 90 residential units of housing for chronically homeless, very low income  
21 individuals and associated support space; and

22 WHEREAS, The Housing and Urban Health (HUH) section of DPH provides the on-site  
23 support services at the Empress Hotel focused on client centered case management, which  
24 includes establishing service plans that address each tenant’s unique needs and reduce  
25 harmful behaviors; assisting tenants to access, maximize and maintain benefits; helping

1 tenants access and maintain or reconnect with medical and behavioral health services;  
2 providing medication management and nursing services, through a registered nurse; providing  
3 substance abuse, mental health, and life skills counseling; arranging for educational and  
4 vocational connections; establishing and coordinating with outside services necessary to  
5 maintain independent living, such as In Home Support Services; helping tenants secure food  
6 and clothing; and, assisting tenants with any additional housing stability issues; and

7 WHEREAS, Affordable housing in San Francisco remains at an insufficient level,  
8 declared as a crisis and the Empress Hotel provides such housing with a subsidy for some of  
9 San Francisco's neediest populations; and

10 WHEREAS, The current Lease expires on June 30, 2014 and contains an option to  
11 extend the Lease for another ten (10) years on the same terms and conditions except that the  
12 Base Monthly Rental is to be adjusted to 95% of the market rental value; and

13 WHEREAS, Pursuant to the terms of the Lease, the Real Estate Division and the  
14 Landlord have negotiated a simple continuation of the current rent structure for the ten (10)  
15 year extension period, which will be \$60,687.03 (approximately \$17.55 per annually square  
16 foot or \$674.30/month per residential unit) per month beginning July 1, 2014 with a  
17 continuation of the existing annual increases as described in the Lease; and

18 WHEREAS, The Extension Term is subject to enactment of a resolution by the Board  
19 of Supervisors and the Mayor, in their respective sole and absolute direction, approving and  
20 authorizing such exercise; now, therefore, be it

21 RESOLVED, That in accordance with the recommendation of the Director of the  
22 Department of Public Health and the Director of Property, that the Director of Property on  
23 behalf of the City and County of San Francisco, as Tenant, be and is hereby authorized to  
24 take all actions necessary to administratively extend the Lease (a copy of which is on file with  
25 the Clerk of the Board of Supervisors in File No. 140783) at 144 Eddy Street, San

1           Francisco, California, for a further term of ten (10) years at an initial monthly Base  
2 Rent of \$60,687.03; and, be it

3           FURTHER RESOLVED, That such Base Rent under the Lease shall continue to be  
4 increased annually on July 1 based on percentage increase in the Consumer Price Index  
5 (CPI) for the San Francisco area and to be not less than two percent (2%), nor more than four  
6 percent (4%); and, be it

7           FURTHER RESOLVED, That the Lease shall continue to indemnify and hold harmless  
8 the Landlord from, and agreeing to defend the Landlord against, any and all claims, costs and  
9 expenses, including without limitation, reasonable attorney's fees, incurred as a result of City's  
10 use of the premises, any default by the City in the performance of any of its obligations under  
11 the Master Lease, or any acts or omissions of City, its agents or its subtenants in, on or about  
12 the premises or the property on which the premises are located; and, be it

13           FURTHER RESOLVED, That the Director of Property shall be authorized to enter into  
14 any additions, amendments or other modifications to the Lease (including, without limitations,  
15 the exhibits) that the Director of Property determines, in consultation with the Department of  
16 Public Health and the City Attorney, are in the best interests of the City, do not materially  
17 increase the obligations or liabilities of the City, and are necessary or advisable to complete  
18 the transaction and effectuate the purpose and intent of this resolution; and, be it

19           FURTHER RESOLVED, That any action taken by the Director of Property and other  
20 officers of the City with respect to the Lease are hereby approved, confirmed and ratified; and  
21 be it

22           FURTHER RESOLVED, Said Lease shall be subject to certification as to funds by the  
23 Controller, pursuant to Section 3.105 of the Charter; and, be it

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25

1 FURTHER RESOLVED, That within thirty (30) days of the agreements being fully  
2 executed by all parties, the Director of Real Estate shall provide the agreements to the Clerk  
3 of the Board for inclusion into the official file.

4 Available: \$728,244.37  
5 (Base Rent 7/1/14 to 6/30/15)

6 Grant Detail: HCH005/15 - \$451,055  
7 Fund: CHS  
8 Subfund: GNC  
9 Index Code: HCHSHOUSINGR

10 General Fund: \$277,189.37  
11 Index code HCHSHHOUSGGF

12 \_\_\_\_\_  
13 Controller  
14 Subject to the enactment of the Annual  
15 Appropriation Ordinance for FY 2014/2015

16 RECOMMENDED:

17 \_\_\_\_\_  
18 Director  
19 Real Estate Division

20 \_\_\_\_\_  
21 Director  
22 Department of Public Health