

1 [Lease of Real Property]

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3 **Resolution authorizing the exercise of an option to lease 66,351 square feet of space**
4 **on the fifth floor at One South Van Ness Avenue for the Mayor’s Office of Housing and**
5 **the Mayor’s Office of Community Development and authorizing a 39,644 square foot**
6 **sublease of such area to the San Francisco Redevelopment Agency.**

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8 WHEREAS, The Municipal Transportation Agency (MTA) administration executed a
9 lease dated as of January 1, 2005 (the "Lease", a copy of which is on file with the Clerk of the
10 Board) with One South Associates, LLP (the "Landlord") for the third (3rd) floor of the building
11 commonly known as One South Van Ness Avenue (the "Building") and pursuant to Board of
12 Supervisors’ Resolution, (the “First Option Space”), the MTA exercised the option to expand
13 on the 7th floor of the Building; and,

14 WHEREAS, Such Lease provides the City with further options to expand the premises,
15 including an option to expand the premises into the entire fifth (5th) floor of the Building,
16 consisting of an area of approximately 66,351 square feet (the "Second Option Space"); and,

17 WHEREAS, The Mayor’s Office of Housing (MOH) and the Mayor’s Office of
18 Community Development (MOCD) work closely with the San Francisco Redevelopment
19 Agency (SFRDA) and the co-location of the three organizations would further promote the
20 effective utilization of resources; now, therefore, be it

21 RESOLVED, That in accordance with the recommendation of the Directors of the
22 Mayor’s Office of Housing and Mayor’s Office of Community Development and the Director of
23 Property, the Board of Supervisors hereby approves the City's exercise of the option to lease
24 the “Second Option Space” (for the fifth floor) on the terms and conditions set forth in the
25 Lease, and authorizes the Director of Property to take all actions, on behalf of the City and

1 County of San Francisco as may be required in furtherance of the City's exercise of the
2 Second Option Space; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors approves the following
4 provisions, as more particularly set forth in the Lease:

5 (a) The term for the Second Option Space shall commence on February 1, 2006
6 subject to any potential delay in substantial completion of the tenant improvements, and shall
7 terminate on November 30, 2017;

8 (b) The monthly base rent for the First Option Space shall be \$132,702, fully
9 serviced (approximately \$24 psf, annually), fixed for the term of the Lease. The base year for
10 operating expenses and real estate taxes shall be 2010;

11 (c) Landlord shall provide an allowance (the "Allowance") for the design and
12 construction of tenant improvements for the Second Option Space in the amount of
13 \$2,654,040 (\$40 per rentable square foot);

14 (d) The City shall also pay for typical tenant costs including data,
15 telecommunications, moving expenses and services provided outside of normal business
16 hours; and,

17 (e) The Landlord shall indemnify the City for Landlord's activities and any Landlord
18 defaults, and the City shall indemnify the Landlord for City's activities and any City defaults;
19 and, be it

20 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
21 Property on behalf of the City as Sublessor to enter into a Sublease Agreement, on a form
22 approved by the City Attorney, for approximately 39,644 square feet with the San Francisco
23 Redevelopment Agency as Sublessee on the above prorata terms and conditions; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
25 Property to enter into any modifications to the Lease (including without limitation, the exhibits)

1 that the Director of Property determines, in consultation with the City Attorney, are in the best
2 interests of the City, do not increase the rent or otherwise materially increase the obligations
3 or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or
4 this Resolution, and are in compliance with all applicable laws, including City's Charter; and,
5 be it

6 FURTHER RESOLVED, That the City shall occupy the entire leased premises for the
7 full term of the Lease unless funds for the City's rental payments are not appropriated in any
8 subsequent fiscal year, at which time City may terminate the Lease. The Lease shall be
9 subject to certification as to funds by the Controller, pursuant to Section 3.105 of the Charter.

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11 \$160, 587.92 Available
12 Appropriation No. MYRCDBG 06
13 \$118, 986.67 Available
14 Appropriation No. MYRMOH06 (\$76,978)
15 MYRHOME06 (\$76,978)
16 MYRSSL (\$4,619)
17 (Rent for February 1, 2006 – June 30, 2006)

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Controller
Subject to the enactment of the Annual Appropriation
Ordinance for FY 2005/2006

RECOMMENDED:

Director, Mayor's Office of Housing

Director, Mayor's Office of Community Development

Director of Property, Real Estate Division