

1 [Lease Amendment - La Cocina, Inc. - 101 Hyde Street - Sidewalk Improvements, Light  
2 Manufacturing and Operation, Remove Utility Payments - Reimburse Tenant \$106,528.02]

3 **Resolution authorizing the Director of Property to execute a First Amendment to a**  
4 **Lease between City and La Cocina, Inc. (“Tenant”) related to the lease of City-owned**  
5 **property located at 101 Hyde Street to extend the lease for one year from January 1,**  
6 **2026, for a total term of July 7, 2019, through December 31, 2026, reimburse Tenant in**  
7 **the amount of \$106,528.02 for sidewalk improvements, allow for light manufacturing**  
8 **and operation of a shared-use commercial kitchen, and remove required utility**  
9 **payments by Tenant; forgive past utility payments from March 1, 2020, through the date**  
10 **of the First Amendment to Lease in an amount not to exceed \$115,000 and forgive**  
11 **future utility payments until the expiration or termination of the Lease; make certain**  
12 **modifications to the First Amendment to Lease and take certain actions in furtherance**  
13 **of this Resolution, as defined herein; and to authorize the Director of Property to enter**  
14 **into amendments or modifications to the lease that do not materially increase the**  
15 **obligations or liabilities to the City and are necessary to effectuate the purposes of the**  
16 **lease or this Resolution.**

17  
18 WHEREAS, The City acquired real property (Assessor’s Parcel Block No. 0346, Lot  
19 No. 003A) located at 101 Hyde Street in the City and County of San Francisco (the “Property”) on August 5, 2016 (the “Acquisition Date”), and placed the Property under the jurisdiction of  
20 the Mayor’s Office of Housing and Community Development (“MOHCD”) for future  
21 development as permanent affordable housing; and

22  
23 WHEREAS, Under authorization by Resolution 190166, City and La Cocina, Inc., a  
24 nonprofit California public benefit corporation (“Tenant”) entered into that certain Lease dated  
25

1 July 7, 2019, wherein City leases the Property, which includes a commercial building, to  
2 Tenant for the purpose of Tenant operating a food hall; and

3 WHEREAS, The term of the Lease is set to expire on December 31, 2025, and City  
4 and Tenant desire to extend it for an additional 12-month period until December 31, 2026; and

5 WHEREAS, City desires to reimburse Tenant for additional tenant improvement work  
6 related to the Property, including sidewalk improvements required by the Department of Public  
7 Works in an amount not to exceed \$106,528, and MOHCD has approved and will reimburse  
8 for such improvements; and

9 WHEREAS, The COVID-19 pandemic has caused, and will likely continue to cause,  
10 abrupt and serious impacts on the local economy, on the operations of local businesses and  
11 nonprofit organizations, and on the job security of employees; and

12 WHEREAS, Tenant has requested forgiveness of past utility payments due to the City  
13 under the terms of the Lease because of financial hardship and economic feasibility of the  
14 Tenant's operations; and

15 WHEREAS, The Director of Property and MOHCD have determined that the Tenant  
16 has experienced operating deficits and hardships in paying rent for a variety of reasons,  
17 including reductions in income due to lower customer demand, increasing operating  
18 expenses, required closures during the COVID-19 emergency order, or limits on full-scale  
19 operations; and

20 WHEREAS, The Director of Property and MOHCD have determined that forgiveness of  
21 the utility payments, not just deferral, is necessary for the financial viability of the Tenant's  
22 operations, and to continue to provide the City with much needed entertainment, art, culture  
23 and small business services and materials, and unlike rent deferral, which changes the timing  
24 of the utility payments that are due under the Lease but does not change the lease terms,  
25 forgiveness of the past utility payments will eliminate payments due from the Tenant; and

1           WHEREAS, Tenant has requested to not bear the cost of the utilities for the Property  
2 until the expiration or termination of the Lease, and MOHCD has agreed to such request and  
3 to reimburse past utility cost in an amount not to exceed \$115,000 and to make future utility  
4 payments on behalf of Tenant until the expiration or termination of the Lease; and

5           WHEREAS, City and Tenant have reached an agreement to broaden the approved  
6 uses under the Lease to encompass light manufacturing and the operation of a shared-use  
7 commercial kitchen subject to applicable zoning; and

8           WHEREAS, City, through MOHCD and the Real Estate Division, in consultation with  
9 the Office of the City Attorney, has negotiated a First Amendment to Lease, substantially in  
10 the form approved by the Director of Property and the Director of MOHCD and on file with the  
11 Clerk of the Board of Supervisors in File No. 240341 (“First Amendment”), incorporated herein  
12 by reference; now, therefore, be it

13           RESOLVED, That in accordance with the recommendations of the Director of Property  
14 and the Director of MOHCD, the Board of Supervisors hereby approves and authorizes the  
15 Director of Property, along with the Director of MOHCD, to finalize and execute the First  
16 Amendment; and, be it

17           RESOLVED, That the Board of Supervisors authorizes the Director of Property to  
18 forgive past due utility payments by Tenant under the Lease in the amount of up to \$115,000  
19 and for MOHCD to make future utility payments on behalf of Tenant until the expiration or  
20 termination of the Lease; and, be it

21           FURTHER RESOLVED, That the Board of Supervisors authorizes MOHCD to  
22 reimburse Tenant for additional tenant improvement work related to the Property, including  
23 sidewalk improvements required by the Department of Public Works in an amount not to  
24 exceed \$106,528; and, be it

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1 FURTHER RESOLVED, That the Board of Supervisors authorizes the change of use  
2 under the Lease to include light manufacturing and operation of a shared-use commercial  
3 kitchen, subject to applicable zoning; and, be it.

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
5 Property, in consultation with the Director of MOHCD and the City Attorney, to enter into any  
6 additions, amendments or other modifications to the First Amendment that the Director of  
7 Property and Director of MOHCD determines are in the best interests of the City, do not  
8 further decrease the revenues of the City in connection with the Property, or otherwise  
9 materially increase the obligations or liabilities of the City, and are in compliance with all  
10 applicable laws, including the City's Charter; and, be it

11 FURTHER RESOLVED, That MOHCD shall provide the Clerk of the Board of the  
12 Supervisors a fully executed copy of the First Amendment within thirty (30) days of signature  
13 of same.

14  
15 RECOMMENDED:

16  
17 /s/  
18 Daniel Adams, Director  
19 Mayor's Office of Housing and Community Development

20  
21 /s/  
22 Andrico Q. Penick, Director of Property  
23 Real Estate Division

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