

1 [Real Property Lease - THE KELSEY CIVIC CENTER, LLC - 240 Van Ness Avenue -
2 Disability Community Cultural Center - Annual Base Rent \$60,353 - Tenant Improvements
3 City Contribution Not to Exceed \$1,167,500]

4 **Resolution approving and authorizing the Director of Property, on behalf of the Human**
5 **Services Agency, Department of Disability and Aging Services, to execute a Lease**
6 **agreement with THE KELSEY CIVIC CENTER, LLC, for use of the ground floor**
7 **commercial space at 240 Van Ness Avenue as a Disability Community Cultural Center**
8 **for the term of 15 years with three five-year options to extend and an annual base rent**
9 **of \$60,353 with 2% annual increases beginning January 1, 2026, effective upon**
10 **approval of this Resolution; authorizing the City’s contribution of up to \$1,167,500**
11 **towards the cost of tenant improvements; and authorizing the Director of Property to**
12 **execute any amendments, options to extend the agreement term, make certain**
13 **modifications and take certain actions that do not materially increase the obligations or**
14 **liabilities to the City, do not materially decrease the benefits to the City and are**
15 **necessary or advisable to effectuate the purposes of the lease agreement or this**
16 **Resolution.**

17
18 WHEREAS, The City and County of San Francisco’s Human Services Agency (“HSA”),
19 Department of Disability and Aging Services’ (“DAS”), mission is to provide services that
20 promote health, safety and independence for older adults, veterans, and people with
21 disabilities; and

22 WHEREAS, The KELSEY CIVIC CENTER, L.P., a non-profit entity (“Kelsey LP”), is
23 developing permanent, supportive, affordable housing primarily for disabled individuals within
24 a newly built, 8 story building containing 112 new residential units and an approximately 1,770
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1 square foot ground-level space (“Commercial Space”), located at 240 Van Ness Avenue in the
2 City and County of San Francisco (Assessor’s Parcel Block No. 0811, Lot No. 204); and

3 WHEREAS, The Commercial Space is subject to a lease between Kelsey LP as
4 Lessor, and KELSEY CIVIC CENTER, LLC (“Kelsey”) as Lessee; and

5 WHEREAS, HSA and DAS have worked with Kelsey to design and establish the
6 Commercial Space as a cultural center with programs and resources benefitting the disabled
7 community of San Francisco (“Disability Cultural Center” or “DCC”); and

8 WHEREAS, The proposed HSA Fiscal Year (FY) 2024-2025 budget includes funding
9 for capital and operations of a new Disability and Cultural Community Center; and

10 WHEREAS, On behalf of HSA, the Real Estate Division (“RED”) negotiated a lease
11 with Kelsey (“Landlord”), for an initial term of approximately 15 years to commence upon
12 approval of this Resolution and complete execution of the Lease, effective upon approval of
13 this Resolution, and three five year options to extend, with an annual base rent of \$60,352.92,
14 abated until substantial completion of the Tenant Improvements, and 2% annual increases
15 beginning January 1, 2026, (the “Lease”), a copy of which is on file with the Clerk of the Board
16 of Supervisors in File No. _____; and

17 WHEREAS, The City agrees to contribute up to \$1,167,500 towards the cost of Tenant
18 Improvements; and

19 WHEREAS, The proposed rent of \$34.10 per square foot per year, with City paying a
20 pro rata share of operating expenses and separately billed services and utilities, was
21 determined to be at or below the fair market rent by the Director of Property, and no appraisal
22 is required by Administrative Code, Chapter 23; now, therefore, be it

23 RESOLVED, That in accordance with the recommendation of the HSA Executive
24 Director and the Director of Property, in consultation with the City Attorney, the Board of
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1 Supervisors approves the Lease in substantially the form presented to the Board and hereby
2 authorizes the Director of Property, or their designee, to execute the Lease; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
4 Property, or their designee, to take all actions on behalf of the City to enter into, execute, and
5 perform its obligations under the Lease (including without limitation, the exhibits to the Lease)
6 and any other documents that are necessary or advisable to effectuate the purpose of this
7 Resolution and the Lease; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
9 Property, or their designee, in consultation with the City Attorney, to enter into any options to
10 extend the term of the Lease, as described herein, and additions, amendments, or other
11 modifications to the Lease (including, without limitation, the exhibits to the Lease) that the
12 Director of Property determines are in the best interest of the City, do not materially decrease
13 the benefits to the City, do not materially increase the obligations or liabilities of the City, or
14 are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are
15 in compliance with all applicable laws; and, be it

16 FURTHER RESOLVED, That all actions heretofore taken by any City employee or
17 official with respect to the exercise of this extension is hereby ratified and affirmed; and, be it

18 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed
19 by all parties, RED shall submit to the Clerk of the Board of Supervisors a fully executed copy
20 for inclusion in the official file.

Funds Available for use in Fiscal Year 2024-2025:
\$1,197,677

Fund ID:	10000 – GF Annual Account Ctrl
Department ID:	149657 – HSA AM Central Management
Project ID:	10001700 – HS AD County Expense Claim
Authority ID:	10000 - Operating
Account ID:	530110 – Property Rent
Activity ID:	0001 – Allocable Staff & Overhead

/s/
Budget and Analysis Division Director
on behalf of Greg Wagner, Controller

RECOMMENDED:

/s/
Andrico Penick
Director of Property
Real Estate Division

/s/
Trent Rhorer
Executive Director
Human Services Agency