

1 [Lease of City Property - La Cocina, Inc. - 101 Hyde Street - Annual Base Rent \$12,000]

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3 **Resolution authorizing the Director of Property to execute a commercial lease between**
4 **the City and County of San Francisco and La Cocina, Inc., for the lease of City-owned**
5 **property located at 101 Hyde Street for a term to commence upon full execution of the**
6 **lease through December 31, 2025, for an annual base rent of \$12,000 plus percentage**
7 **rent of net income and a \$1,465,000 allowance for tenant improvements; adopting**
8 **California Environmental Quality Act findings; and making findings that the proposed**
9 **transaction is in conformance with the General Plan, and the eight priority policies of**
10 **Planning Code, Section 101.1.**

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12 WHEREAS, The City, on behalf of the Mayor’s Office of Housing and Community
13 Development (“MOHCD”), acquired Assessor’s Parcel Block No. 0346, Lot No. 003A, located
14 at 101 Hyde Street in the City and County of San Francisco (the “Property”) on August 5,
15 2016, (the “Acquisition Date”), for future redevelopment as permanent affordable housing (the
16 “Housing Redevelopment”); and

17 WHEREAS, MOHCD and the City’s Office of Economic and Workforce Development
18 (“OEWD”), through the City’s Real Estate Division (“RED”), issued a request for proposals on
19 October 28, 2016, (“RFP”) soliciting competitive bids from 501c3 non-profit public benefit
20 corporations, to award the right to negotiate a lease of the approximately 7,500 square foot
21 currently-vacant building (“Premises”) located on the Property for the specified purpose of
22 building, managing and operating an active, community-serving use at the Premises, until
23 such time period as the Housing Redevelopment occurs; and

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1 WHEREAS, The proposal submitted by La Cocina, Inc. (“Tenant”) was determined by
2 representatives from MOHCD, OEWD and RED to be the proposal that best met the goals
3 and objectives of the RFP; and

4 WHEREAS, Tenant currently leases the Property on a year to year basis under a lease
5 dated as of June 1, 2018, (“2018 Lease”), a copy of which is on file with the Clerk of the Board
6 of Supervisors in File No. 190166, at an annual rent of \$12,000 plus the percentage rent
7 described in the 2018 Lease, and the 2018 Lease allows Tenant to build, manage and,
8 operate restaurant, bar, and/or a market hall within the Premises (“Permitted Uses”); and

9 WHEREAS, RED, in consultation with MOHCD, OEWD and the Office of the City
10 Attorney, negotiated a new lease between City and Tenant dated March 1, 2019, (“Proposed
11 Lease”), a copy of which is on file with the Clerk of the Board of Supervisors in File No.
12 190166, that will allow Tenant to use the Premises for the Permitted Uses for a term that
13 begins once the Proposed Lease is fully executed (“Effective Date”) and expires on December
14 31, 2025, at an annual rent of \$12,000 plus the percentage rent described in the Proposed
15 Lease and a \$1,465,000 allowance (“Allowance”) for the tenant improvements needed at the
16 Premises to facilitate the Permitted Uses (“Tenant Improvements”), all of which the Director of
17 Property has determined to be equal to the Market Rent (as defined in San Francisco
18 Administrative Code Section 23.2) of the Proposed Lease; and

19 WHEREAS, If the Proposed Lease is fully executed, the 2018 Lease will terminate as
20 of the Effective Date; and

21 WHEREAS, The Proposed Lease requires Tenant to reimburse the City for its costs in
22 providing minimum utilities and fire and alarm system maintenance for the Premises and to
23 obtain, at Tenant’s sole cost, any additional utilities and maintenance it desires for the
24 Premises; and

1 WHEREAS, On February 1, 2019, MOHCD requested \$1,000,000 from the San
2 Francisco Foundation (the “Gift”) to offset the interim Property ownership costs incurred by the
3 City since the Acquisition Date and to fund interim activation of the Property (collectively, the
4 “Interim Uses”), which include any City payments for the Tenant Improvements; and

5 WHEREAS, On February 12, 2019, MOHCD submitted a Resolution to the Board of
6 Supervisors for authorization to accept the Gift and to expend it for the Interim Uses, a copy of
7 which is on file with the Clerk of the Board of Supervisors in File No. 190167 (the “Gift
8 Resolution”); and

9 WHEREAS, If the Gift Resolution becomes effective, MOHCD intends to use up to
10 \$940,000 of the Gift, plus \$525,000 in other City funds, to pay the Allowance; and

11 WHEREAS, The Planning Department, through General Plan Referral letter dated
12 August 30, 2017, (“Planning Letter”), which is on file with the Clerk of the Board of
13 Supervisors under File No. 190166 and incorporated herein by reference, has verified that the
14 Proposed Lease is consistent with the General Plan, and the eight priority policies under
15 Planning Code, Section 101.1, and categorically exempt from review under the California
16 Environmental Quality Act (California Public Resources Code Sections 21000 et seq.)
17 (“CEQA”) under CEQA Guidelines, Section 15303; and

18 RESOLVED, That the Board of Supervisors finds the Proposed Lease is consistent
19 with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and
20 adopts the Planning Department’s CEQA findings and hereby incorporates such findings by
21 reference as though fully set forth in this Resolution; and, be it

22 FURTHER RESOLVED, That in accordance with the recommendation of the Director
23 of MOHCD and the Director of OEWD, if the Gift Resolution becomes effective, the Director of
24 Property is hereby authorized to take all actions, on behalf of the City, to execute the
25 Proposed Lease on the terms and conditions herein; and, be it

1 FURTHER RESOLVED, That if the Gift Resolution becomes effective, the Board of
2 Supervisors authorizes the Director of Property to enter into any amendments or modifications
3 to the Proposed Lease (including in each instance, without limitation, the attachment of
4 exhibits) that the Director of Property, in consultation with the City Attorney, determine are in
5 the best interests of the City, do not otherwise materially increase the obligations or liabilities
6 of, or materially decrease the benefits to, the City beyond those contemplated in this
7 Resolution, and are in compliance with all applicable laws, including the City's Charter; and,
8 be it

9 FURTHER RESOLVED, That within thirty (30) days of the Proposed Lease being fully
10 executed by all parties, RED shall provide a copy to the Clerk of the Board for inclusion into
11 the official file.

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FY 18/19 Funds Available: \$525,000

Fund ID: 10010
Department ID: 232065
Project ID: 10023915
Authority ID: 17198
Account ID: 538010

Fund ID: 10010
Department ID: 232065
Project ID: 10022531
Authority ID: 16652
Account ID: 538010

Fund ID: 10010
Department ID: 232065
Project ID: 10023885
Authority ID: 17165
Account ID: 538010

Controller

RECOMMENDED:

Director
Mayor's Office of Housing and Community Development

Director
Office of Economic and Workforce Development

Director of Property
Real Estate Division