

City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

October 13, 2022

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

**RE: Master Lease and Property Management Agreement – 1321 Mission Street –
Permanent Supportive Housing**

Dear Honorable Board Members:

Attached for your consideration is a Resolution authorizing the Director of Property and the Executive Director of the Department of Homelessness and Supportive Housing (“HSH”) to enter into a Master Lease and Property Management Agreement (“Agreement”) with The Tides Center, as fiscal sponsor for Delivering Innovation in Supportive Housing (“Tenant”). The Agreement authorizes Tenant to lease, operate, and maintain the real property and residential improvements located at 1321 Mission Street (“Property”).

The Property consists of an 11 story, 160-unit multi-family residence which was acquired by the City in Fall 2021 and converted into Permanent Supportive Housing for Adults and Families exiting homelessness by Resolution #482-21.

The Agreement is for an initial five-year term, with an option to extend for up to an additional five years and base rent of \$1.00 per year with no annual rent increases. Annual net property management and operating costs will be paid by the City in a total five –year amount not to exceed \$19,500,000.

The City, through HSH and the Real Estate Division (“DRE”), in consultation with the Office of the City Attorney, has negotiated the Agreement with the Tenant. The below market rent payable under the Agreement will serve a public purpose by providing Permanent Supportive Housing for low-income households in need, in accordance with Section 23.33 of the Administrative Code.

Along with the recommendation of the Director of Property, HSH recommends approval of the proposed resolution authorizing the Agreement. If you have questions regarding the property management and operations services, please contact Dylan Schneider of HSH at 628.652.7742 or Dylan.schneider@sfgov.org; if you have questions regarding the master lease, please contact me at 415.554.9850 or Andrico.penick@sfgov.org.

Respectfully,

Andrico Q. Penick
Director of Property