

1 [Real Property Lease Extension - LE NAIN SF, LLC - 730 Eddy Street - Permanent
2 Supportive Housing - \$896,923 Annual Base Rent]

3 **Resolution authorizing the Director of Property, on behalf of the Department of**
4 **Homelessness and Supportive Housing, to exercise a Lease Extension Option for**
5 **the real property located at 730 Eddy Street, with LE NAIN SF, LLC for continued use**
6 **of 92 units of permanent supportive housing, for a ten-year term commencing on**
7 **February 1, 2021, at the monthly base rent of \$74,743.56 for a total annual base rent**
8 **of \$896,923.**

9
10 WHEREAS, The City and County of San Francisco (“City”) entered into a ten year
11 lease commencing on February 1, 2011, (“Lease”) with LE NAIN SF, LLC (“Landlord”) for
12 92 units of permanent supportive housing, including restrooms, common areas, storage
13 facilities and a portion of the basement (collectively, the “Premises”), located in the building
14 known as Le Nain Hotel at 730 Eddy Street; and

15 WHEREAS, The Lease provides for two options, each extending the term of the
16 Lease for an additional ten years (each an “Extended Term”) on the same terms and
17 conditions, except an adjustment of monthly base rent for the first year of any Extended
18 Term to the greater of: (a) 51% of the most recent Governmental Rent Index for an
19 efficiency unit, multiplied by 92 units; or (b) 100% of current monthly rent, a copy of the
20 Lease is on file with the Clerk of the Board of Supervisors in File No. 000484; and

21 WHEREAS, Pursuant to that condition of the Lease, the base monthly base rent
22 under the upcoming Extended Term under the Government Rent Index calculation equals
23 \$99,658.08 per month, which is greater than the current monthly rent of \$74,675.96; and

24 WHEREAS, The Real Estate Division (“RED”), on behalf of the Department of
25 Homelessness and Supportive Housing (“HSH”), exercised its first Extended Term option,

1 and despite the prescriptive amount of \$99,658.08 per month, RED and Landlord agreed to
2 an initial base rent of \$74,743.56 per month, which is approximately thirty-three percent
3 (33%) less than the monthly base rent otherwise to be due, a copy of the rent calculation
4 worksheet and Landlord's confirmation letter are on file with the Clerk of the Board of
5 Supervisors in File No. _____; and

6 WHEREAS, All other terms and conditions of the Lease will continue in full force and
7 effect; now, therefore, be it

8 RESOLVED, That in accordance with the recommendation of the Director of HSH,
9 the Director of Property is hereby authorized to take all actions on behalf of the City to
10 exercise the ten year option to extend the term of the Lease, estimated to commence on
11 February 1, 2021; and, be it

12 FURTHER RESOLVED, That commencing upon the Extended Term, the monthly
13 base rent shall be \$74,743.56 increasing annually by Consumers Price Index between
14 3.5% and 6%; and, be it

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

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
18 Property to take any actions in furtherance of the extension, if said action is, determined by
19 the Director of Property, in consultation with the City Attorney, in the best interest of the City,
20 does not increase the rent or otherwise materially increase the obligations or liabilities of the
21 City, necessary or advisable to effectuate the purposes of the Lease or this Resolution, and in
22 compliance with all applicable laws, including the City's Charter.

23
24
25

