

City & County of San Francisco
Daniel Lurie, Mayor



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

March 21st, 2025

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

RE: Lease Agreement – Department of Public Health, 3801 3rd Street, Suite 400

Dear Board Members:

Attached, for your consideration, is a Resolution authorizing and approving a lease agreement of approximately 14,825 square feet at 3801 3rd Street, Suite 400, for the Department of Public Health. The Department of Public Health (DPH) has occupied the premises since 1998 and currently operates its Foster Care Mental Health Program and Comprehensive Crisis Response Team programs at the site.

The Foster Care Mental Health Program provides therapeutic services to children from 0 - 18 and parents, other care providers, and support networks. The Agency serves clients at risk of substance abuse dependency or mental health needs and is involved with San Francisco Human Services Agency. Bilingual support is also offered to clients. The clinic serves African American, Latinx, LGBTQI, and API communities. The multi-disciplinary team is 30+ employees who collaborate treatment of care.

The Comprehensive Crisis Services is a 24/7 day-a-week mobile service that provides acute mental health services in San Francisco. Services include crisis intervention, 5150/5585 evaluations, responses to homicides, suicides, pedestrian fatalities, critical incidents, and therapeutic services to individuals experiencing grief and loss. The multi-disciplinary and multi-linguistic team comprises 55 staff that serves over 1000 clients per year. The site is essential to DPH as it links to the population served in the southeast portion of the City and other clients Citywide.

This Resolution was presented to the Budget and Finance Committee at its November 1st, 2023, meeting at which time it was continued to call of the Chair. At a subsequent meeting with Supervisor Chan it was suggested that DPH investigate whether DPH programs located at 3801 3rd street could relocate to the South East Community Center (SECC). DPH staff visited the South East Community Center (SECC) on January 3rd 2024. Based on that site visit and a review of SECC floor plans a move by either program currently located at 3801 3rd street (Comprehensive Crisis or Family and Children's Community Services Hub) would not be feasible.

DPH, in consultation with RED, continued to explore alternatives to their current location but given the dearth of office space in the Bayview/3rd Street corridor was unable to find suitable space that would achieve the goal of conserving resources by moving to a new location. As the commercial real estate market in San Francisco continues to experience price deflation RED worked to decrease the cost of the proposed lease which had been set at a Base Annual Rent of \$554,347 (approximately \$37.39 per square foot) with 3% annual increases.

At the request of DPH, RED renegotiated the proposed new lease agreement with the Landlord, Bayview Plaza, LLC, for an initial term of five years with two options of five years to extend the term

at 95% of the prevailing market rent. The full-service, fair market annual base rent for the initial term is \$489,225 (approximately \$33.00 per square foot) with no annual rent increases throughout the term of the lease. The renegotiated rental rate has a cost saving value of approximately \$413,903 over the initial five-year term of the proposed lease.

If you have any questions regarding this matter, please get in touch with Michael Halpren of our office at 415-554-9865.

The Department of Public Health and Real Estate Division recommends approval of the proposed lease agreement.

Respectfully,



Andrico Q. Penick
Director of Real Estate