

1 [Real Property Acquisition - Market & Noe Center LP - 2280 Market Street - Not to Exceed
2 \$11,620,000; Certain Administrative Code Waivers]

3 **Ordinance 1) approving and authorizing the Director of Property to acquire certain real**
4 **property located at 2280 Market Street (the “Property”); 2) approving and authorizing a**
5 **Purchase and Sale Agreement for the acquisition of the Property from Market & Noe**
6 **Center LP, a California Limited Partnership, for an amount not to exceed \$11,620,000**
7 **including closing costs (“Purchase Agreement”); 3) authorizing the Director of**
8 **Property to make certain modifications to the Purchase Agreement and take certain**
9 **actions in furtherance of the Purchase Agreement, as defined herein; 4) adopting**
10 **findings that the Property is exempt surplus land under the California Surplus Land**
11 **Act; 5) exempting the property management, operation, repair, and maintenance of the**
12 **Property from the contracting and procurement requirements in Administrative Code,**
13 **Chapters 6, 14B and 21, and Labor and Employment Code, Articles 131 and 132; 6)**
14 **placing the Property under the jurisdiction of the Real Estate Division; 7) authorizing**
15 **the Director of Property to use revenues generated from the Property for: (a) Property-**
16 **related costs, (b) 10% of the gross revenues for the Real Estate Division’s**
17 **administrative costs related to the Property, and (c) the remainder to be retained in a**
18 **segregated account for the benefit of the future LGBTQ+ history museum’s capital**
19 **improvements, operating expenses and reserves, tenant improvements, and**
20 **programming expenses; and 8) affirming the Planning Department’s determination**
21 **under the California Environmental Quality Act, and adopting the Planning**
22 **Department’s findings that the Purchase Agreement is consistent with the General**
23 **Plan, and the eight priority policies of Planning Code, Section 101.1.**

24 **NOTE:** **Unchanged Code text and uncodified text** are in plain Arial font.
25 **Additions to Codes** are in *single-underline italics Times New Roman font*.
Deletions to Codes are in *strikethrough italics Times New Roman font*.
Board amendment additions are in double-underlined Arial font.

Board amendment deletions are in ~~strikethrough~~ Arial font.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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Be it ordained by the People of the City and County of San Francisco:

Section 1. CEQA and Land Use Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 240965, and available on the Board’s website and is incorporated herein by reference. The Board affirms this determination.

(b) On September 30, 2024, the Planning Department determined that the actions contemplated in this ordinance are consistent, on balance, with the City’s General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts this determination as its own. A copy of said determination is on file with the Clerk of the Board of Supervisors in File No. 240965, and available on the Board’s website, and is incorporated herein by reference.

Section 2. Background and General Findings.

(a) The Real Estate Division, along with the Mayor’s Office of Housing and Community Development (“MOHCD”) and the Arts Commission have searched for a suitable site for the location and operation of a LGBTQ+ history museum and archives in the Castro neighborhood for over two years. Approximately 12 potential sites were considered before identifying the property located at 2280 Market Street (the “Property”) as the best available location and at a cost within budget.

1 (b) The Property consists of an approximately 14,640 square foot parcel with a two-
2 story, approximately 22,330 square foot building (“Building”) and an approximately 33 space
3 parking lot.

4 (c) There are two tenants that currently lease the Building’s ground floor space: (1)
5 CVS, a retail company that sublets its premises to Barry’s Bootcamp, a fitness studio; and (2)
6 Dignity Health, a nonprofit health care organization that operates a Go Health Urgent Care
7 clinic. The CVS lease / Barry’s Bootcamp sublease with extension options expires January 29,
8 2040. The Dignity Health lease with extension options expires April 13, 2036. Under the
9 purchase and sale agreement for the Property (the “Purchase Agreement”), the City will
10 assume the landlord’s rights and obligations under both the CVS lease / Barry’s Bootcamp
11 sublease and the Dignity Health lease (“Assumed Leases”). The Real Estate Division intends
12 to allow Barry’s Bootcamp and Dignity Health to remain in the Property under the terms of
13 their Assumed Lease through the existing expiration dates. The Assumed Leases generate
14 positive cash flow, which will be instrumental to the City in covering the costs to operate and
15 maintain the Property and as a funding source to help support the future LGBTQ+ history
16 museum.

17 (d) The second floor of the Building will be vacant when acquired and will provide
18 an approximately 11,165 square foot space for the future LGBTQ+ history museum. The City
19 anticipates that the LGBTQ+ history museum, archives and administrative space currently
20 located at different locations in the City will expand into the ground floor space when each
21 Assumed Lease expires.

22 (e) The City is acquiring the Property for the operation of the anticipated future
23 LGBTQ+ history museum by the Gay, Lesbian, Bisexual, Transgender (“GLBT”) Historical
24 Society. Founded in 1985, the GLBT Historical Society is a registered 501(c)(3) nonprofit
25 organization whose mission is to collect, preserve, exhibit, and make accessible to the public

1 materials and knowledge to support and promote understanding of LGBTQ+ history, culture,
2 and arts. In 2011, the GLBT Historical Society opened the first stand-alone museum of
3 LGBTQ+ history and culture in the United States, at 4127 18th Street in the Castro
4 neighborhood of San Francisco. The museum exhibits material from the Dr. John P. De
5 Cecco Archives and Special Collections of the GLBT Historical Society, which are among the
6 largest and most extensive holdings in the world of materials pertaining to LGBTQ+ people,
7 including personal papers, organizational records, periodicals, oral histories, photographs,
8 audiovisual recordings, ephemera, artifacts, and works of art (the “Archive”). Currently the
9 Archive is housed in the Central Market neighborhood of San Francisco at 989 Market Street.
10 The City’s acquisition of the Property will allow the co-location of the Archive and the
11 anticipated future LGBTQ+ history museum in San Francisco’s historic Castro neighborhood,
12 thereby enriching the cultural heritage of the Castro neighborhood.

13 (f) In furtherance of the successful operation of the LGBTQ+ history museum, the
14 City desires to establish a public-private partnership with Community Arts Stabilization Trust
15 (“CAST”), a community-centered, arts and culture focused real estate organization that works
16 to secure and steward affordable spaces. CAST purchases and leases physical space for arts
17 and cultural organizations in the Bay Area, providing financial vehicles, capacity building, and
18 technical assistance. This proposed partnership builds on the City’s and CAST’s common
19 goal of long-term affordable and stable space for nonprofit arts and culture organizations in
20 San Francisco.

21 (g) The City anticipates that after acquiring the Property, the Real Estate Division
22 will enter into a lease with CAST (“CAST Lease”) to manage and operate the Property and to
23 sublease the second floor of the Building and the ground floor space as the Assumed Leases
24 expire, to the GLBT Historical Society (“Sublease”). Under the Sublease, the GLBT Historical
25 Society will have a first option to purchase the Property after certain milestones detailed in the

1 Sublease are achieved. If, for any reason, the GLBT Historical Society fails to meet the
2 required milestones or fails to exercise its purchase option, CAST will have an option to
3 purchase the Property to be detailed in the CAST Lease. The Real Estate Division anticipates
4 that the Real Estate Division will seek approval of the CAST Lease and the Sublease from the
5 Board of Supervisors in mid-2025.

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7 Section 3. Surplus Land Act Findings and Other Findings.

8 (a) The Board of Supervisors finds that the Property is exempt surplus land as
9 defined by California Government Code Section 54221(f)(1)(B) because it is less than one
10 half of an acre.

11 (b) The Board of Supervisors finds that the anticipated use of the Property as a
12 LGBTQ+ history museum serves a public purpose.

13
14 Section 4. Approval of Purchase Agreement and Related Authorizations.

15 (a) In accordance with the recommendation of the Director of Property, the Board of
16 Supervisors approves the Purchase Agreement in substantially the form on file with the Clerk
17 of the Board of Supervisors in File No. 240965.

18 (b) In accordance with the recommendation of the Director of Property, the Board of
19 Supervisors authorizes the Director of Property to accept all rights, title, and interests in and
20 assume the obligations of the Assumed Leases, which are on file with the Clerk of the Board
21 of Supervisors in File No. 240965.

22 (c) The Board of Supervisors authorizes the Director of Property, or the Director's
23 designee, to enter into, execute, and perform the City's obligations under the Purchase
24 Agreement.

1 (d) In addition, subject to the budgetary and fiscal provisions of the Charter, the
2 revenues generated by the Property shall be placed in a segregated account from which the
3 Director of Property may approve expenditures only with the written approval of the City
4 Administrator. The City shall use funds in the account solely to: (1) fulfill the City's obligations
5 as landlord under the Assumed Leases and the CAST Lease and any applicable law; (2) pay
6 the property management, operating, repair, maintenance, and replacement costs for the
7 Property; and (3) pay 10% of the gross revenues to the Real Estate Division to cover its
8 administrative costs in managing the Property. After paying all the costs specified in (1)
9 through (3), the remainder of the funds shall be placed on Controller's Reserve in a
10 segregated account for the benefit of the future LGBTQ+ history museum's capital
11 improvements, operating expenses and reserves, tenant improvements, and programming
12 expenses.

13 (e) The Director of Property shall report all income and expenses for the Property to
14 the Controller's Office within 60 days of the end of each fiscal year.

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16 Section 5. Waiver of Administrative Code Chapters 6, 14B, and 21, and Labor and
17 Employment Code Articles 131 and 132.

18 The Board of Supervisors waives Administrative Code Chapters 6, 14B, and 21 and
19 Labor and Employment Code Articles 131 and 132 to the extent those provisions would
20 otherwise be applicable to the management, operation, repair, and maintenance of the
21 Property.

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23 Section 6. Additions, Amendments, and Modifications.

24 The Board of Supervisors authorizes the Director of Property, or the Director's
25 designee, in consultation with the City Attorney, to enter into any additions, amendments, or

1 other modifications to the Purchase Agreement and any other documents or instruments
2 necessary in connection therewith that the Director of Property determines, in consultation
3 with the City Attorney, are in the best interests of the City, do not materially decrease the
4 benefits to the City, do not materially increase the obligations or liabilities of the City, are
5 necessary or advisable to effectuate the purposes of the Purchase Agreement or this
6 ordinance, and are in compliance with all applicable laws, such determination to be
7 conclusively evidenced by the execution and delivery by the Director of Property of any such
8 additions, amendments, or other modifications.

9

10 Section 7. Effective Date.

11 This ordinance shall become effective 30 days after enactment. Enactment occurs
12 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
13 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
14 Mayor’s veto of the ordinance.

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16 Section 8. Inclusion of Final Purchase Agreement in Board File.

17 Within 30 days of the Purchase Agreement being fully executed by all parties, the Real
18 Estate Division shall submit to the Clerk of the Board of Supervisors a fully executed copy of
19 the Purchase Agreement for inclusion in Board File No. 240965.

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21 APPROVED AS TO FORM:
22 DAVID CHIU, City Attorney

23 By: /s/ NANCY TAYLOR
24 NANCY TAYLOR
Deputy City Attorney

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