

1 [Master Lease - 250 Kearny Street, LLC - 136 Residential Units - \$161,840 Monthly Initial  
2 Rent]

3 **Resolution authorizing the execution and acceptance of a Residential Master**  
4 **Lease by and between the City and County of San Francisco and 250 Kearny**  
5 **Street, LLC, a California Limited Liability Company, for the real property**  
6 **located at 250 Kearny Street, providing 136 units of affordable housing**  
7 **primarily for chronically homeless veterans, with a monthly initial rent amount**  
8 **of \$161,840 for a ten-year term to commence October 1, 2014, with one five-**  
9 **year option to extend.**

10  
11 WHEREAS, The Stanford Hotel at Assessor's Block No. 0288, Lot No. 025,  
12 also known as 250 Kearny (the "Property"), was the subject of several Notices of  
13 Violation and other enforcement actions over the past decade, until acquired by 250  
14 Kearny LLC, a California Limited Liability Company (the "Owner" or "Landlord"); and

15 WHEREAS, The owner, after acquisition, invested over \$7,000,000 in capital  
16 improvements to the Property, creating a Single Room Occupancy development of  
17 136 units that is completely renovated with new infrastructure and providing each unit  
18 with a private bath along with lower level common kitchen and entertainment areas,  
19 as well as two (2) operating elevators to service the building, where previously  
20 tenants were fortunate if one (1) was operable; and

21 WHEREAS, The owner is interested in master leasing the Property, so long as  
22 six (6) residential units are made available to residents returning to the Property since  
23 vacating before the renovations began; and

24 WHEREAS, The City has been engaged in the 25 Cities Initiative, a  
25 partnership with the U.S. Department of Veteran Affairs, the U.S. Department of

1 Housing and Urban Development, and the U.S. Interagency Council on  
2 Homelessness, an initiative that strives to end chronic Veteran homelessness by  
3 2015; and

4 WHEREAS, Through the 25 Cities Initiative, prospective tenants have been  
5 identified through a coordinated cross-agency outreach using a common assessment  
6 tool to find the most vulnerable individuals who are currently unsheltered, and this  
7 outreach has confirmed a need sufficient to fill 125 units of the Property under a  
8 HUD-VASH Program (Housing & Urban Development-Veterans Affairs Supportive  
9 Housing, which combines Housing Choice Vouchers with case management and  
10 clinical services provided by the Department of Veterans Affairs); and

11 WHEREAS, The Department of Veterans Affairs has committed to a 1:1 match  
12 to local funds up to \$500,000 per year to fund additional social support staffing on-  
13 site at the Property should the City choose to master lease the Property; and

14 WHEREAS, The City's Human Services Agency is in the process of  
15 competitively selecting a service provider to support Property operations and client  
16 support services; and

17 WHEREAS, The master lease rate for the Property has been determined by  
18 the Director of Property to be no greater than fair market rental value; and

19 WHEREAS, The Real Estate Department has negotiated a master lease of the  
20 Property with the Landlord, subject to the conditions described in the Lease, a copy  
21 of which is on file with the Clerk of the Board of Supervisors in File No. 140983;  
22 and

23 WHEREAS, The Lease includes: (i) an initial term of ten (10) years with an  
24 extension option for five (5) additional years at 95% of the then fair market rent; (ii) an  
25 initial base annual rent of \$1190/unit/month, or \$161,840/month, or \$1,942,080/year;

1 (iii) an increase in base rent of 2% per year; and (iv) a cap on the annual  
2 maintenance and repair costs of \$205,000/year, exclusive of certain salary expenses;  
3 now, therefore, be it

4 RESOLVED, That in accordance with the recommendation of the Director of  
5 Property, the execution, delivery and performance of the Lease is hereby approved  
6 and the Director of Property (or his designee) are hereby authorized to execute the  
7 Lease, in substantially the form of Lease referenced herein, on behalf of the City and  
8 any such other documents that are necessary or advisable to complete the  
9 transaction contemplated by the Lease and effectuate the purpose and intent of this  
10 Resolution; and, be it

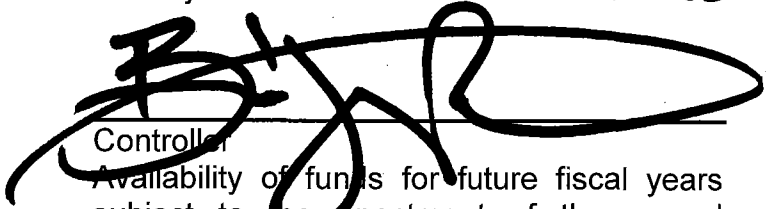
11 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director  
12 of Property (or his designee), in consultation with the City Attorney, to enter into any  
13 additions, amendments or other modifications to the Lease and any other documents  
14 or instruments necessary in connection therewith, that the Director of Property  
15 determines are in the best interests of the City, do not materially decrease the  
16 benefits to the City with respect to the Property, do not materially increase the  
17 obligations or liabilities of the City, and are necessary or advisable to complete the  
18 transaction contemplated in the Lease and that effectuate the purpose and intent of  
19 this Resolution, such determination to be conclusively evidenced by the execution  
20 and delivery by the Director of Property (or his designee) of any such additions,  
21 amendments, or other modifications; and, be it

22 FURTHER RESOLVED, That all actions authorized and directed by this  
23 Resolution and heretofore taken are hereby ratified, approved and confirmed by this  
24 Board of Supervisors; and, be it

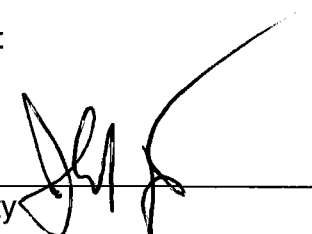
1 FURTHER RESOLVED, That the Director of Property shall provide the Clerk  
2 of the Board of Supervisors a fully executed copy of the Lease within thirty (30) days  
3 of signature of same.

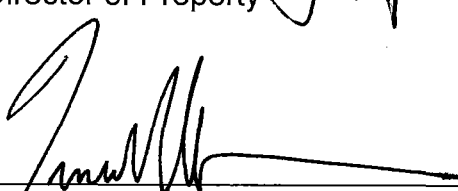
4  
5 \$1,456,560 Available (for 9 months of rent in  
FY14-15)

6 Fund/Subfund: 45HLGF 1G AGF AAA  
7 Subobject: 03801 CHAR: 03B

8   
9 Controller  
10 Availability of funds for future fiscal years  
11 subject to the enactment of the annual  
12 appropriation ordinance.

12 RECOMMENDED:

13  
14   
15 Director of Property

16  
17   
18 Director of Human Services Agency



City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

Tails  
Resolution

File Number: 140983

Date Passed: September 30, 2014

Resolution authorizing the execution and acceptance of a Residential Master Lease by and between the City and County of San Francisco and 250 Kearny Street, LLC, a California Limited Liability Company, for the real property located at 250 Kearny Street, providing 136 units of affordable housing primarily for chronically homeless veterans, with a monthly initial rent amount of \$161,840 for a ten-year term to commence October 1, 2014, with one five-year option to extend.

September 24, 2014 Budget and Finance Committee - RECOMMENDED

September 30, 2014 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 140983

I hereby certify that the foregoing Resolution was ADOPTED on 9/30/2014 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo  
Clerk of the Board

  
Mayor  
Date Approved