

1 [Lease of Real Property - 33 Gough LLC - 33 Gough Street - Base Annual Rent of
2 \$1,259,300]

3 **Resolution approving and authorizing the Director of Property, on behalf of the**
4 **Department of Homelessness and Supportive Housing, to lease real property located**
5 **at 33 Gough Street, for a term of three years, from 33 Gough LLC, at a base rent of**
6 **\$1,259,300 per year; and authorizing the Director of Property to execute documents,**
7 **make certain modifications and take certain actions in furtherance of the Lease and**
8 **this Resolution, as defined herein, to commence following Board approval.**
9

10 WHEREAS, The mission of the Department of Homelessness and Supportive Housing
11 (“HSH”) is to prevent homelessness when possible and to make homelessness rare, brief and
12 one time in San Francisco through the provision of coordinated, compassionate and high-
13 quality services; and

14 WHEREAS, With the enactment of Ordinance Nos. 60-19 and 61-19 in April 2019, the
15 Board of Supervisors and Mayor Breed acknowledged homelessness in San Francisco to be
16 at a crisis point, and passed these Ordinances to expedite the process of opening programs
17 to respond to that crisis; and

18 WHEREAS, According to the January 2019 Point-in-Time Homeless Count
19 administered by HSH, there were approximately 8,035 people experiencing homelessness in
20 San Francisco, 64% of which were unsheltered sleeping outside in doorways, parks, vehicles
21 or wherever they can find; and

22 WHEREAS, Mayor Breed announced in October 2018 a plan to open 1,000 additional
23 shelter beds by 2020, and to provide more safe options for people experiencing
24 homelessness to sleep indoors; and
25

1 WHEREAS, The Real Estate Division and HSH have been investigating potential sites
2 to accommodate shelter and transitional housing to meet this goal; and

3 WHEREAS, 33 Gough Street affords the City an excellent opportunity to provide
4 temporary shelter and services in a high-needs area; and

5 WHEREAS, The Real Estate Division, through HSH, in consultation with the Office of
6 the City Attorney, negotiated a three-year lease dated December 1, 2019 (the "Lease"), of the
7 approximately 49,000 square foot property and adjacent parking areas located at 33 Gough
8 Street (the "Property") with 33 Gough LLC ("Landlord"), for purposes of an Upper Market
9 SAFE Navigation Center, a copy of the form of Lease is on file with the Clerk of the Board in
10 File No. 200044; and

11 WHEREAS, The "Commencement Date" of the Lease is expected to occur on or
12 around February 15, 2020; and

13 WHEREAS, City will perform the necessary capital and tenant improvements needed
14 for City to occupy and operate the Property for the intended purposes, and City and Landlord
15 may mutually agree to have Landlord perform certain remediation or other work at the
16 direction of the Department of Public Works ("DPW"); and

17 WHEREAS, Under the Lease, base rent payable by City each year of the three-year
18 term will be \$1,259,300 per year, payable in four installments with no annual increases,
19 subject to abatement of rent for the first month after the Commencement Date; and

20 WHEREAS, As of the Commencement Date, City is obligated to pay for its own
21 utilities, services, routine maintenance and repair, repair and replacement of major building
22 systems, insurance, and other operating expenses, plus actual property taxes assessed; and

23 WHEREAS, Landlord, during the term of the Lease, will maintain and replace the
24 exterior, structural nature, and roof of the Property; and

25

1 WHEREAS, The Director of Property determines the rental rate under the Lease to be
2 at or below fair market rental value; and

3 WHEREAS, Pursuant to Chapter 23 of the Administrative Code, since the base rent
4 charged is less than \$45 per sq. ft. per year, an independent fair market rental appraisal is not
5 required in conjunction with the approval of this Lease; and

6 WHEREAS, Upon the Commencement Date, the building on the Property will be
7 delivered vacant, and no later than one month after the Commencement Date the parking
8 areas will be delivered vacant; now, therefore, be it

9 RESOLVED, That in accordance with the recommendation of the Director of HSH and
10 the Director of Property, the Board of Supervisors approves the Lease in substantially the
11 form presented to the Board, and authorizes the Director of HSH and the Director of Property
12 to take all actions necessary to execute the Lease and any other documents that are
13 necessary or advisable to effectuate the purpose of this Resolution; and, be it

14 FURTHER RESOLVED, That City is authorized to request Landlord to perform on
15 behalf of City at City's cost and pursuant to the terms and conditions of the Lease,
16 remediation or other work and services at the direction of DPW; and, be it

17 FURTHER RESOLVED, That under the Lease City shall indemnify and hold harmless
18 the Landlord from, and agree to defend the Landlord against, any and all claims, costs and
19 expenses, including without limitation, reasonable attorneys' fees, incurred as a result of
20 City's use of the premises or any negligent acts or omissions of City, its agents or invitees in,
21 on or about the Property; and, be it

22 FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with
23 respect to the Lease are hereby approved, confirmed and ratified; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
25 Property to enter into any extensions, amendments or modifications to the Lease (including

1 without limitation, the exhibits) that the Director of Property determines, in consultation with
2 the Director of HSH and the City Attorney, are in the best interest of the City, do not increase
3 the rent or otherwise materially increase the obligations or liabilities of the City, are necessary
4 or advisable to effectuate the purposes of the Lease or this Resolution, and are in compliance
5 with all applicable laws, including City's Charter; and, be it

6 FURTHER RESOLVED, That the City shall occupy the Premises for the full term of the
7 Lease unless funds for rental payments are not appropriated in any subsequent fiscal year at
8 which time City may terminate the Lease with written notice to Landlord, and the Lease shall
9 be subject to certification as to funds by the Controller, pursuant to Section 3.105 of the
10 Charter; and, be it

11 FURTHER RESOLVED, That within thirty (30) days of the Commencement Date of the
12 Lease being fully executed by all parties, HSH shall provide the final Lease to the Clerk of the
13 Board for inclusion into the official file.

\$419,766.67 Available

Fund ID: 10581	Fund Title: SR OCOH Nov18 Prop C GF Advance
Department ID: 203646	Department Project ID: 10034457
Project Authority ID: 20810	Authority title: ERAFCHOM SAFE Emergency Shelter
Account ID: 506070	Account title: Programmatic Projects-Budget
Activity ID: 0001	Activity title: HOM_WFAL2

Ben Rosenfield
Controller

Funding for Fiscal Year 2020/2021 is subject to the enactment of the Annual Appropriation Ordinance for Fiscal Year 2020/2021.

RECOMMENDED:

Homelessness and Supportive Housing
Director

Real Estate Division
Director of Property