

1 [Real Property Sublease Amendment - Southeast Corner of Octavia Boulevard and Hayes  
Street

2

3 **Resolution approving an amendment of sublease between the City and County of San**  
4 **Francisco and PROXYdevelopment, LLC, for property located at the southeast corner**  
5 **of Octavia Boulevard and Hayes Street, commonly known as a portion of Assessor's**  
6 **Block No. 0817, Lot No. 30 (Parcel K), to extend the sublease term from three years to**  
7 **five years.**

8

9 WHEREAS, The State of California transferred certain real property located at the  
10 southeast corner of Octavia Boulevard and Hayes Street and commonly known as a portion of  
11 Assessor's Block No. 0817, Lot No.30 (Parcel K) to the City and County of San Francisco  
12 (City) as part of the demolition of the former Central Freeway and on the condition that City  
13 use the proceeds from any disposition of Parcel K in connection with City's Octavia Boulevard  
14 project and for transportation and related purposes set forth in Section 72.1(f)(1) of the  
15 California Streets and Highways Code; and,

16 WHEREAS, City sold Parcel K to the Redevelopment Agency of the City and County of  
17 San Francisco (Agency) and leases Parcel K from the Agency under a Ground Lease dated  
18 as of January 30, 2004, as amended by a First Amendment to Ground Lease dated as of  
19 March 16, 2010, and a Second Amendment to Ground Lease dated as of April 19, 2011  
20 (Ground Lease), copies of which are on file with the Clerk of the Board of Supervisors in File  
21 No. ; and,

22 WHEREAS, The current Ground Lease term is for three years and Agency's Executive  
23 Director is authorized to extend the current Ground Lease term to five years if City requests  
24 such extension, the Executive Director approves such request, and City's subtenant provides  
25 adequate trash control, makes good faith efforts to outreach to vendors who currently do

1 business in current Redevelopment Project Areas and in the former Western Addition A-2  
2 Redevelopment Project Area, and provides, installs and maintains signage indicating Parcel K  
3 is intended to be developed into affordable housing and any other activities or uses are  
4 temporary in nature; and,

5 WHEREAS, The Board of Supervisors authorized the Director of Property to execute a  
6 three year sublease for Parcel K (Original Sublease) with PROXYdevelopment, LLC  
7 (Subtenant) for an initial monthly base rent of \$5,000, adjusted annually, and a share of bonus  
8 rent under Resolution No. 386-10, adopted by the Board of Supervisors on August 3, 2010  
9 and approved by the City's Mayor on August 12, 2010, a copy of which is on file with the Clerk  
10 of the Board of Supervisors in File No. ; and,

11 WHEREAS, Subtenant and City wish to extend the term of the Original Sublease to five  
12 years under an amendment to sublease substantially in the form on file with the Clerk of the  
13 Board of Supervisors in File No. 110917 (Sublease Amendment) if Agency's Executive  
14 Director agrees to extend the term of the Ground Lease to five years; and,

15 WHEREAS, The Director of Planning, by letter dated April 26, 2011, a copy of which is  
16 on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, found that the  
17 proposed Sublease Amendment is categorically exempt from environmental review and in  
18 conformance with the City's General Plan; now, therefore, be it

19 RESOLVED, That in accordance with the recommendation of the Director of Office of  
20 Economic and Workforce Development and the Director of Property, the Director of Property  
21 is hereby authorized to request the Agency's Executive Director approval to revise the Ground  
22 Lease term to five years; and, be it

23 FURTHER RESOLVED, If the Agency's Executive Director approves such request to  
24 revise the Ground Lease term, the Director of Property is hereby authorized to execute the  
25 Sublease Amendment; and, be it

1 FURTHER RESOLVED, That all actions heretofore taken by any City employee or  
2 official with respect to the Ground Lease and the Sublease Amendment are hereby approved,  
3 confirmed and ratified; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
5 Property to enter into any amendments or modifications to the Sublease Amendment that the  
6 Director of Property determines, in consultation with the City Attorney, are in the best interest  
7 of the City, do not materially reduce the rent or otherwise materially increase the obligations or  
8 liabilities of the City, are necessary or advisable to effectuate the purposes of the Sublease  
9 Amendment and are in compliance with all applicable laws, including City's Charter.

10  
11 RECOMMENDED:

12  
13 \_\_\_\_\_  
14 Jennifer Matz  
15 Director, Office of Economic  
and Workforce Development

16 \_\_\_\_\_  
17 John Updike  
18 Acting Director of Property