

1 [Real Property Lease - LAWRENCE B. STONE PROPERTIES #08, LLC - 2177 Jerrold
2 Avenue - Temporary Shelter - Not to Exceed Annual Base Rent of \$2,469,606 - Tenant
3 Improvements \$5,866,869]

4 **Resolution approving and authorizing the Director of Property, on behalf of the**
5 **Department of Homelessness and Supportive Housing, to execute a lease agreement**
6 **with LAWRENCE B. STONE PROPERTIES #08, LLC, for use of the property located at**
7 **2177 Jerrold Avenue as a temporary shelter program for the term of 15 years, to**
8 **commence upon approval of this Resolution, with two five-year options to extend and**
9 **an annual base rent of \$2,469,606 with 3% annual increases beginning in 2024 under**
10 **Charter, Section 9.118; authorizing the City’s contribution of up to \$5,866,869 towards**
11 **the cost of tenant improvements; affirming the Planning Department’s determination**
12 **under the California Environmental Quality Act, and adopting the Planning**
13 **Department’s findings of consistency with the General Plan, and the eight priority**
14 **policies of the Planning Code, Section 101.1; and authorizing the Director of Property**
15 **to execute any amendments, options to extend the agreement term, make certain**
16 **modifications and take certain actions that do not materially increase the obligations or**
17 **liabilities to the City, do not materially decrease the benefits to the City and are**
18 **necessary or advisable to effectuate the purposes of the lease agreement or this**
19 **Resolution.**

20
21 WHEREAS, The Department of Homelessness and Supportive Housing’s (“HSH”)
22 mission is to prevent homelessness when possible and to make homelessness a rare, brief
23 and one-time experience in San Francisco through the provision of coordinated,
24 compassionate, and high-quality services; and
25

1 WHEREAS, With the adoption of Resolution No. 319-18 in October 2018, the Board of
2 Supervisors and Mayor London N. Breed declared a shelter crisis and affirmed San
3 Francisco’s commitment to combatting homelessness and creating or augmenting a
4 continuum of shelter and service options for those experiencing homelessness; and

5 WHEREAS, Proposition C (2018) (Gross Receipts Tax for Homelessness Services)
6 (“Prop C”), passed by San Francisco voters in November 2018, created the Homelessness
7 Gross Receipts Tax to fund the Our City, Our Home (“OCOH”) program, in order to expand
8 and be complementary to existing funding and strategic efforts to prevent and end
9 homelessness for San Francisco residents; and

10 WHEREAS, The OCOH Oversight Committee recommended in its 2021 Investment
11 Plan that the City use Prop C funds to prioritize investments into a range of different models for
12 sheltering and supporting people experiencing homelessness, tailored to the needs of different
13 sub-populations of people experiencing homelessness; and

14 WHEREAS, According to the 2022 Point-in-Time Count, there were 4,397 people
15 experiencing unsheltered homelessness in San Francisco, 25% of which were in District 10;
16 and

17 WHEREAS, In April 2023, HSH released the five-year strategic plan “Home by the Bay:
18 An Equity-Driven Plan to Prevent and End Homelessness in San Francisco” which calls for
19 1,075 new shelter beds; and

20 WHEREAS, 2177 Jerrold Avenue affords the City an excellent opportunity to provide
21 temporary shelter services through a mix of non-congregate cabins and safe parking with a
22 total anticipated capacity of 60 cabins and 20 parking spots; and

23 WHEREAS, The adopted HSH Fiscal Year (FY) 2023-2025 budget includes Prop C
24 funding for capital and operations of a new District 10 temporary shelter program; and
25

1 WHEREAS, The certain real property consists of approximately 98,000 square feet
2 located at 2177 Jerrold Avenue, in the City and County of San Francisco, CA (Assessor's
3 Parcel Block No. 5285A / Lot No. 005) and two buildings totaling approximately 23,591 square
4 feet (the "Property"); and

5 WHEREAS, On behalf of HSH, the Real Estate Division ("RED") negotiated a lease
6 with LAWRENCE B. STONE PROPERTIES #08, LLC, ("Landlord") for an initial term of 15
7 years to commence upon approval of this Resolution, from approximately November 1, 2023,
8 through November 30, 2038, with an annual base rent of \$2,469,606 with 3% annual
9 increases beginning in 2024, and two five-year options to extend (the "Lease"), a copy of
10 which is on file with the Clerk of the Board of Supervisors in File No. 231197; and

11 WHEREAS, The City agrees to contribute up to \$5,866,869 towards the cost of Tenant
12 Improvements; and

13 WHEREAS, The Lease requires Board of Supervisors approval under Section 9.118 of
14 the Charter; and

15 WHEREAS, The proposed rent of \$25.20 per square foot industrial gross was
16 determined to not be greater than fair market rent by RED, and that no appraisal was required
17 by Administrative Code, Chapter 23; and

18 WHEREAS, The Planning Department, through a letter dated August 9, 2023,
19 ("Planning Letter") determined that the Lease of the Property for use as a low-barrier
20 temporary shelter program is not subject to the California Environmental Quality Act ("CEQA")
21 pursuant to Assembly Bill 101, California Government Code, Sections 65660 - 65668, a copy
22 of the Planning Letter is on file with the Clerk of the Board of Supervisors in File No. 231197;
23 and

24 WHEREAS, The Planning Department, through a letter dated August 18, 2023,
25 ("General Plan Findings Letter") determined that the Lease of the Property is consistent and

1 on balance with the General Plan, and the eight priority policies of Planning Code, Section
2 101.1 ("General Plan Findings"); a copy of the General Plan Findings Letter is on file with the
3 Clerk of the Board of Supervisors in File No. 231197; now, therefore, be it

4 RESOLVED, That in accordance with the recommendation of the HSH Executive
5 Director and the Director of Property, the Board of Supervisors approves the Lease in
6 substantially the form presented to the Board and hereby authorizes the Director of Property,
7 or their designees, to execute the Lease; and, be it

8 FURTHER RESOLVED, The Board of Supervisors affirms the Planning Department's
9 CEQA Determination and General Plan Findings, for the same reasons as set forth in the
10 Planning Letter and General Plan Findings Letter, and hereby incorporates such findings by
11 reference as though fully set forth in this Resolution; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
13 Property, or their designees, to take all actions on behalf of the City to enter into, execute, and
14 perform its obligations under the Lease (including without limitation, the exhibits to the Lease)
15 and any other documents that are necessary or advisable to effectuate the purpose of this
16 Resolution and the Lease; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
18 Property, or their designees, in consultation with the City Attorney, to enter into any options to
19 extend the term of the Lease, as described herein, and additions, amendments, or other
20 modifications to the Lease (including, without limitation, the exhibits to the Lease) that the
21 Director of Property determines are in the best interest of the City, do not materially decrease
22 the benefits to the City, do not materially increase the obligations or liabilities of the City, or
23 are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are
24 in compliance with all applicable laws; and, be it

1 FURTHER RESOLVED, That all actions heretofore taken by any City employee or
2 official with respect to the exercise of this extension is hereby ratified and affirmed; and, be it

3 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed
4 by all parties, HSH shall submit to the Clerk of the Board of Supervisors a fully executed copy
5 for inclusion in the official file.

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Funds Available for use in Fiscal Year 2023-2024:
\$5,957,247

Fund ID:	10582 - SR OCOH Nov18 PropCHomelessSvc
Department ID:	203646 - HOM PROGRAMS
Project ID:	10036749 - HOM Shelter and Hygiene
Authority ID:	21533 - HOM Shelter and Hygiene
Account ID:	538010 – Community Based Org Srvcs
Activity ID:	14 – District 10 Shelter Program

/s/
Budget and Analysis Division Director
on behalf of Ben Rosenfield, Controller

RECOMMENDED:

/s/
Andrico Penick
Director of Property
Real Estate Division

/s/
Shireen McSpadden
Executive Director
Department of Homelessness and Supportive Housing