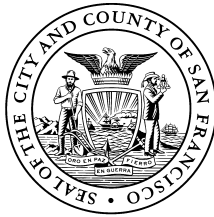


City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

November 6, 2023

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Lease – 2177 Jerrold Avenue – Temporary Shelter

Dear Honorable Board Members:

Attached for your consideration is a resolution authorizing and approving a lease agreement for use of the real property located at 2177 Jerrold Avenue between the City and LAWRENCE B. STONE PROPERTIES #08, LLC, ("Lease"). The Lease has an initial term of fifteen years, to commence upon approval of this legislation, and provides for two five-year options to extend the agreement term. The City agrees to contribute up to \$5,866,869 towards the cost of Tenant Improvements.

The Department of Homelessness and Supportive Housing ("HSH") proposes to use the property to provide temporary shelter for adults experiencing homelessness in the Bayview. The proposed program will provide shelter services through a mix of non-congregate cabins and safe parking, with an anticipated capacity of 60 cabins and 20 parking spots.

The Real Estate Division ("RED"), on behalf of HSH negotiated an initial annual base rent of \$2,469,606 (\$25.20 per square foot), with 3% annual increases beginning in 2024. The proposed rent of \$25.20 per square foot industrial gross was determined not to be greater than fair market rate by the Director of Property, and that no appraisal was required by Administrative Code, Chapter 23.

Both the Executive Director of HSH and I recommend approval of the proposed Resolution. If you have questions regarding the Lease, please contact me at 415.554.9850 or Andrico.penick@sfgov.org. If you have questions regarding the proposed use of the property by HSH, please contact Dylan Schneider at 628.652.7742 or dylan.schneider@sfgov.org.

Respectfully,

Andrico Q. Penick
Director of Property