

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

July 18, 2022

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 Extension - 124 Turk Street - Permanent Supportive Housing

Dear Honorable Board Members:

Attached for your consideration is a proposed Resolution authorizing the exercise of the final option (of two) to extend the term of the existing lease ("Lease") between the City and County of San Francisco ("City"), on behalf of the Department of Homeless and Supportive Housing ("HSH") and 124 Turk Street L.P. ("Landlord"), providing 55 units of Permanent Supportive Housing at the property located at 124 Turk Street.

The original ten-year Lease was approved by the Board of Supervisors and commenced on August 1, 2002, to provide 55 units of permanent supportive housing (Resolution No. 502-02). In 2012, the Lease was renewed and the first 10-year option to extend was approved by the Board extending the Term to July 31, 2022 (Resolution No. 323-10). Pursuant to the terms of the Lease, the initial annual base rent of this second extended term will be \$563,653.94 (\$46,971.16 per month), an increase of 5% from the current base rent as of July 31, 2022. The new 10-year term will commence upon approval of this Resolution and expires July 31, 2032. The Real Estate Division negotiated an agreement with the Landlord that holdover rent, if any, between the existing term and the approval of this Resolution shall be at the extended term monthly base rate rather than the higher 150% holdover rate.

Both the Director of HSH and I recommend approval of the proposed Resolution authorizing the approval of the option to extend. If you have questions regarding the Lease Extension, please contact me at 415.554.9850 or Andrico.penick@sfgov.org. If you have questions regarding the underlying continued 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