

1 [Real Property Lease - W.Y.L. Orion Properties, LLC - 125 Bayshore Blvd - \$489,000 in Initial
2 Year]

3 **Resolution approving a lease of a parcel of approximately 31,200 square feet, with**
4 **buildings totaling approximately 22,965 square feet at 125 Bayshore Blvd, with W.Y.L.**
5 **Orion Properties, LLC, a California limited liability company as Landlord, for an initial**
6 **six month term (immediate occupancy upon full execution of lease) plus five one-year**
7 **annual renewals thereafter, rent commencement from approximately April 1, 2018, to**
8 **no later than September 30, 2023, for use by the Department of Homelessness and**
9 **Supportive Housing for emergency shelter purposes at an initial annual rent of**
10 **\$489,000 with 3% annual increases; finding the proposed transaction is in conformance**
11 **with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**
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13 WHEREAS, The Department of Homelessness and Supportive Housing (“HSH”) was
14 launched on August 15, 2016 to bring together key homelessness programs and contracts
15 from the Department of Public Health (DPH), the Human Services Agency (HSA), the Mayor’s
16 Office of Housing and Community Development (MOHCD), and the Department of Children
17 Youth and Their Families (DCYF) into one consolidated department; and

18 WHEREAS, The mission of HSH is to prevent homelessness and to make
19 homelessness rare, brief and one time in San Francisco through the provision of coordinated,
20 compassionate, and high-quality services; and

21 WHEREAS, Consistent with Mayor Lee’s recently stated goal of moving 1,000 people
22 off the streets of San Francisco as soon as possible into safe shelter, Real Estate and HSH
23 have been thoroughly investigating potential sites to accommodate Navigation Centers, which
24 best accomplish delivery of such services; and
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1 WHEREAS, 125 Bayshore Blvd affords the City an excellent opportunity to provide
2 these services in a high-need area near the 101 and Cesar Chavez, from a collection of
3 buildings that have been vacant for a number of years; and

4 WHEREAS, The Planning Department, through General Plan Referral letter dated
5 January 10, 2018, (“Planning Letter”), which is on file with the Clerk of the Board of
6 Supervisors under File No. 171288, has verified that a City lease of 125 Bayshore Blvd would
7 be consistent with the City’s General Plan, and the eight priority policies under Planning Code,
8 Section 101.1 and categorically exempt from Environmental Review; and

9 WHEREAS, At HSH’s request, the Real Estate Division and the Landlord intend to
10 negotiate a Lease, substantially in the form on file with the Clerk of the Board in File No.
11 171288 (the “Lease”); and

12 WHEREAS, The proposed rent of \$21.29 per square foot industrial gross was
13 determined to be not greater than fair market rent by an analysis completed by Real Estate
14 staff, and that no appraisal was required by Administrative Code Chapter 23; therefore, now
15 be it

16 RESOLVED, That the Board of Supervisors hereby finds that the lease of 125
17 Bayshore Blvd is consistent with the City’s General Plan and Eight Priority Policies of
18 Planning Code Section 101.1 and hereby incorporates such findings by reference as though
19 fully set forth in this Resolution; and, be it

20 FURTHER RESOLVED, That in accordance with the recommendation of the Director
21 of HSH and the Director of Property, the Board of Supervisors approves the Lease and
22 authorizes the Director of Property to take all actions necessary to enter into and perform the
23 City’s obligations under the Lease; and, be it

24 FURTHER RESOLVED, As set forth in the Lease, (i) the City will be granted immediate
25 entry to premises upon full execution of the lease to begin Tenant Improvements; (ii) the term

1 (rental payments due) is expected to commence approximately April 1, 2018, for an initial
2 term of six months plus five one-year renewal options; (iii) the base rent for the first year of the
3 Term shall be \$40,750 monthly (approximately \$21.29 per square foot annually) with 3%
4 annual increases starting on the first anniversary of the Commencement Date; (iv) the City
5 shall pay for property operating expenses of utilities, janitorial and security services; (v) City
6 shall pay all tenant improvement costs which costs are estimated to be approximately
7 \$3,800,000; and (vi) each renewal option shall be subject to Director of Property approval
8 and, be it

9 FURTHER RESOLVED, That the Lease shall indemnify and hold harmless the
10 Landlord from, and agreeing to defend the Landlord against, any and all claims, costs and
11 expenses, including without limitation, reasonable attorney's fees, incurred as a result of City's
12 use of the premises, any default by the City in the performance of any of its obligations under
13 the Master Lease, or any acts or omissions of City, its agents or its subtenants in, on or about
14 the premises or the property on which the premises are located; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
16 Property to enter into any amendments or modifications to the Lease (including without
17 limitation, the exhibits) that the Director of Property determines, in consultation with the City
18 Attorney, are in the best interest of the City, do not materially increase the obligations or
19 liabilities of the City, do not materially decrease the benefits to the City, or are necessary or
20 advisable to effectuate the purposes of this resolution, and are in compliance with all
21 applicable laws; and, be it

22 FURTHER RESOLVED, Said Lease and Sublease shall be subject to certification as to
23 funds by the Controller, pursuant to Charter, Section 3.105 and the City shall occupy the
24 Premises for the full term of the Lease unless funds for the City's rental payments are not
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1 appropriated in any subsequent fiscal year at which time City may terminate the Lease as set
2 forth in the Lease; and, be it

3 FURTHER RESOLVED, That within thirty (30) days of the execution of the Lease, the
4 Director of Property shall provide a copy to the Clerk of the Board for the Board's file.

5 Signatures on next Page

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\$3,922,250 Available
(3 months rent from April 1, 2018 to June 30
2018 plus the estimated TI cost of \$3,800,000)
Lease Cost: Project 10031196, Activity 0001,
Fund 10020, Authority 17129, Dept 203646,
Account 530110.
Tenant Improvement Cost: Project 10031196,
Activity 0001, Fund 10020, Authority 17129,
Dept 203646, Account 60700.

Controller
Subject to the enactment of the 2017/2018
Annual Appropriation Ordinance

RECOMMENDED:

Director
Department of Homelessness &
Supportive Housing

Director of Property
Real Estate Division