



DEPARTMENT OF  
HOMELESSNESS AND  
SUPPORTIVE HOUSING



June 19, 2017

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

**Re: Lease for 170 9<sup>th</sup> Street**

Dear Board Members:

Attached for your consideration is a Resolution authorizing the lease of approximately 25,125 square feet at 170 9th Street for the Department of Homelessness and Supportive Housing (HSH).

HSH's mission is to prevent homelessness and is to make homelessness rare, brief and one time in San Francisco through the provision of coordinated, compassionate, and high-quality services. The Department provides assistance and support to homeless youth, adults and families to help prevent and end homelessness for as many people as possible. Services including homelessness coordinated entry and assessment, prevention, diversion, street services, temporary shelter and housing.

HSH launched on August 15, 2016, brings together key homelessness programs and contracts from the Department of Public Health (DPH), the Human Services Agency (HSA), the Mayor's Office of Housing and Community Development (MOHCD), and the Department of Children Youth and Their Families (DCYF) into one consolidated department.

HSH has assembled employees from the above departments and added new positions for a total of 109 FTE city employees. In addition to the 109 FTE, HSH may also be providing office space to contract staff from SF HOT and Project Homeless Connect.

By Board of Supervisors Resolution 321-16, the Board authorized the purchase of 440 Turk Street, a 29,609 square foot property, for use by HSH. A purchase of 440 Turk was intended to solve the administrative space needs of HSH but would not have addressed the service needs of the Homeless.

After further analysis and to better meet the Controller's recommendations contained in their "Redesigning the Homeless Outreach Team (specifically in the areas of greater clarity in roles, adjustments to work environments and improved communications with clients), HSH desires to now use 440 Turk for client service needs and develop 440 Turk into a central public program resource center with adjunct clinical uses. We believe that this use is better suited for a City owned facility and 440 Turk would work well for a resource center, clinic and a services hub for people experiencing homelessness. 440 Turk will be the client-facing office for the Department.

To address the administrative space needs of the department, HSH is proposing a lease with the right to purchase, of a 25,125 square foot facility at 170 9<sup>th</sup> Street. This facility, if approved by the Board, would then house the 109 FTE staff in 4,484 square feet less space than previously approved for 440 Turk.

It is critical to note that leasing client-serving space is very challenging in San Francisco and thus the purchase of 440 Turk Street offers an excellent opportunity to create a permanent, client-facing space for HSH. 170 9<sup>th</sup> Street will provide the space needed for management and back-office functions.

The proposed lease is expected to commence upon April 1, 2018 and terminate 12 years later, subject to City rights to extend the lease for two (2) five-year option period at 95% of the then fair market rent.

The proposed Base Rent is \$104,687.50 monthly or \$1,256,250 annually (or approximately \$50.00 per square foot). The Base Rent increases annually by 3% and the City is responsible for direct payment or landlord reimbursement of all operating expenses, estimated to be \$30,693.92 monthly (approximately \$14.66 per square foot annually). A summary of lease terms is attached as Attachment #1.

Since the City would be making a substantial investment at 170 9<sup>th</sup> St, the Real Estate Division has secured a First Opportunity to Purchase the Property.

Pursuant to the requirements of Administrative Code Chapter 23, Fair Market Rent was appraised at \$50.00 per square foot by Clifford Advisory, John C Clifford, MAI on May 10, 2017.

We recommend approval of the proposed lease. If you have any questions regarding the programs to be located at the facility, please contact Gigi Whitley of our office at 252-3242. If you have any questions regarding the proposed lease, please contact Charlie Dunn of the Real Estate Division at 554-9861 or John Updike, Director, at 554-9860.

Respectfully

Jeff Kositsky  
Director

cc: John Updike, Director of Real Estate