

1 [Lease of Real Property - Hotel Le Nain at 730 Eddy Street]

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3 **Resolution authorizing the Master Lease of the Hotel Le Nain at 730 Eddy Street for**
4 **the Department of Public Health.**

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6 WHEREAS, The Department of Public Health has created a “Direct Access to
7 Housing” program, which is designed to secure affordable housing for extremely low-
8 income San Francisco residents by having the City or a nonprofit entity master lease
9 privately owned buildings and then sublease residential units in those buildings to
10 individuals (whether alone or as members of a household) who are medically frail and/or at-
11 risk of homelessness, and/or who have recently exited homeless shelters or residential
12 treatment programs, all of whom are capable of living independently with on-site support
13 services; and,

14 WHEREAS, The Hotel Le Nain, located at 730 Eddy Street, owned by Hotel Le Nain,
15 LLC, (“Landlord”), presents an opportunity to provide clean and stable housing for
16 approximately 115 such individuals who otherwise would be circulating through the City’s
17 emergency shelter and health systems; and,

18 WHEREAS, The City’s master leasing of the Hotel Le Nain and subleasing units in
19 the Hotel Le Nain to eligible tenants will ensure the proper maintenance and management
20 of the property to serve an at-risk population; and,

21 WHEREAS, Upon the master leasing of the Hotel Le Nain, City will contract with a
22 property management company to manage the day-to-day operations of the Hotel Le Nain;
23 and,

24 WHEREAS, In addition to the leasing of units to at-risk individuals, the Department
25 of Public Health will also provide a comprehensive array of on-site services including

1 mental health services, life skills development, crisis intervention, access to medical care,
2 and meals; and,

3 WHEREAS, In accordance with the recommendation of the Director of the
4 Department of Public Health, that the Director of Property, on behalf of the City and County
5 of San Francisco, as Tenant, be and they are hereby authorized to execute a master lease
6 (the "Master Lease") with Landlord for the Hotel Le Nain; and,

7 WHEREAS, The Master Lease shall commence on the first day of the first full month
8 after the date that City's Board of Supervisors approves the Master Lease. The term of the
9 Master Lease shall be ten (10) years with two additional 10-year option periods; and,

10 WHERE AS, It is understood that City shall occupy the Hotel Le Nain for the entire
11 lease term, as it may be extended at City's option, unless funds for rental payments are not
12 appropriated in any subsequent fiscal year, at which time City may terminate the Master
13 Lease with advance notice to Landlord; and,

14 WHEREAS, The base rent shall be \$54,744.44 subject to annual CPI adjustments;
15 now, therefore, be it

16 RESOLVED, That the Master Lease may include an appropriate clause (in a form
17 approved by the Director of Property and the City Attorney), indemnifying and holding
18 harmless the Landlord from and agreeing to defend the Landlord against any and all
19 claims, costs and expenses, including without limitation, reasonable attorney's fees,
20 incurred as a result of City's use of the premises, any default by the City in the performance
21 of any of its obligations under the Master Lease, or any acts or omissions of City, its agents
22 or its subtenants in, on or about the premises or the property on which the premises are
23 located, excluding those claims, costs and expenses incurred as a result of the act or
24 omission of Landlord or its agents; and, be it

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1 FURTHER RESOLVED, That the Director of Property be authorized to enter into any
2 additions, amendments or other modifications to the Master Lease agreement (including
3 without limitation, the exhibits) that the Director of Property determines, in consultation with
4 the Director of the Department of Public Health and the City Attorney, are in the best
5 interests of the City, do not materially increase the obligations or liabilities of the City, and
6 are necessary or advisable to complete the transaction contemplated in the Master Lease
7 and effectuate the purpose and intent of this resolution, such determination to be
8 conclusively evidenced by the execution and delivery by the Director of Property of any
9 amendments thereto; and be it

10 FURTHER RESOLVED, That any action taken by the Director of Property and other
11 relevant officers of the City with respect to the exercise of the Master Lease as set forth
12 herein is hereby ratified and affirmed; and be it

13 FURTHER RESOLVED, That said Master Lease shall be subject to certification of
14 funds by the Controller pursuant to Section 3.1105 of the Charter; and be

15 FURTHER RESOLVED, That the City Attorney shall approve the form of the Master
16 Lease and any related documents.

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1 RECOMMENDED:

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4 Mitchell H. Katz, M.D.
5 Director, Department of Public Health

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8 Amy L. Brown, Director of Property

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10 \$328,466.64 Available
11 Appropriation No. HCHSHHOUSGGF

12 _____

13 Controller

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