

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 10, 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 and Property Management Agreement – 3061 16th Street – Permanent Supportive Housing

Dear Honorable Board Members:

Attached for your consideration is an Ordinance authorizing the Director of Property and the Executive Director of the Department of Homelessness and Supportive Housing (“HSH”) to enter into a Lease and Property Management Agreement (“Agreement”) with Dolores Street Community Services (“DSCS”). The Agreement authorizes DSCS to lease, operate, and maintain the real property and residential improvements for the property located at 3061 16th Street (“Property”).

The Property consists of a 25-room hotel which was acquired by the City in fall 2021 to be converted into Permanent Supportive Housing for Transitional Aged Youth exiting homelessness by Resolution #480-21.

The Agreement is for an initial five-year term, with an option to extend for up to an additional five years and base rent of \$1.00 per year with no annual rent increases, commencing upon the first day of the month following the effective date of this Ordinance. Annual net property management and operating costs will be paid by the City in a total five-year amount not to exceed \$7,446,000.

The City, through HSH and the Real Estate Division, in consultation with the Office of the City Attorney, has negotiated the Agreement with DSCS. The below market rent payable under the Agreement will serve a public purpose by providing Permanent Supportive Housing for low-income households in need, in accordance with Section 23.33 of the Administrative Code.

The Ordinance waives Administrative Code Chapter 6, to the extent applicable to work performed by DSCS or its agents at the Property, provided the payment of prevailing wages and apprenticeship requirements as required by Section 23.61 of the Administrative Code will apply as set forth in the Agreement.

Along with the recommendation of the Director of Property, HSH recommends approval of the proposed resolution authorizing the Agreement. If you have questions regarding the property management and operations services, please contact Dylan Schneider of HSH at 628.652.7742 or dylan.schneider@sfgov.org; if you have questions regarding the lease, please contact me at 415.554.9871 or claudia.gorham@sfgov.org.

Respectfully,

Claudia J. Gorham
Deputy Managing Director