



January 13, 2023

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 Amendment – 33 Gough Street – Non-Congregate Cabin Program
(Shelter)**

Dear Honorable Board Members:

Attached for your consideration is a proposed Resolution authorizing the amendment of the existing lease ("Lease") between the City and County of San Francisco ("City"), on behalf of the Department of Homelessness and Supportive Housing ("HSH"), and 33 Gough, LLC ("Landlord"), providing real property of approximately 49,000 square feet and the adjacent parking lot at 33 Gough Street for continued use as a non-congregate cabin program.

The original three-year Lease was approved by the Board of Supervisors and commenced on March 14, 2020, to provide space for a low-barrier shelter program in the high-need Upper Market area (Resolution No. 95-20). HSH currently operates a non-congregate cabin program at the site that provides 70 units of non-congregate shelter. To allow HSH to continue operating this program, the Real Estate Division negotiated an amendment to the Lease that would extend the term by two years through March 2025 with a one-year option to extend. The amendment has an annual base rent of \$1,372,000, to be paid in two installments with no annual increases. I have determined the rental rate under the Lease Agreement to be at or below fair-market value.

Both the Executive Director of HSH and I recommend approval of the proposed Resolution authorizing the amendment to the Lease. 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