

1 [Real Property Lease Amendment - 33 Gough, LLC - 33 Gough Street - \$1,372,000 Annual
2 Base Rent]

3 **Resolution authorizing the Director of Property, on behalf of the Department of**
4 **Homelessness and Supportive Housing, to amend the lease with 33 Gough, LLC, as**
5 **landlord of the real property located at 33 Gough Street, for continued use as a non-**
6 **congregate cabin program; setting a base rent of \$1,372,000 per year; extending the**
7 **term for two years for a total term of March 14, 2020, through March 13, 2025, with a**
8 **one-year option to extend; and authorizing the Director of Property to execute**
9 **documents, make certain modifications, and take certain actions in furtherance of the**
10 **extended term under the lease and this Resolution, as defined herein.**
11

12 WHEREAS, The mission of the Department of Homelessness and Supportive Housing
13 ("HSH") is to prevent homelessness when possible and make homelessness rare, brief, and
14 one-time in the City and County of San Francisco ("City") through the provision of coordinated,
15 compassionate, and high-quality services; and

16 WHEREAS, With the enactment of Resolution No. 319-18 in October 2018, the Board
17 of Supervisors and Mayor London Breed declared a shelter crisis and affirmed San
18 Francisco's commitment to a continuum of shelter and service options for people experiencing
19 homelessness; and

20 WHEREAS, As of the 2022 Point-in-Time Count, there were approximately 7,750
21 people experiencing homelessness in San Francisco on any given night, 56% of whom were
22 unsheltered; and

23 WHEREAS, The City is committed expanding and diversifying shelter services for
24 people living unsheltered in our community; and
25

1 WHEREAS, On March 3, 2020, the Board of Supervisors adopted Resolution No. 95-
2 20 approving and authorizing the Director of Property, on behalf of HSH, to enter into a three-
3 year lease ("Lease") with 33 Gough, LLC ("Landlord") for the real property of approximately
4 49,000 square feet and adjacent parking areas located at 33 Gough Street ("Property") to
5 operate a low-barrier shelter program, and a copy of the lease is on file with the Clerk of the
6 Board of Supervisors in File No. 200044; and

7 WHEREAS, In spring 2020, the City opened a Safe Sleep Village at the Property as
8 part of the initial response to the COVID-19 pandemic; and

9 WHEREAS, In spring 2022, HSH opened the City's first non-congregate cabin program
10 that serves up to 100 adults experiencing homelessness in 70 private, stand-alone shelter
11 units located on the parking area; and

12 WHEREAS, Urban Alchemy, the operator of the non-congregate cabin program, and
13 HSH use the building as office space and storage; and

14 WHEREAS, The Real Estate Division, through HSH, in consultation with the City
15 Attorney, negotiated with the Landlord a two-year lease extension from March 14, 2023, to
16 March 13, 2025, with an additional one-year option to extend ("Lease Amendment"), a copy of
17 which is on file with the Clerk of the Board of Supervisors in File No. 230067; and

18 WHEREAS, Under the Lease Amendment, annual base rent payable by the City each
19 year of the two-year term will be \$1,372,000, payable in two installments with no annual
20 increases; and

21 WHEREAS, The Director of Property determines the rental rate under the Lease
22 Amendment to be at or below fair market rental value; and

23 WHEREAS, Pursuant to Chapter 23 of the Administrative Code, since the base rent
24 charged is less than \$45 per square foot per year, an independent fair market rental appraisal
25 is not required in conjunction with the approval of this Lease Amendment; and

1 WHEREAS, The Lease Amendment, upon approval of this Resolution by the Board of
2 Supervisors, will be on the same terms and conditions as the Lease; now, therefore, be it

3 RESOLVED, That the Board of Supervisors authorizes the Director of Property, in
4 consultation with the City Attorney and the Executive Director of HSH, to take all actions on
5 behalf of the City necessary or advisable to execute the Lease Amendment and effectuate the
6 purposes of the Lease Amendment or this Resolution, as long as said action is the best
7 interest of the City, does not increase the rent or otherwise materially increase the obligations
8 or liabilities of the City, and are in compliance with all applicable laws, including City's Charter;
9 and, be it

10 FURTHER RESOLVED, That all actions heretofore taken by any City employee or
11 official with respect to the exercise of this Lease Amendment is hereby ratified and affirmed;
12 and, be it

13 FURTHER RESOLVED, That within thirty (30) days of the Lease Amendment being
14 fully executed by all parties, HSH shall provide the final Lease Amendment to the Clerk of the
15 Board for inclusion in File 230067; this requirement and obligation resides with HSH, and is
16 for the purposes of having a complete file only, and in no manner affects the validity of the
17 approved agreement.

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