

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Alondra Esquivel-Garcia, Director, Youth Commission

FROM: Brent Jalipa, Assistant Clerk  
Budget and Finance Committee

DATE: September 27, 2024

SUBJECT: PROPOSED RESOLUTION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following proposed Ordinance, introduced by Mayor London Breed on September 3, 2024. This item is being referred to the Youth Commission for comment and recommendation.

### **File No. 240847**

**Resolution 1) approving and authorizing the Director of Property and the Executive Director of the Department of Homelessness and Supportive Housing ("HSH") to enter into a Ground Lease with Abode Property Management for the real property owned by the City, located at 1174-1178 Folsom Street and 663 Clementina Street (collectively, the "Property"), for an initial lease term of five years with ten automatic extensions of the lease term for an additional period of five years each and a total rent not to exceed \$1 in order to operate the Property as permanent supportive housing; 2) determining in accordance with Administrative Code, Section 23.33, that the below market rent payable under the Ground Lease will serve a public purpose by providing permanent supportive housing for formerly homeless and low-income households; 3) adopting findings declaring that the Property is "exempt surplus land" under the California Surplus Land Act; 4) affirming the Planning Department's determination under the California Environmental Quality Act, and adopting the Planning Department's findings of consistency with the General Plan, and the eight priority policies of the Planning Code, Section 101.1; and 5) authorizing the Director of Property and/or the HSH Executive Director to execute and make certain modifications to the Ground Lease, as defined herein, and take certain actions in furtherance of this Resolution, as defined herein.**

Please return this cover sheet with the Commission's response by email to:  
Brent.Jalipa@sfgov.org.

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**RESPONSE FROM YOUTH COMMISSION**      **Date:** \_\_\_\_\_

\_\_\_\_\_ **No Comment**

\_\_\_\_\_ **Recommendation Attached**

\_\_\_\_\_  
**Chairperson, Youth Commission**

1 [Ground Lease - Abode Property Management - 1174-1178 Folsom Street and 663  
2 Clementina Street - 100% Permanent Supportive Housing - Rent Not to Exceed \$1]

3 **Resolution 1) approving and authorizing the Director of Property and the Executive**  
4 **Director of the Department of Homelessness and Supportive Housing (“HSH”) to enter**  
5 **into a Ground Lease with Abode Property Management for the real property owned by**  
6 **the City, located at 1174-1178 Folsom Street and 663 Clementina Street (collectively,**  
7 **the “Property”), for an initial lease term of five years with ten automatic extensions of**  
8 **the lease term for an additional period of five years each and a total rent not to exceed**  
9 **\$1 in order to operate the Property as permanent supportive housing; 2) determining in**  
10 **accordance with Administrative Code, Section 23.33, that the below market rent**  
11 **payable under the Ground Lease will serve a public purpose by providing permanent**  
12 **supportive housing for formerly homeless and low-income households; 3) adopting**  
13 **findings declaring that the Property is "exempt surplus land" under the California**  
14 **Surplus Land Act; 4) affirming the Planning Department's determination under the**  
15 **California Environmental Quality Act, and adopting the Planning Department's findings**  
16 **of consistency with the General Plan, and the eight priority policies of the Planning**  
17 **Code, Section 101.1; and 5) authorizing the Director of Property and/or the HSH**  
18 **Executive Director to execute and make certain modifications to the Ground Lease, as**  
19 **defined herein, and take certain actions in furtherance of this Resolution, as defined**  
20 **herein.**

21  
22 WHEREAS, The Department of Homelessness and Supportive Housing’s (“HSH”) mission is to prevent homelessness when possible and to make homelessness a rare, brief  
23 and one-time experience in San Francisco through the provision of coordinated,  
24 compassionate, and high-quality services; and  
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1           WHEREAS, With the adoption of Resolution No. 319-18 in October 2018, the Board of  
2 Supervisors and Mayor London N. Breed declared a shelter crisis and affirmed San  
3 Francisco’s commitment to combatting homelessness and creating or augmenting a  
4 continuum of shelter and service options for those experiencing homelessness; and

5           WHEREAS, Permanent supportive housing (“PSH”) is the most effective, evidence-  
6 based solution to ending chronic homelessness and also prevents new incidents of  
7 homelessness among highly vulnerable people with long experiences of homelessness;  
8 and

9           WHEREAS, According to the 2024 Point-in-Time Count, there were 8,323 people  
10 experiencing homelessness in San Francisco, 13% of whom were young adults; and

11           WHEREAS, In April 2023, HSH released the five-year strategic plan “Home by the Bay:  
12 An Equity-Driven Plan to Prevent and End Homelessness in San Francisco” which calls for  
13 the City and County of San Francisco to add 3,025 new units of permanent housing; and

14           WHEREAS, On July 20, 2023, the Board of Supervisors adopted Resolution No.  
15 358-23, approving and authorizing the acquisition of the real property and improvements  
16 located at 1174-1178 Folsom Street and 663 Clementina Street, Assessor’s Parcel Block  
17 No. 3730, Lot Nos. 408 through 410 (collectively, the “Property”); and

18           WHEREAS, Pursuant to Resolution No. 358-23, the City acquired the Property on  
19 November 30, 2023; and

20           WHEREAS, The Property affords the City an excellent opportunity to provide PSH for  
21 approximately 42 young adults exiting homelessness; and

22           WHEREAS, The Property includes the real property consisting of approximately 8,004  
23 square feet of land, a 42-unit studio apartment building, office space, commercial space,  
24 storage space, community spaces, and laundry room, as well as certain improvements,  
25 appurtenances, personal property, and intangible property; and

1           WHEREAS, In November 2023, HSH issued Request for Qualifications #142 Property  
2 Management and Supportive Services at a city-owned building in the South of Market (“RFQ  
3 #142); and

4           WHEREAS, In February 2024, HSH selected Abode Property Management, a  
5 California nonprofit public benefit corporation (“Tenant”), pursuant to the San Francisco  
6 Administrative Code 21.6, which authorizes the City to purchase services directly when there  
7 is a lack of responsive offers as there were no submissions received for RFQ #142; and

8           WHEREAS, HSH desires to enter into a Ground Lease (“Ground Lease”) with Tenant  
9 to operate the Property as PSH for young adults for an initial five-year term, with ten  
10 automatic extensions of the term for an additional period of five years each and a total rent not  
11 to exceed \$1, a copy of such Lease is on file with the Clerk of the Board of Supervisors in File  
12 No. \_\_\_\_\_, and is incorporated herein by reference; and

13           WHEREAS, The Ground Lease requires Tenant to be responsible for the ongoing  
14 management, maintenance, and operation of the Property as PSH in accordance with HSH  
15 policies and as residential housing for any other existing residents in accordance with all  
16 applicable laws; and

17           WHEREAS, The Property and future maintenance and repair work by Tenant does not  
18 constitute a public work or improvement, and accordingly contracts entered into by or on  
19 behalf of Tenant in connection with the Property are not subject to the requirements of  
20 Administrative Code, Chapter 6, but the Ground Lease requires Tenant to comply with  
21 Administrative Code, Chapter 23, Article VII, including compliance with prevailing wage and  
22 apprenticeship and local hiring requirements; and

23           WHEREAS, The Ground Lease requires Tenant to maintain a good relationship with  
24 the neighborhood surrounding the Property in accordance with HSH’s Good Neighbor Policy,  
25 including but not limited to: collaborating with neighbors and relevant City agencies to ensure

1 that neighborhood concerns about the Property are heard and addressed, respond to  
2 neighbors within three business days, if reasonable, and ensure that a Tenant representative  
3 attends all appropriate neighborhood meetings; and

4 WHEREAS, The proposed rent of the Ground Lease is less than fair market value, but  
5 the lower rent will serve a public purpose by providing PSH for formerly homeless and low-  
6 income households; and

7 WHEREAS, The Planning Department, by letter dated May 8, 2023, and by letter dated  
8 August 21, 2024, (collectively, the "Planning Letter"), which are on file with the Clerk of the  
9 Board of Supervisors in File No. \_\_\_\_\_ and incorporated herein by reference, found that the  
10 actions contemplated in the Resolution do not constitute a project under the California  
11 Environmental Quality Act (California Public Resources Code, Sections 21000 et seq.)  
12 ("CEQA") under CEQA Guidelines, Sections 15378 and 15060(c)(2) ("CEQA Determination")  
13 and are consistent with the General Plan, and the eight priority policies under Planning Code,  
14 Section 101.1 ("General Plan Findings"); now, therefore, be it

15 RESOLVED, That in accordance with the recommendation of the HSH Executive  
16 Director and the Director of Property, the Board of Supervisors approves the Ground Lease in  
17 substantially the form presented to the Board and hereby authorizes the Director of Property  
18 and the HSH Executive Director, or their designee(s), take all actions on behalf of the City to  
19 enter into, execute, and perform its obligations under the Ground Lease and any such other  
20 documents or agreements (including, without limitation, the exhibits to the Ground Lease) that  
21 are necessary or advisable, in consultation with the City Attorney, to complete the transaction  
22 contemplated by the Ground Lease and to effectuate the purpose and intent of this  
23 Resolution; and, be it

24 FURTHER RESOLVED, The Board of Supervisors affirms the Planning Department's  
25 CEQA Determination and General Plan Findings, for the same reasons as set forth in the

1 Planning Letter, and hereby incorporates such findings by reference as though fully set forth  
2 in this Resolution; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors confirms that the below fair  
4 market rent of the Ground Lease furthers a proper public purpose in accordance with  
5 Administrative Code, Section 23.33 by providing PSH for formerly homeless and low-income  
6 households; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors finds that the Property is  
8 "exempt surplus land," as defined by California Government Code, Section 54221(f)(1)(F)(i),  
9 because the Property will be 100% permanent supportive housing; and, be it

10 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
11 Property and the HSH Executive Director, or their designee(s), in consultation with the City  
12 Attorney, to enter into any additions, amendments, or other modifications to the Ground  
13 Lease, and any other documents or instruments necessary in connection therewith, that the  
14 HSH Executive Director and/or the Director of Property determine are in the best interests of  
15 the City, do not materially decrease the benefits to the City with respect to the Property, do  
16 not materially increase the obligations or liabilities of the City, and are necessary or advisable  
17 to complete the transaction contemplated in the Ground Lease and that effectuate the  
18 purposes of the Ground Lease or this Resolution, such determination to be conclusively  
19 evidenced by the execution and delivery by the Director of Property and/or HSH Executive  
20 Director of such additions, amendments, or other modifications; and, be it

21 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and  
22 heretofore taken are hereby ratified, approved, and confirmed by this Board of Supervisors;  
23 and, be it

1           FURTHER RESOLVED, That within thirty (30) days of the Ground Lease being fully  
2 executed by all parties, HSH shall submit to the Clerk of the Board of Supervisors a fully  
3 executed copy for inclusion in the official file.

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1 RECOMMENDED:

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3 /s/  
4 Andrico Q. Penick  
5 Director of Property  
6 Real Estate Division

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8 /s/  
9 Shireen McSpadden  
10 Executive Director  
11 Department of Homelessness and Supportive Housing

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