

1 [Real Property Lease Amendment - PROXYdevelopment, LLC- Revised Monthly Base Rent
2 to \$7,200]

3 **Resolution approving the execution of a lease amendment for a portion of property**
4 **commonly known as Block No. 0817, Lot No. 30 (Parcel K), by and between the City and**
5 **County of San Francisco and PROXYdevelopment, LLC, for an extended term through**
6 **January 31, 2021, and a revised monthly base rent of \$7,200 effective June 1, 2015.**

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8 WHEREAS, The State of California transferred certain real property located at the
9 southeast corner of Octavia Boulevard and Hayes Street and commonly known as a portion of
10 Assessor's Block No. 0817, Lot 30 (Parcel K) to the City and County of San Francisco (City)
11 as part of the demolition of the former Central Freeway and on the condition that City use the
12 proceeds from any disposition of Parcel K in connection with City's Octavia Boulevard project
13 and for transportation and related purposes set forth in Section 72.1(f)(1) of the California
14 Streets and Highways Code; and

15 WHEREAS, City sold Parcel K to the Redevelopment Agency of the City and County of
16 San Francisco (Agency), for the future development of affordable housing on the Property;
17 and

18 WHEREAS, Following Agency's purchase of the Property, City leased Parcel K from
19 the Agency under a Ground Lease dated as of January 30, 2004, as amended by a First
20 Amendment to Ground Lease dated as of March 16, 2010, and a Second Amendment to
21 Ground Lease dated as of April 19, 2011 (Ground Lease), copies of which are on file with the
22 Clerk of the Board of Supervisors in File No. 110917; and

23 WHEREAS, Pursuant to California State Assembly Bill 1X26 (Chapter 5, Statutes of
24 2011-2012, First Extraordinary Session) (AB26), the Agency was dissolved as of February 1,
25 2012; and

1 WHEREAS, Pursuant to AB 26, as amended by California State Assembly Bill 1484,
2 signed by the California State Governor on June 27, 2012, and pursuant to Resolution No. 11-
3 12, adopted by the City's Board of Supervisors and City's Mayor as of January 26, 2012, City
4 now owns, and the Mayor's Office of Housing (MOH) has jurisdiction over, the Property; and

5 WHEREAS, Although the Agency Lease terminated by operation of law when City
6 acquired ownership of the Property on February 1, 2012, the Sublease remains in effect; and

7 WHEREAS, The Board of Supervisors authorized the Director of Property to execute a
8 three year sublease for Parcel K (Original Sublease) with PROXYdevelopment, LLC
9 (Subtenant) for an initial monthly base rent of \$5,000, adjusted annually, and a share of bonus
10 rent under Resolution No. 386-10, adopted by the Board of Supervisors on August 3, 2010
11 and approved by the City's Mayor on August 12, 2010, a copy of which is on file with the Clerk
12 of the Board of Supervisors in File No. 100670; and

13 WHEREAS, The Board of Supervisors authorized the Director of Property to execute
14 an amendment to the Original Sublease extending the term to five years for Parcel K under
15 Resolution No. 383-11 (Amended Sublease) with PROXYdevelopment, LLC (Subtenant),
16 adopted by the Board of Supervisors on September 20, 2011, and approved by the City's
17 Mayor on September 26, 2011, a copy of which is on file with the Clerk of the Board of
18 Supervisors in File No. 110917; and

19 WHEREAS, Subtenant and City wish to extend the term of the Amended Sublease
20 through January 31, 2021 under an amendment to sublease substantially in the form on file
21 with the Clerk of the Board of Supervisors in File No. _____ (Second Sublease
22 Amendment); and

23 WHEREAS, The terms and conditions of the Second Sublease Amendment shall
24 include an increase in rental revenue to the City to a base rent of \$7,200 per month effective
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1 approximately June 1, 2015, increasing annually thereafter pursuant to said Second Sublease
2 Amendment; and

3 WHEREAS, The Director of Planning, by letter dated May 14, 2010, a copy of which is
4 on file with the Clerk of the Board of Supervisors in File No.110917, found that the proposed
5 Sublease Amendment is categorically exempt from environmental review and in conformance
6 with the City's General Plan; now, therefore, be it

7 RESOLVED, That in accordance with the recommendation of the Director of Office of
8 Economic and Workforce Development and the Director of Property, the Director of Property
9 is hereby authorized to execute the Second Sublease Amendment; and, be it

10 FURTHER RESOLVED, That all actions heretofore taken by any City employee or
11 official with respect to the Second Sublease Amendment are hereby approved, confirmed and
12 ratified; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
14 Property to enter into any amendments or modifications to the Second Sublease Amendment
15 that the Director of Property determines, in consultation with the City Attorney, are in the best
16 interest of the City, do not materially reduce the rent or otherwise materially increase the
17 obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of
18 the Second Sublease Amendment and are in compliance with all applicable laws, including
19 City's Charter.

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21 RECOMMENDED:

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Todd Rufo
Director, Office of Economic
and Workforce Development

John Updike
Director of Property