

February 12, 2019

Honorable Board of Supervisors
City and County of San Francisco
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: 101 Hyde Street – Multi-Year Commercial Lease – La Cocina, Inc.

Dear Board members:

Attached for your consideration is a resolution authorizing the execution of a lease of City-owned property located at 101 Hyde Street (the “Property”) to La Cocina, Inc. (“La Cocina” or tenant). If approved, the lease would begin upon approval by the Board of Supervisors and Mayor and will last until it expires on December 31, 2025. La Cocina currently controls the property under a year-to-year lease and this proposed agreement would replace that.

The City, through its Mayor’s Office of Housing and Community Development (“MOHCD”), acquired the Property in August of 2016 for the purpose of future development into 100% affordable housing. As development of the Property is not expected for several years, this lease serves to provide community serving, interim activation during this pre-development period. Interim activation was always contemplated as part of the City’s acquisition.

In the fall of 2016, La Cocina was selected through a formal request for proposal process, which was led by the City’s Office of Economic and Workforce Development and supported by the Real Estate Division and the MOHCD. Upon awarding La Cocina the right to negotiate with the City, the Real Estate Division negotiated the proposed lease that is subject to this resolution.

Under the proposed lease La Cocina will build, manage, and operate the “Municipal Marketplace”, a 7,500 square foot food hall and business incubator space for low-income, local food-service entrepreneurs. The Municipal Marketplace will include a shared, up-to-date commercial kitchen and indoor community space. The space will include below market rate kiosks for seven (7) full-time vendors and one (1) for rotating pop-ups, a full service bar which will be separate from the main space, and a large central area for seating and for community gatherings.

The goals of the proposed Municipal Marketplace are; 1) To address the lack of equitable access to brick and mortar business ownership for low-income entrepreneurs in the Bay Area, 2) To increase the number of safe, healthy and affordable eating options for Tenderloin residents and workers and a vibrant and welcoming community gathering space, and 3) To create and refine a successful economic model for business incubator space that can be replicated in ground floor retail space in future affordable housing developments.

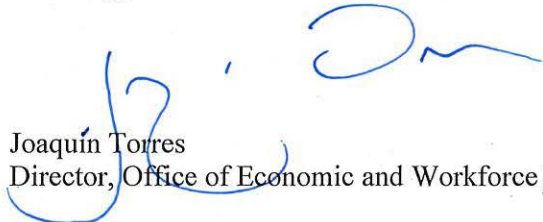
As part of this lease, the City is contributing \$525,000 plus an additional \$940,000 of funding from a gift to be received from the San Francisco Foundation. This \$1.465 million contribution will be used to offset a portion of the costs needed to improve the Property for La Cocina’s use. The City will collect \$1,000 a month in rent once



the Property is operational and the City will be reimbursed for any expenses it incurs such that the lease will be at no additional cost to the City beyond the above stated contribution.

If you have any programmatic questions, please contact Jorge Rivas at 415-554-7613.

Sincerely,


Joaquín Torres
Director, Office of Economic and Workforce Development

