1	[Lease of Property – Empress Hotel]
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3	Resolution authorizing and approving the lease by and between the City and County of
4	San Francisco, for the Department of Public Health, as Tenant, and Empress, LLC, as
5	Landlord, for the Empress Hotel located at 144 Eddy Street, San Francisco, CA 94102.
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7	WHEREAS, The Department of Public Health has created a "Direct Access to Housing"
8	program, which is designed to secure supportive housing for chronically homeless San
9	Francisco residents by having the City master lease privately owned buildings and then
10	sublease residential units in those buildings to individuals who are chronically homeless. The
11	target population for Direct Access to Housing includes people who have been chronically
12	homeless and are struggling with complex medical and behavioral health conditions including
13	people who have been living on the street and/or revolving through the City's high cost
14	institutional settings; and,
15	WHEREAS, The Empress Hotel located at 144 Eddy Street, owned by Empress, LLC
16	("Landlord") presents an opportunity to provide clean and stable housing for approximately 90
17	individuals who have a history of homelessness and may have a disability related to mental
18	health, HIV/AIDS, and/or substance abuse; and,
19	WHEREAS, Upon master leasing of the Empress Hotel, the City will contract with a
20	property management company to manage the day-to-day operations; and, in addition, the
21	Department of Public Health will directly provide on-site medical services and contract with a
22	service provider to deliver on-site support services including mental health and substance
23	abuse counseling, case management and peer advocacy; now therefore, be it
24	RESOLVED, That in accordance with the recommendation of the Director of the
25	Department of Public Health and the Director of Property, that the Director of Property on

1	behalf of the City and County of San Francisco, as Tenant, be and is hereby authorized to
2	execute a Master Lease with Landlord for the entire premises located at 144 Eddy Street, Sar
3	Francisco, California, comprising an area of approximately 41,490 square feet. Landlord
4	shall deliver the residential units in habitable condition to City, on the terms and conditions
5	contained herein and in a form approved by the City Attorney; and, be it

FURTHER RESOLVED, That the term of this Lease shall begin upon execution and delivery of the Lease estimated to be on July 1, 2004 to continue for a ten (10) year period starting after the commencement of the Lease and the City shall have the right to extend the Initial Term for two additional ten (10) year terms subject to the terms and conditions further described in the lease; and, be it

FURTHER RESOLVED, That the base rent under the Lease shall be \$500 per residential unit per month, or a total of \$45,000 per month for the residential units, plus the rent of \$2,000 per month for the administrative space. The total rent for the premises being \$47,000 for the first twelve months ((Base Rent- \$45,000 for the residential portion, plus \$2000 per month for the remainder of the premises) and, with annual rent increases based on the Consumer Price Index (CPI) for the San Francisco area and to be not less than two percent (2%), nor more than four percent (4%). Rent shall be payable unless funds for rental payments are not appropriated in any subsequent City fiscal year, at which time the City may terminate the Lease with advance notice to the Landlord; and, be it

FURTHER RESOLVED, That the Master Lease may include a clause (Substantially in the form on file with the Clerk of the Board of Supervisors in File No._____ and approved by the Director of Property and the City Attorney) indemnifying and holding harmless the Landlord from, and agreeing to defend the Landlord against, any and all claims, costs and expenses, including without limitation, reasonable attorney's fees, incurred as a result of City's use of the premises, any default by the City in the performance of any of its

1	obligations under the Master Lease, or any acts or omissions of City, its agents or its
2	subtenants in, on or about the premises or the property on which the premises are located;
3	and, be it
4	FURTHER RESOLVED, That the Director of Property be authorized to enter into any
5	additions, amendments or other modifications to the Master Lease (including, without
6	limitation, the exhibits) that the Director of Property determines, in consultation with the
7	Department of Public Health and the City Attorney, are in the best interests of the City, do not
8	materially increase the obligations or liabilities of the City, and are necessary or advisable to
9	complete the transaction contemplated in the Lease and effectuate the purpose and intent of
10	this resolution, such determination to be conclusively evidenced by the execution and delivery
11	by the Director of Property any amendments thereto; and be it
12	FURTHER RESOLVED, That any action taken by the Director of Property and other
13	relevant officers of the City with respect to the Master Lease are hereby approved, confirmed
14	and ratified.
15	Said Master Lease shall be subject to certification of funds by the Controller pursuant
16	to Section 3.105 of the Charter.
17	RECOMMENDED:
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19	MS L. HILL IZ. C. M.D.
20	Mitchell H. Katz, M.D. Department of Public Health
21	Otava I a malita
22	Steve Legnitto Director of Property
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24	Available:
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1	Controller:
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