

1 [Lease of City Property - La Cocina, Inc. - 101 Hyde Street - Annual Base Rent \$12,000]

2  
3 **Resolution authorizing the Director of Property to execute a commercial lease between**  
4 **the City and County of San Francisco and La Cocina, Inc., for the lease of City-owned**  
5 **property located at 101 Hyde Street for a term to commence upon full execution of the**  
6 **lease through December 31, 2025, for an annual base rent of \$12,000 plus percentage**  
7 **rent of net income and a \$1,465,000 allowance for tenant improvements; adopting**  
8 **California Environmental Quality Act findings; and making findings that the proposed**  
9 **transaction is in conformance with the General Plan, and the eight priority policies of**  
10 **Planning Code, Section 101.1.**

11  
12 WHEREAS, The City, on behalf of the Mayor’s Office of Housing and Community  
13 Development (“MOHCD”), acquired Assessor’s Parcel Block No. 0346, Lot No. 003A, located  
14 at 101 Hyde Street in the City and County of San Francisco (the “Property”) on August 5,  
15 2016, (the “Acquisition Date”), for future redevelopment as permanent affordable housing (the  
16 “Housing Redevelopment”); and

17 WHEREAS, MOHCD and the City’s Office of Economic and Workforce Development  
18 (“OEWD”), through the City’s Real Estate Division (“RED”), issued a request for proposals on  
19 October 28, 2016, (“RFP”) soliciting competitive bids from 501c3 non-profit public benefit  
20 corporations, to award the right to negotiate a lease of the approximately 7,500 square foot  
21 currently-vacant building (“Premises”) located on the Property for the specified purpose of  
22 building, managing and operating an active, community-serving use at the Premises, until  
23 such time period as the Housing Redevelopment occurs; and

1           WHEREAS, The proposal submitted by La Cocina, Inc. (“Tenant”) was determined by  
2 representatives from MOHCD, OEWD and RED to be the proposal that best met the goals  
3 and objectives of the RFP; and

4           WHEREAS, Tenant currently leases the Property on a year to year basis under a lease  
5 dated as of June 1, 2018, (“2018 Lease”), a copy of which is on file with the Clerk of the Board  
6 of Supervisors in File No. 190166, at an annual rent of \$12,000 plus the percentage rent  
7 described in the 2018 Lease, and the 2018 Lease allows Tenant to build, manage and,  
8 operate restaurant, bar, and/or a market hall within the Premises (“Permitted Uses”); and

9           WHEREAS, RED, in consultation with MOHCD, OEWD and the Office of the City  
10 Attorney, negotiated a new lease between City and Tenant dated March 1, 2019, (“Proposed  
11 Lease”), a copy of which is on file with the Clerk of the Board of Supervisors in File No.  
12 190166, that will allow Tenant to use the Premises for the Permitted Uses for a term that  
13 begins once the Proposed Lease is fully executed (“Effective Date”) and expires on December  
14 31, 2025, at an annual rent of \$12,000 plus the percentage rent described in the Proposed  
15 Lease and a \$1,465,000 allowance (“Allowance”) for the tenant improvements needed at the  
16 Premises to facilitate the Permitted Uses (“Tenant Improvements”), all of which the Director of  
17 Property has determined to be equal to the Market Rent (as defined in San Francisco  
18 Administrative Code Section 23.2) of the Proposed Lease; and

19           WHEREAS, If the Proposed Lease is fully executed, the 2018 Lease will terminate as  
20 of the Effective Date; and

21           WHEREAS, The Proposed Lease requires Tenant to reimburse the City for its costs in  
22 providing minimum utilities and fire and alarm system maintenance for the Premises and to  
23 obtain, at Tenant’s sole cost, any additional utilities and maintenance it desires for the  
24 Premises; and

25

1           WHEREAS, On February 1, 2019, MOHCD requested \$1,000,000 from the San  
2 Francisco Foundation (the "Gift") to offset the interim Property ownership costs incurred by the  
3 City since the Acquisition Date and to fund interim activation of the Property (collectively, the  
4 "Interim Uses"), which include any City payments for the Tenant Improvements; and

5           WHEREAS, On February 12, 2019, MOHCD submitted a Resolution to the Board of  
6 Supervisors for authorization to accept the Gift and to expend it for the Interim Uses, a copy of  
7 which is on file with the Clerk of the Board of Supervisors in File No. 190167 (the "Gift  
8 Resolution"); and

9           WHEREAS, If the Gift Resolution becomes effective, MOHCD intends to use up to  
10 \$940,000 of the Gift, plus \$525,000 in other City funds, to pay the Allowance; and

11           WHEREAS, The Planning Department, through General Plan Referral letter dated  
12 August 30, 2017, ("Planning Letter"), which is on file with the Clerk of the Board of  
13 Supervisors under File No. 190166 and incorporated herein by reference, has verified that the  
14 Proposed Lease is consistent with the General Plan, and the eight priority policies under  
15 Planning Code, Section 101.1, and categorically exempt from review under the California  
16 Environmental Quality Act (California Public Resources Code Sections 21000 et seq.)  
17 ("CEQA") under CEQA Guidelines, Section 15303; and

18           RESOLVED, That the Board of Supervisors finds the Proposed Lease is consistent  
19 with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and  
20 adopts the Planning Department's CEQA findings and hereby incorporates such findings by  
21 reference as though fully set forth in this Resolution; and, be it

22           FURTHER RESOLVED, That in accordance with the recommendation of the Director  
23 of MOHCD and the Director of OEWD, if the Gift Resolution becomes effective, the Director of  
24 Property is hereby authorized to take all actions, on behalf of the City, to execute the  
25 Proposed Lease on the terms and conditions herein; and, be it

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

FURTHER RESOLVED, That if the Gift Resolution becomes effective, the Board of Supervisors authorizes the Director of Property to enter into any amendments or modifications to the Proposed Lease (including in each instance, without limitation, the attachment of exhibits) that the Director of Property, in consultation with the City Attorney, determine are in the best interests of the City, do not otherwise materially increase the obligations or liabilities of, or materially decrease the benefits to, the City beyond those contemplated in this Resolution, and are in compliance with all applicable laws, including the City’s Charter; and, be it

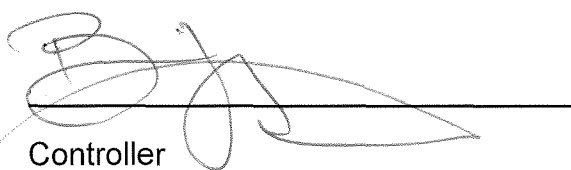
FURTHER RESOLVED, That within thirty (30) days of the Proposed Lease being fully executed by all parties, RED shall provide a copy to the Clerk of the Board for inclusion into the official file.

FY 18/19 Funds Available: \$525,000

Fund ID: 10010  
Department ID: 232065  
Project ID: 10023915 *Account ID: 0001*  
Authority ID: 17198  
Account ID: 538010

Fund ID: 10010  
Department ID: 232065  
Project ID: ~~1002531~~ *10022531*  
Authority ID: 16652 *Account ID: 0128*  
Account ID: 538010

Fund ID: 10010  
Department ID: 232065  
Project ID: 10023885 *Account ID: 0005*  
Authority ID: 17165  
Account ID: 538010

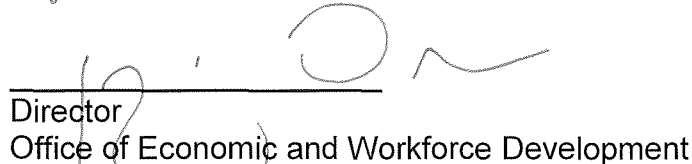


Controller

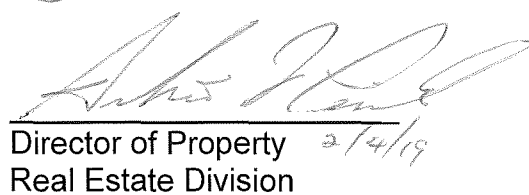
RECOMMENDED:



Director  
Mayor's Office of Housing and Community Development



Director  
Office of Economic and Workforce Development



Director of Property *2/24/19*  
Real Estate Division



**City and County of San Francisco**  
**Tails**  
**Resolution**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 190166

**Date Passed:** March 19, 2019

Resolution authorizing the Director of Property to execute a commercial lease between the City and County of San Francisco and La Cocina, Inc., for the lease of City-owned property located at 101 Hyde Street for a term to commence upon full execution of the lease through December 31, 2025, for an annual base rent of \$12,000 plus percentage rent of net income and a \$1,465,000 allowance for tenant improvements; adopting California Environmental Quality Act findings; and making findings that the proposed transaction is in conformance with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

February 27, 2019 Budget and Finance Committee - CONTINUED

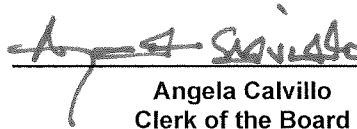
March 13, 2019 Budget and Finance Sub-Committee - RECOMMENDED

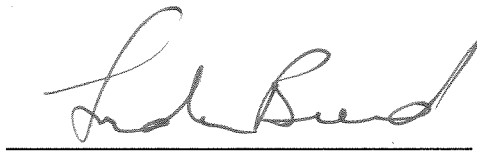
March 19, 2019 Board of Supervisors - ADOPTED

Ayes: 11 - Brown, Fewer, Haney, Mandelman, Mar, Peskin, Ronen, Safai, Stefani, Walton and Yee

File No. 190166

I hereby certify that the foregoing  
Resolution was ADOPTED on 3/19/2019 by  
the Board of Supervisors of the City and  
County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

  
London N. Breed  
Mayor

  
Date Approved