

1 [Real Property Master Lease - JELANI INC. - 1601 Quesada Avenue - \$217,200 Initial Year]

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3 **Resolution approving a master lease of a building consisting of approximately**
4 **10,225 square feet located at 1601 Quesada Avenue, with JELANI INC., a**
5 **California non-profit public benefit corporation as landlord, for an initial ten-**
6 **year term, to commence following Board approval no later than September 30,**
7 **2019, at a base rent of \$18,100 per month (\$217,200 per year), plus two**
8 **additional terms of ten years each, increased annually by 1%, for use by the**
9 **Department of Homelessness and Supportive Housing for the purpose of**
10 **creating transitional housing to serve pregnant women experiencing**
11 **homelessness in San Francisco; finding the proposed transaction is in**
12 **conformance with the General Plan, and the eight priority policies of Planning**
13 **Code, Section 101.1.; and adopting California Environmental Quality Act**
14 **findings.**

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16 WHEREAS, The mission of the Department of Homelessness and Supportive
17 Housing ("HSH") is to prevent homelessness and to make homelessness rare, brief
18 and one time in San Francisco through the provision of coordinated, compassionate,
19 and high-quality services; and

20 WHEREAS, Mayor Breed announced in October 2018 a plan to open 1,000
21 additional shelter beds by 2020, to provide more safe options for people experiencing
22 homelessness to sleep indoors; and

23 WHEREAS, The Real Estate Division and HSH have been investigating
24 potential sites to accommodate shelter and transitional housing to meet this goal; and

25 WHEREAS, 1601 Quesada Avenue affords the City an excellent opportunity to

1 provide these services in a high-need area; and

2 WHEREAS, The Planning Department, through General Plan Referral letter
3 dated July 11, 2018, ("Planning Letter"), which is on file with the Clerk of the Board of
4 Supervisors under File No. 190502, has verified that the City's lease of 1601
5 Quesada Avenue would be consistent with the General Plan, and the eight priority
6 policies under Planning Code, Section 101.1 and is defined as not a project under
7 CEQA; and

8 WHEREAS, At HSH's request, the Real Estate Division and the Landlord have
9 negotiated a Lease, substantially in the form on file with the Clerk of the Board in File
10 No. 190502 (the "Lease"); and

11 WHEREAS, The negotiated rent of \$ 21.24 per square foot per year with 1%
12 annual increases throughout the term was determined to be at or below fair market
13 rent by the Director of Property, such that no appraisal is required under
14 Administrative Code, Chapter 23; now, therefore, be it

15 RESOLVED, That the Board of Supervisors hereby finds that the Lease at
16 1601 Quesada Avenue is consistent with the General Plan and eight priority policies
17 of Planning Code, Section 101.1 and adopts CEQA findings, and hereby incorporates
18 such findings by reference as though fully set forth in this Resolution; and, be it

19 FURTHER RESOLVED, That in accordance with the recommendation of the
20 Director of HSH and the Director of Property, the Board of Supervisors approves the
21 Lease and authorizes the Director of Property to take all actions necessary to enter
22 into and perform the City's obligations under the Lease; and, be it

23 FURTHER RESOLVED, As set forth in the Lease, (i) the term is expected to
24 commence no later than September 30, 2019, for an initial term of ten years plus two
25 ten-year renewal options; (ii) the base rent for the first year of the term shall be

1 \$18,100 monthly (approximately \$21.24 per square foot annually) with 1% annual
2 increases starting on the first anniversary of the Commencement Date; (iii) City shall
3 pay for direct operating expenses incurred for utilities, janitorial, security, and other
4 services required by City; (iv) City shall pay property tax expenses above the base
5 year; (v) City shall pay any required tenant improvement costs, subject to partial
6 reimbursement from Landlord through rent abatement; and (vi) exercising any
7 renewal option, which shall be at an increase of 1% above the previous year's base
8 rent shall be subject to approval by Director of Property; and, be it

9 FURTHER RESOLVED, That the Lease shall indemnify and hold harmless the
10 Landlord from, and agreeing to defend the Landlord against, any and all claims, costs
11 and expenses, including without limitation, reasonable attorney's fees, incurred as a
12 result of City's use of the premises, any default by the City in the performance of any
13 of its obligations under the Master Lease, or any acts or omissions of City, its agents,
14 operators, or its subtenants in, on or about the premises or the property on which the
15 premises are located; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
17 of Property to enter into any amendments or modifications to the Lease (including
18 without limitation, the exhibits) that the Director of Property determines, in
19 consultation with the City Attorney, are in the best interest of the City, do not
20 materially increase the obligations or liabilities of the City, do not materially decrease
21 the benefits to the City, or are necessary or advisable to effectuate the purposes of
22 this resolution, and are in compliance with all applicable laws; and, be it

23 FURTHER RESOLVED, Said Lease shall be subject to certification as to funds
24 by the Controller, pursuant to Charter, Section 3.105 and the City shall occupy the
25 Premises for the full term of the Lease unless funds for the City's rental payments are

1 not appropriated in any subsequent fiscal year at which time City may terminate the
2 Lease as set forth in the Lease; and, be it

3 FURTHER RESOLVED, That within thirty (30) days of the execution of the
4 Lease, the Director of Property shall provide a copy to the Clerk of the Board for the
5 Board's file.

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7 \$181,000 Available (for 10 months of rent in
8 FY19-20)
9 Fund ID:10020
10 Department ID: 203646
11 PS Project ID: 10033287
12 Authority ID: 17129
13 Account ID: 538010
14 Activity ID: 1

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Controller

Availability of funds for future fiscal years
subject to the enactment of the annual
appropriation ordinance.

RECOMMENDED:

Director of Homelessness and Supportive Housing

Director of Property