FILE NO. 190502 RESOLUTION NO. 263-19

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

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

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

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

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

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

provide these services in a high-need area; and

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

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

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

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

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

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

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

FURTHER RESOLVED, That the Lease shall indemnify and hold 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 obligations under the Master Lease, or any acts or omissions of City, its agents, operators, or its subtenants in, on or about the premises or the property on which the premises are located; and, be it

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

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

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

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

$181,000 Available (for 10 months of rent in FY19-20)
Fund ID: 10020
Department ID: 203646
PS Project ID: 10033287
Authority ID: 17129
Account ID: 538010
Activity ID: 1

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

Mayor Breed , Supervisor Walton
BOARD OF SUPERVISORS

City and County of San Francisco
Tails
Resolution

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

File Number: 190502 **Date Passed:** June 04, 2019

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May 22, 2019 Budget and Finance Sub-Committee - RECOMMENDED

June 04, 2019 Board of Supervisors - ADOPTED

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

File No. 190502

I hereby certify that the foregoing Resolution was ADOPTED on 6/4/2019 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

6/7/19
Date Approved