

1 [Real Property Lease Amendment - Sum M. Seto Properties, LLC and Jenny P. Seto
2 Properties, LLC - 1421 Broderick Street - \$372,510 Per Year in Base Rent]

3 **Resolution approving and authorizing the Director of Property, on behalf of the**
4 **Department of Public Health and Sum M. Seto Properties, LLC, and Jenny P. Seto**
5 **Properties, LLC, to amend the lease of real property for its 33-bed, licensed treatment**
6 **facility located at 1421 Broderick Street at a base rent of \$372,510 per year with annual**
7 **rent increases of 3%, and to extend the Lease expiring on January 31, 2021, through**
8 **January 31, 2024, to commence upon approval of this Resolution by the Board of**
9 **Supervisors; and authorizing the Director of Property to execute documents, make**
10 **certain modifications and take certain actions in furtherance of the Amendment, the**
11 **Lease and this Resolution, as defined herein.**

12
13 WHEREAS, The City and County of San Francisco (“City”, as tenant), on behalf of its
14 Department of Public Health (“DPH”), entered into master lease dated January 15, 2001 (the
15 ‘Original Lease”), with Sum M. Seto Properties, LLC, a Delaware limited liability company, and
16 Jenny P. Seto Properties, LLC, a Delaware limited liability company corporation, as successor
17 to Seto Family Trust (collectively, as “Landlord”) of approximately 12,417 square feet of space
18 (“Premises”) at the building located at 1421 Broderick Street (the “Property”), a copy of the
19 Original Lease is on file with the Clerk of the Board in File No. 110168; and

20 WHEREAS, Under the Lease, the Premises is operated as the Broderick Street Adult
21 Residential Facility (“BSARF”), providing permanent housing and 24-hour care to 33
22 individuals impacted by both mental and physical illness, through a broad range of residential-
23 based services, including medical and mental health support, meals, daily recreational
24 activities, and transportation to medical appointments; and

1 WHEREAS, The Original Lease was previously extended in 2011 to extend the term
2 until January 31, 2021, and, Landlord has consented City can remain at the Premises on a
3 month-to-month basis; and

4 WHEREAS, City and Landlord desire to amend the Original Lease to formally extend
5 the term, and the City’s Real Estate Division (“RED”), in consultation with DPH and the Office
6 of the City Attorney, negotiated an amendment to the Original Lease (the “Amendment”), a
7 copy of the proposed Amendment is on file with the Clerk of the Board in File No.
8 _____; and

9 WHEREAS, The Amendment, upon approval of this Resolution by the Board of
10 Supervisors, amends and extends the term of the Lease (collectively, the Original Lease and
11 Amendment are the “Lease”) until January 31, 2024, plus one additional option of three years
12 for the City to further extend the term (the “Extension Option”); and

13 WHEREAS, Base Rent under the Amendment will be \$372,510 per year, or
14 approximately \$31,043 per month (\$30.00 per sq. ft. per year or \$2.50 per sq. ft. per month),
15 increasing annually by 3%; and

16 WHEREAS, The City will continue to pay for its pro rata share of insurance, real
17 property tax, and other typical operating expenses, but will have its repair obligation of major
18 building systems capped at \$15,000 per year, pursuant to the terms and conditions of the
19 Amendment; and

20 WHEREAS, The City can terminate the Lease with 365 days’ notice without penalty;
21 and

22 WHEREAS, The City has a right of first refusal to purchase the Property if the Landlord
23 ever enters into contract to sell the Property; and

24 WHEREAS, The Director of Property determines the rent payable under the
25 Amendment to be at or below fair market rental value; now, be it

1 RESOLVED, That in accordance with the recommendation of the Director of Health,
2 the Director of Property is hereby authorized to take all actions on behalf of the City to
3 execute the Amendment; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
5 Property to enter into any amendments or modifications to the Lease (including without
6 limitation, the exhibits) that the Director of Property determines, in consultation with the City
7 Attorney and the Director of Health, are in the best interest of the City, do not increase the
8 rent or otherwise materially increase the obligations or liabilities of the City, are necessary or
9 advisable to effectuate the purposes of the lease or this Resolution, and are in compliance
10 with all applicable laws, including City's Charter; and, be it

11 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
12 with respect to the Lease are hereby approved, confirmed and ratified; and, be it

13 FURTHER RESOLVED, That within thirty (30) days of the Amendment being fully
14 executed by all parties, RED shall provide the final Amendment to the Clerk of the Board for
15 inclusion into the official file.

