



June 29, 2021

Through City Administrator Carmen Chu

Honorable Board of Supervisors
City and County of San Francisco
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: HSH Lease Extension – Administrative Office Use – 601 Van Ness Avenue, Suite P

Dear Board Members:

Attached for your consideration is a resolution authorizing the exercise of an option to extend the term of the existing lease (“Lease”) between the City and Opera Plaza, L.P. (“Landlord”), allowing for the continued use of the 8,646 square feet of office and conference room space located in Suite P of the building located at 601 Van Ness Avenue as administrative offices. The approval of this resolution would extend the term of the Lease to July 31, 2026.

The City’s Human Services Agency (“HAS”) occupied the space during the initial 5-year term and is now moving to another City-owned building.

The City’s Department of Homelessness and Supportive Housing (“HSH”) seeks to use this space to support the relocation of staff from the COVID-19 Command Center (CCC) that are transitioning to HSH to support the continued operations of COVID response programs. These programs include the Shelter in Place (SIP) hotel program operations, program wind-down and SIP rehousing. There is currently insufficient space at HSH’s current offices at 440 Turk Street to support these critical staff. Subject to future budget appropriations, HSH plans to continue to use the space to support the department’s permanent staffing expansion in FY22-23 and beyond.

The current Lease expires on July 31, 2021. On behalf of HSH, the Real Estate Division (“RED”) negotiated a reduction of the current base rental rate, net of electricity, from \$46 per square foot (\$397,716 annual rent) to \$42 per square foot (\$363,132 annual rent). RED also negotiated revising the base year for additional charges calculated from calendar year 2016 to 2021. All other terms and conditions of the lease will remain in effect.

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HSH and the Real Estate Division recommend approval of this resolution. Please contact Dylan Schneider from HSH at dylan.schneider@sfgov.org if you have any questions about anything programmatic in nature. Alternatively, reach out to Josh Keene at my office at joshua.keene@sfgov.org if you have any questions or concerns about the transaction itself.

Sincerely,



Andrico Q. Penick
Director of Real Estate
