[ Lease of Property – Empress Hotel ]

Resolution authorizing and approving the lease by and between the City and County of San Francisco, for the Department of Public Health, as Tenant, and Empress, LLC, as Landlord, for the Empress Hotel located at 144 Eddy Street, San Francisco, CA 94102.

WHEREAS, The Department of Public Health has created a “Direct Access to Housing” program, which is designed to secure supportive housing for chronically homeless San Francisco residents by having the City master lease privately owned buildings and then sublease residential units in those buildings to individuals who are chronically homeless. The target population for Direct Access to Housing includes people who have been chronically homeless and are struggling with complex medical and behavioral health conditions including people who have been living on the street and/or revolving through the City’s high cost institutional settings; and,

WHEREAS, The Empress Hotel located at 144 Eddy Street, owned by Empress, LLC (“Landlord”) presents an opportunity to provide clean and stable housing for approximately 90 individuals who have a history of homelessness and may have a disability related to mental health, HIV/AIDS, and/or substance abuse; and,

WHEREAS, Upon master leasing of the Empress Hotel, the City will contract with a property management company to manage the day-to-day operations; and, in addition, the Department of Public Health will directly provide on-site medical services and contract with a service provider to deliver on-site support services including mental health and substance abuse counseling, case management and peer advocacy; now therefore, be it

RESOLVED, That in accordance with the recommendation of the Director of the Department of Public Health and the Director of Property, that the Director of Property on
behalf of the City and County of San Francisco, as Tenant, be and is hereby authorized to execute a Master Lease with Landlord for the entire premises located at 144 Eddy Street, San Francisco, California, comprising an area of approximately 41,490 square feet. Landlord shall deliver the residential units in habitable condition to City, on the terms and conditions contained herein and in a form approved by the City Attorney; and, be it

FURTHER RESOLVED, That the term of this Lease shall begin upon execution and delivery of the Lease estimated to be on July 1, 2004 to continue for a ten (10) year period starting after the commencement of the Lease and the City shall have the right to extend the Initial Term for two additional ten (10) year terms subject to the terms and conditions further described in the lease; and, be it

FURTHER RESOLVED, That the base rent under the Lease shall be $500 per residential unit per month, or a total of $45,000 per month for the residential units, plus the rent of $2,000 per month for the administrative space. The total rent for the premises being $47,000 for the first twelve months ((Base Rent- $45,000 for the residential portion, plus $2000 per month for the remainder of the premises) and, with annual rent increases based on the Consumer Price Index (CPI) for the San Francisco area and to be not less than two percent (2%), nor more than four percent (4%). Rent shall be payable unless funds for rental payments are not appropriated in any subsequent City fiscal year, at which time the City may terminate the Lease with advance notice to the Landlord; and, be it

FURTHER RESOLVED, That the Master Lease may include a clause (Substantially in the form on file with the Clerk of the Board of Supervisors in File No. 040680 and approved by the Director of Property and the City Attorney) indemnifying and holding 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 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 Director of Property be authorized to enter into any
additions, amendments or other modifications to the Master Lease (including, without
limitation, the exhibits) that the Director of Property determines, in consultation with the
Department of Public Health and the City Attorney, are in the best interests of the City, do not
materially increase the obligations or liabilities of the City, and are necessary or advisable to
complete the transaction contemplated in the Lease and effectuate the purpose and intent of
this resolution, such determination to be conclusively evidenced by the execution and delivery
by the Director of Property any amendments thereto; and be it

FURTHER RESOLVED, That any action taken by the Director of Property and other
relevant officers of the City with respect to the Master Lease are hereby approved, confirmed
and ratified.

Said Master Lease shall be subject to certification of funds by the Controller pursuant
to Section 3.105 of the Charter.

RECOMMENDED:

Mitchell H. Katz, M.D.
Department of Public Health

Steve Legnitto
Director of Property

Available:

Supervisor Chris Daly
BOARD OF SUPERVISORS
Grant Detail: HCH 005  
Fund: CHS  
Subfund: GNC  
Index Code: HCHSHOUSINGR

Controller

Subject to the enactment of the Annual Appropriation Ordinance for FY 2004/2005
Resolution authorizing and approving the lease by and between the City and County of San Francisco, for the Department of Public Health, as Tenant, and Empress, LLC, as Landlord, for the Empress Hotel located at 144 Eddy Street, San Francisco, CA 94102.

June 15, 2004 Board of Supervisors — ADOPTED
Ayes: 10 - Alioto-Pier, Ammiano, Daly, Dufty, Gonzalez, Hall, Ma, McGoldrick, Peskin, Sandoval
Absent: 1 - Maxwell

I hereby certify that the foregoing Resolution was ADOPTED on June 15, 2004 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Date Approved

Mayor Gavin Newsom