Resolution approving and authorizing the Director of Property, on behalf of the Department of Homelessness and Supportive Housing, to lease real property located at 33 Gough Street, for a term of three years, from 33 Gough LLC, at a base rent of $1,259,300 per year; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the Lease and this Resolution, as defined herein, to commence following Board approval.

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

WHEREAS, With the enactment of Ordinance Nos. 60-19 and 61-19 in April 2019, the Board of Supervisors and Mayor Breed acknowledged homelessness in San Francisco to be at a crisis point, and passed these Ordinances to expedite the process of opening programs to respond to that crisis; and

WHEREAS, According to the January 2019 Point-in-Time Homeless Count administered by HSH, there were approximately 8,035 people experiencing homelessness in San Francisco, 64% of which were unsheltered sleeping outside in doorways, parks, vehicles or wherever they can find; and

WHEREAS, Mayor Breed announced in October 2018 a plan to open 1,000 additional shelter beds by 2020, and 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, 33 Gough Street affords the City an excellent opportunity to provide
temporary shelter and services in a high-needs area; and
WHEREAS, The Real Estate Division, through HSH, in consultation with the Office of
the City Attorney, negotiated a three-year lease dated December 1, 2019 (the “Lease”), of the
approximately 49,000 square foot property and adjacent parking areas located at 33 Gough
Street (the “Property”) with 33 Gough LLC (“Landlord”), for purposes of an Upper Market
SAFE Navigation Center, a copy of the form of Lease is on file with the Clerk of the Board of
Supervisors in File No. 200044; and
WHEREAS, The “Commencement Date” of the Lease is expected to occur on or
around February 15, 2020; and
WHEREAS, City will perform the necessary capital and tenant improvements needed
for City to occupy and operate the Property for the intended purposes, and City and Landlord
may mutually agree to have Landlord perform certain remediation or other work at the
direction of the Department of Public Works (“DPW”); and
WHEREAS, Under the Lease, base rent payable by City each year of the three-year
term will be $1,259,300 per year, payable in four installments with no annual increases,
subject to abatement of rent for the first month after the Commencement Date; and
WHEREAS, As of the Commencement Date, City is obligated to pay for its own
utilities, services, routine maintenance and repair, repair and replacement of major building
systems, insurance, and other operating expenses, plus actual property taxes assessed; and
WHEREAS, Landlord, during the term of the Lease, will maintain and replace the
exterior, structural nature, and roof of the Property; and
WHEREAS, The Director of Property determines the rental rate under the Lease to be at or below fair market rental value; and

WHEREAS, Pursuant to Chapter 23 of the Administrative Code, since the base rent charged is less than $45 per sq. ft. per year, an independent fair market rental appraisal is not required in conjunction with the approval of this Lease; and

WHEREAS, Upon the Commencement Date, the building on the Property will be delivered vacant, and no later than one month after the Commencement Date the parking areas will be delivered vacant; and

WHEREAS, HSH and the District Supervisor have agreed to convene regular neighborhood meetings with the community surrounding the new facility and provide updates, including but not limited to reporting on the number of clients served and outcomes; and

WHEREAS, HSH, in conjunction with the service provider, has agreed to establish a Good Neighbor Policy for the Navigation Center; and

WHEREAS, HSH has created a neighborhood outreach zone to offer outreach and initial priority access to unhoused neighbors near the facility; now, therefore, be it

RESOLVED, That in accordance with the recommendation of the Director of HSH and the Director of Property, the Board of Supervisors approves the Lease in substantially the form presented to the Board, and authorizes the Director of HSH and the Director of Property to take all actions necessary to execute the Lease and any other documents that are necessary or advisable to effectuate the purpose of this Resolution; and, be it

FURTHER RESOLVED, That City is authorized to request Landlord to perform on behalf of City at City’s cost and pursuant to the terms and conditions of the Lease, remediation or other work and services at the direction of DPW; and, be it
FURTHER RESOLVED, That under the Lease City shall indemnify and hold harmless the Landlord from, and agree to defend the Landlord against, any and all claims, costs and expenses, including without limitation, reasonable attorneys’ fees, incurred as a result of City’s use of the premises or any negligent acts or omissions of City, its agents or invitees in, on or about the Property; and, be it

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

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

FURTHER RESOLVED, That the City shall occupy the Premises for the full term of the Lease unless funds for rental payments are not appropriated in any subsequent fiscal year at which time City may terminate the Lease with written notice to Landlord, and the Lease shall be subject to certification as to funds by the Controller, pursuant to Section 3.105 of the Charter; and, be it

FURTHER RESOLVED, That within thirty (30) days of the Commencement Date of the Lease being fully executed by all parties, HSH shall provide the final Lease to the Clerk of the Board for inclusion into the official file.
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<th>Fund ID: 10581</th>
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$419,766.67 Available

Funding for Fiscal Year 2020/2021 is subject to the enactment of the Annual Appropriation Ordinance for Fiscal Year 2020/2021.

RECOMMENDED:

Homelessness and Supportive Housing Director

Real Estate Division Director of Property
Resolution approving and authorizing the Director of Property, on behalf of the Department of Homelessness and Supportive Housing, to lease real property located at 33 Gough Street, for a term of three years, from 33 Gough LLC, at a base rent of $1,259,300 per year; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the Lease and this Resolution, as defined herein, to commence following Board approval.

February 26, 2020 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

February 26, 2020 Budget and Finance Committee - RECOMMENDED AS AMENDED

March 03, 2020 Board of Supervisors - ADOPTED

Ayes: 10 - Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

Absent: 1 - Fewer

I hereby certify that the foregoing Resolution was ADOPTED on 3/3/2020 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved

5/13/20