

AGENDA ITEM 6b
Treasure Island Development Authority
City and County of San Francisco
Meeting of June 12, 2024

Subject: Resolution Approving and Authorizing the Execution of a Fourth Amendment to Sublease No. 966 between the Treasure Island Development Authority and Community Housing Partnership, a California non-profit corporation, to extend the Term, increase Common Area Maintenance (“CAM”) and Utility Fees.

Contact: Richard A. Rovetti, Deputy Director of Real Estate

Phone: 415-274-3365

BACKGROUND

Community Housing Partnership, a California non-profit corporation (“CHP”), doing business as HomeRise, is a member organization of One Treasure Island, and has successfully provided housing for homeless persons as well as on-site support services including counseling, vocational education and employment development for over twenty-four years.

On July 8, 2015, the Treasure Island Development Authority (the “Authority”) Board of Directors approved Sublease No. 966 (the "Agreement") with CHP for the management of 110 supportive residential housing units on Treasure Island. On March 15, 2016, the Agreement was amended to remove Subtenant’s obligation to maintain landscape responsibilities, and to increase the Common Area Maintenance (“CAM”) Fee. On May 1, 2017 the Authority Board approved the Second Amendment to remove 1126 Reeves Ct. from the Initial Premises and include 1205 Bayside Dr. and 1237 Northpoint Dr., Treasure Island ("New Premises" totaling 114 housing units) to the Premises, and to increase the Common Area Maintenance and Utility Fees. On September 8, 2021, the Authority Board approved the Third Amendment to extend the Term, increase Common Area Maintenance (“CAM”) and Utility Fees.

Project Staff and CHP have negotiated a Fourth Amendment to Sublease (the "Fourth Amendment") commencing July 1, 2024 to (i) extend the Sublease Term to June 30, 2027; (ii) increase the Common Area Maintenance fee by \$57.76 per unit per month to compensate Authority for increase costs related to security and trash services within the residential areas of Treasure Island; and (iii) increase the Utility fee by \$45.00 per unit per month to compensate for SFPUC fee adjustments.

FOURTH AMENDMENT TERMS AND CONDITIONS

The salient terms and conditions of the proposed Amendment include the following:

Effective Date: July 1, 2024

Subleased Premises: 114 housing units located within the following 18 buildings:

- 1401 Sturgeon St.
- 1408 Sturgeon St.
- 1410 Flounder Ct.
- 1411 Flounder Ct.
- 1412 Flounder Ct.
- 1413 Flounder Ct.
- 1394 Gateview Ct. (formerly 1230 Gateview)
- 1395 Gateview Ct. (formerly 1248 Gateview)
- 1397 Gateview Ct. (formerly 1246 Gateview)
- 1430 Gateview Ct. (formerly 1216 Gateview)
- 1116 Hutchins Ct.
- 1205 Bayside Dr.
- 1226 Bayside Dr.
- 1237 Northpoint Dr.
- 1243 Northpoint Dr.
- 1223 Mariner Dr.
- 1252 Exposition Dr., and
- 1117 Keppler Ct.

Treasure Island, San Francisco, California, all as more particularly shown on Exhibit B attached hereto and made a part hereof.

Term: Commencement date: August 1, 2015
Expiration date: June 30, 2027

Notwithstanding anything in this Sublease to the contrary, either Sublandlord or Subtenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party.

**Common Area
Maintenance Charges
(CAM):**

July 1, 2024 to June 30, 2025 –
Thirty-Four Thousand and Five Hundred Dollars (\$34,500.00) per month;

July 1, 2025 to June 30, 2026 –
Thirty-Five Thousand and Five Hundred Dollars (\$35,500.00) per month; and

July 1, 2026 to June 30, 2027 –
Thirty-Six Thousand and Five Hundred Dollars (\$36,500.00) per month.

Upon reasonable notice to Subtenant by the Director, Subtenant shall pay increased CAM Charges if necessary to pay for common area charges incurred by TIDA relating to the Premises. In no event shall the CAM Charges exceed TIDA's actual costs incurred for CAM.

Utilities:

Subtenant shall pay to the San Francisco Public Utilities Commission (SFPUC) Utility Fees in the amount of Fifty-Five Thousand Two Hundred and Ninety Dollars (\$55,290.00) per month for the period from July 1, 2024 to June 30, 2025.

Upon reasonable notice to Subtenant by the Director, Subtenant shall pay increased Utility Fees consistent with fee adjustments by the SFPUC during the Term.

BUDGET IMPACT

The Amendment shall have no impact to the Authority's budget for FY 2024-25.

RECOMMENDATION

Project staff recommends that the Authority Board of Directors approve the proposed Fourth Amendment to Sublease No. 966 with Community Housing Partnership, a California non-profit corporation, to extend the Term, increase Common Area Maintenance and Utility Fees, and authorize the Treasure Island Director or his designee to execute said Amendment subject to the additional terms and conditions set forth above.

EXHIBIT A – Fourth Amendment to Sublease No. 966 between the Treasure Island Development Authority and CHP

Prepared by: Richard A. Rovetti, Deputy Director of Real Estate
For: Robert P. Beck, Treasure Island Director

FOURTH AMENDMENT TO SUBLEASE No. 966

THIS FOURTH AMENDMENT TO SUBLEASE (this “Fourth Amendment”), dated for reference purposes only as of July 1, 2024, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation (“Sublandlord”), and Community Housing Partnership, California nonprofit corporation (“Subtenant”).

RECITALS

A. Sublandlord and Subtenant entered into that certain Sublease and Property Management Agreement dated for reference purposes as of August 1, 2015 (the "Original Sublease"), for the management of 110 Housing Units at Former Naval Station Treasure Island, San Francisco, California, as more particularly described in the Original Sublease.

B. Sublandlord and Subtenant entered into that certain First Amendment to Sublease dated for reference purposes as of March 15, 2016 (the "First Amendment") to remove Subtenant’s obligation to maintain landscape responsibilities, and to increase the Common Area Maintenance Fee.

C Sublandlord and Subtenant entered into that certain Second Amendment to Sublease dated for reference purposes as of May 1, 2017 (the "Second Amendment") to remove 1126 Reeves Ct. from the Initial Premises and include 1205 Bayside Dr. and 1237 Northpoint Dr., Treasure Island, San Francisco, California ("New Premises" totaling 114 housing units) to the Premises, and to increase the Common Area Maintenance and Utility Fees.

D Sublandlord and Subtenant entered into that certain Third Amendment to Sublease dated for reference purposes as of October 1, 2021 (the "Third Amendment") to increase the Term, Common Area Maintenance and Utility Fees.

E. Sublandlord and Subtenant desire to amend the Original Sublease to increase the Term, Common Area Maintenance and Utility Fees on the terms and conditions set forth in this Fourth Amendment.

F. The Original Sublease as amended by the First Amendment, Second Amendment, Third Amendment, and this Fourth Amendment shall collectively be referred to as the “Sublease”. All capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Sublease.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the Sublandlord and Subtenant hereby amend the Sublease as follows:

AGREEMENT

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.

2. Effective Date. The effective date of this Fourth Amendment shall be July 1, 2024 (the “Effective Date”).

3. **Term.** As of the Effective Date, the Term described in the Basic Sublease Information of the Lease shall be amended to read as follows:

"Commencement date: August 1, 2015
Expiration date: June 30, 2027

Notwithstanding anything in this Sublease to the contrary, either Sublandlord or Subtenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party."

4. **Common Area Maintenance Charges (CAM).** As of the Effective Date, the Common Area Maintenance Charges (CAM) described in the Basic Sublease Information of the Sublease Section 5.3 shall be amended to read as follows:

"July 1, 2024 to June 30, 2025 –
Thirty-Four Thousand and Five Hundred Dollars (\$34,500.00) per month;

July 1, 2025 to June 30, 2026 –
Thirty-Five Thousand and Five Hundred Dollars (\$35,500.00) per month; and

July 1, 2026 to June 30, 2027 –
Thirty-Six Thousand and Five Hundred Dollars (\$36,500.00) per month.

Upon reasonable notice to Subtenant by the Director, Subtenant shall pay increased CAM Charges if necessary to pay for common area charges incurred by TIDA relating to the Premises. In no event shall the CAM Charges exceed TIDA's actual costs incurred for CAM.

5. **Utilities.** As of the Effective Date, the Utilities described in Sublease Section 5.2 shall be amended to read as follows:

"Subtenant shall pay to the San Francisco Public Utilities Commission (SFPUC) Utility Fees in the amount of Fifty-Five Thousand Two Hundred and Ninety Dollars (\$55,290.00) per month for the period from July 1, 2024 to June 30, 2025.

Upon reasonable notice to Subtenant by the Director, Subtenant shall pay increased Utility Fees consistent with fee adjustments by the SFPUC during the Term."

6. **Counterparts.** This Fourth Amendment may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof.

7. **Full Force and Effect.** Except as specifically amended herein, the terms and conditions of the Sublease shall remain in full force and effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Fourth Amendment to Sublease at San Francisco, California, as of the date first above written.

SUBLANDLORD:

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____
Robert P. Beck
Treasure Island Director

SUBTENANT:

**Community Housing Partnership
a California nonprofit corporation**

By: _____

Its: _____

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Deputy City Attorney

Amendment Prepared By: Richard A. Rovetti, Deputy Director of Real Estate _____
(initial)

1 COMMUNITY HOUSING PARTNERSHIP -- FOURTH AMENDMENT]

2 **Resolution Approving and Authorizing the Execution of a Fourth Amendment to**
3 **Sublease No. 966 between the Treasure Island Development Authority and Community**
4 **Housing Partnership, a California non-profit corporation, to extend the Term, increase**
5 **Common Area Maintenance (“CAM”) and Utility Fees.**

6 WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island
7 and Yerba Buena Island (together, the "Base"), which is currently owned by the United States
8 of America (“the Federal Government”); and,

9 WHEREAS, The Base was selected for closure and disposition by the Base
10 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
11 subsequent amendments; and,

12 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
13 authorizing the Mayor’s Treasure Island Project Office to establish a nonprofit public benefit
14 corporation known as the Treasure Island Development Authority (the “Authority”) to act as a
15 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
16 conversion of the Base for the public interest, convenience, welfare and common benefit of
17 the inhabitants of the City and County of San Francisco; and,

18 WHEREAS, Under the Treasure Island Conversion Act of 1997 (the “Act”), which
19 amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to
20 Chapter 1333 of the Statutes of 1968, the California Legislature (i) designated the Authority as
21 a redevelopment agency under California redevelopment law with authority over the Base
22 upon approval of the City’s Board of Supervisors, and (ii) with respect to those portions of the
23 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
24 administer the public trust for commerce, navigation and fisheries as to such property; and,
25

1 WHEREAS, On February 6, 1998, the Board of Supervisors adopted Resolution No.
2 43-98 approving the designation of the Authority as a redevelopment agency for Treasure
3 Island and Yerba Buena Island; and,

4 WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of
5 the Authority as the redevelopment agency for Treasure Island under California Community
6 Redevelopment Law in Resolution No. 11-12; although such rescission does not affect
7 Authority's status as the Local Reuse Authority for Treasure Island or the Tidelands Trust
8 trustee for the portions of Treasure Island subject to the Tidelands Trust, or any other powers
9 or authority of the Authority; and

10 WHEREAS, On July 8, 2015, the Authority Board of Directors approved Sublease No.
11 966 (the "Agreement") with Community Housing Partnership, a California non-profit
12 corporation ("CHP"), for management of 110 supportive housing units on Treasure Island; and

13 WHEREAS, On March 15, 2016, the Authority Board of Directors retroactively
14 approved the First Amendment to remove CHP's obligation to maintain landscape
15 responsibilities, and to increase the Common Area Maintenance ("CAM"); and,

16 WHEREAS, On May 1, 2017 the Authority Board approved the Second Amendment to
17 remove 1126 Reeves Ct. from the Initial Premises and include 1205 Bayside Dr. and 1237
18 Northpoint Dr., Treasure Island (totaling 114 housing units) to the Premises, and to increase
19 the Common Area Maintenance and Utility Fees; and,

20 WHEREAS, On September 8, 2021, the Authority Board approved the Third
21 Amendment to extend the Term, increase Common Area Maintenance ("CAM") and Utility
22 Fees; and,
23
24
25

1 WHEREAS, For over twenty-four years, CHP, a member organization of One Treasure
2 Island, has successfully provided housing for homeless persons as well as on-site support
3 services including counseling, vocational education and employment development, and,

4 WHEREAS, Project Staff and CHP have negotiated a Fourth Amendment to the
5 Agreement (the "Fourth Amendment") commencing July 1, 2024 to (i) extend the Sublease
6 Term to June 30, 2027; (ii) increase the Common Area Maintenance fee by \$57.76 per unit
7 per month to compensate Authority for increase costs related to security and trash services
8 within the residential areas of Treasure Island; and (iii) increase the Utility fee by \$45.00 per
9 unit per month to compensate for SFPUC fee adjustments; and,

10 WHEREAS, Under the proposed terms of the Amendment, CHP will pay a monthly
11 CAM fee for the period from July 1, 2024 to June 30, 2025, totaling Thirty-Four Thousand and
12 Five Hundred Dollars (\$34,500.00) per month subject to annual increases as further described
13 in the Amendment to compensate the Authority for its related landscape maintenance
14 expenses in the residential areas of Treasure Island; and

15 WHEREAS, Under the proposed terms of the Amendment, CHP will pay to the San
16 Francisco Public Utilities Commission (SFPUC) Utility Fees in the amount of Fifty-Five
17 Thousand Two Hundred and Ninety Dollars (\$55,290.00) per month commencing July 1,
18 2024; now, therefore be it

19
20 RESOLVED, That the Authority hereby authorizes the Treasure Island Director or his
21 designee to execute the Agreement with CHP in substantially the form attached hereto as
22 Exhibit A; and be it

23 FURTHER RESOLVED, That the Board of Directors hereby authorizes the Treasure
24 Island Director or his designee to enter into any additions, amendments or other modifications
25 to the Agreement that the Treasure Island Director or his designee determines in consultation

1 with the City Attorney are in the best interests of the Authority, that do not materially increase
2 the obligations or liabilities of the Authority, that do not materially reduce the rights of the
3 Authority, and are necessary or advisable to complete the preparation and approval of the
4 Agreement, such determination to be conclusively evidenced by the execution and delivery by
5 the Treasure Island Director or his designee of the documents and any amendments thereto.

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9 **CERTIFICATE OF SECRETARY**

10 **I hereby certify that I am the duly elected Secretary of the Treasure Island**
11 **Development Authority, a California nonprofit public benefit corporation, and that the**
12 **above Resolution was duly adopted and approved by the Board of Directors of the**
13 **Authority at a properly noticed meeting on June 12, 2024.**

14
15
16 _____
17 **Jeanette Howard, Secretary**