

**FIRST UNITARIAN UNIVERSALIST SOCIETY OF SAN FRANCISCO'S POSITION ON LITIGATION
BETWEEN THE CHURCH AND MONTESSORI HOUSE OF CHILDREN
May 19, 2025**

PENDING EVICTION

On Wednesday, May 21st, the San Francisco Sheriff is scheduled to evict Montessori House of Children (MHOC), a *for-profit* corporation, from the premises of First Unitarian Universalist Society of San Francisco, a non-profit corporation. MHOC has the ability to request postponements of the eviction date (seven days at a time, for up to 40 days), by filing with the court a) requests for extensions and b) cashier's checks for rent during the extension period. The church hopes that MHOC will honor its obligation to its students by requesting extensions to see students and families through June 30, the end of this academic year.

On April 28, 2025, a San Francisco court granted the church's motion for summary judgment in an unlawful detainer action brought by the church. The court ruled that the lease is terminated and MHOC owes the church \$190,000 in base rent. The church will be seeking a new tenant to occupy the space, quite possibly another preschool that can continue serving our community.

While the church community regrets the impact that an eviction may have on the families whose children are enrolled at MHOC, this crisis is not of the church's making. MHOC has been a commercial tenant of the church for over 40 years. The church depends on rental income from MHOC for more than 15% of the church's annual budget. MHOC has used the church's space and utilities, and required the church to pay staff to accommodate MHOC's hours. And MHOC has presumably collected public grants and tuition from its student's families. MHOC has done all of this without paying rent to the church for over nine months, an action the church believes is immoral and a betrayal. It is untenable for a for-profit corporation to force a non-profit church to subsidize MHOC's profits. This has had the effect of the church, therefore, needing to make deep cuts in our finances, programs and, potentially, staff. The church looks forward to partnering in the future with a new tenant that shares the church's values and provides rental income that supports the church meeting our own financial obligations.

OTHER LITIGATION

The prior lease with MHOC expired on June 30, 2024. A new lease was negotiated thoughtfully and openly over a period of many months. The church and MHOC signed a new lease that commenced on July 1, 2024. As requested by MHOC, the new lease reduced the rent modestly and extended the prior lease for 5 years with a 3-year option to renew. The commercial lease stated that MHOC accepted the premises "as is." MHOC has been in continuous possession of the premises since 1980 and prior leases have also been on an "as is" basis. This means that the Society did not make any promises to MHOC about the premises.

As soon as the new lease became effective, MHOC stopped paying rent. MHOC provided as its reason for nonpayment that the church was not adequately heating the premises. Under California law, commercial tenants are not permitted to withhold rent. California law provides that if there is a dispute of this sort, the commercial tenant's sole remedy is to sue the landlord for damages (and, in fact, MHOC has done so). The church's position is that the heating system, while aging, continues to function adequately. Annually the church has spent a considerable amount of time and money and has contracted professional support to maintain the heating system. Moreover, the church repeatedly asked

MHOC to stop propping open the classroom doors, as no heating system can function properly if the doors are kept open.

As MHOC continued not to pay rent, the church pleaded with MHOC to designate an HVAC expert who could explain to the church's HVAC contractor any supposed inadequacies in the heating system. Despite multiple written requests from the church, MHOC never designated an HVAC expert to support its claim that the heating system was inadequate. Eventually, the church hired an independent HVAC expert to assess the heating system, and that expert attested that the HVAC system functions adequately. Although MHOC has claimed that inadequate heating made the premises unsuitable for a preschool, MHOC nonetheless kept its students in the space the entire time.

After the lease was signed, MHOC listed its business for sale, with a \$750,000 listing price. MHOC asked the church to reduce the rent, saying that reduced rent would facilitate a sale. Since MHOC had just agreed to lease terms on which the church's member-approved budget was based, the church denied this request.

The church initiated a lawsuit for money damages against MHOC. The lawsuit for money damages will allow the church to collect amounts due under the lease beyond base rent (such as utilities, unpaid property taxes, legal expenses, late fees, and interest - amounts that are substantial and growing). The money damages lawsuit is expected to go to trial in November 2025. MHOC filed a cross complaint against the church, an action the church believes is without merit. The church is tapping our reserves and making other cuts to plug the budget gap, but we cannot do this indefinitely. In order to honor our obligations to our members and community, the church must aggressively pursue our rights in these legal actions.

A LITTLE ABOUT OUR CHURCH

The First Unitarian Universalist Society of San Francisco was formed in San Francisco in 1850. In our almost 175 years, the Society has had an outsized impact on the City and State. During the Civil War, we were one of the largest and most influential congregations in the City. The Society counted among our members several mayors and civic leaders, which included Leland Stanford and his wife during their founding of Stanford University. Our ministers played a role in establishing the University of California. One of our first ministers, the Rev. Thomas Starr King, is credited with keeping California on the side of the Union, and inspiring Californians to donate over \$1 million for humanitarian relief to the US Sanitary Commission, the inspiration for the Red Cross.

The 1889 church building, the third in the church's history, is a state historic landmark. Our 1969 (also landmarked) UU Center is shared with dozens of important non-profit groups, including the Winter Shelter program of the San Francisco Interfaith Council, currently in its 36th year and of which the congregation was a founding host and member. Although the congregation numbered over 1000 official members when the center was developed, our present membership of just over 260 endeavors to maintain our large physical plant, to sustain an active outreach to the wider community, and to be a gathering place for larger value-centered endeavors in the City of San Francisco. Twelve-step groups, community choirs, and a political action group for elderly and disabled people are currently among the groups using the church property for their activities.