

1 [Purchase and Sale Agreement - Lendlease Development, Inc. - 30 Van Ness Avenue -
2 \$70,000,000]

3 **Resolution approving a purchase and sale agreement by and between the City and**
4 **County of San Francisco and Lendlease Development, Inc. for the sale of City-owned**
5 **property located at 30 Van Ness Avenue for \$70,000,000; including a City lease-back at**
6 **an annual rent expense of \$4,500,000 increasing by 3% per year after each year of the**
7 **initial period and at the beginning of each extension option exercised, if any, for a period**
8 **of not more than three years in the initial term, with two one-year options to extend;**
9 **affirming the Planning Department’s determination under the California Environmental**
10 **Quality Act; adopting findings that the sale is consistent with the General Plan, and the**
11 **eight priority policies of Planning Code, Section 101.1; and urging the Mayor’s Office of**
12 **Housing and Community Development and the Planning Department to explore certain**
13 **development strategies relating to affordable housing at the site in connection with any**
14 **future development.**

15
16 WHEREAS, The City and County of San Francisco owns certain real property known as
17 Assessor’s Parcel Block No. 0835, Lot No. 004, commonly known as 30 Van Ness Avenue, San
18 Francisco (the “Property”); and

19 WHEREAS, The City selected Newmark Cornish & Carey through a competitive bid
20 process to competitively bid the sale of the Property as the listing broker for the City; and

21 WHEREAS, The Director of Property executed an agreement dated February 21, 2017,
22 (“Purchase Agreement”) to sell the Property to Lendlease Development, Inc. for the price
23 of \$70,000,000, a copy of which is on file with the Clerk of the Board of Supervisors in File
24 No. 170214, which is hereby declared to be a part of this resolution as if set forth fully herein;
25 and

1 WHEREAS, The Planning Department, by letter dated July 9, 2015, found that the sale
2 of the Property is categorically exempt from environmental review under the California
3 Environmental Quality Act (“CEQA”, Pub. Resources Code Section 21000 et seq.), pursuant to
4 CEQA Guidelines Section 15312 and Chapter 31 of the City’s Administrative Code, and is
5 consistent with the General Plan, and the eight priority policies of Planning Code,
6 Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File
7 No. 170214, and incorporated herein by this reference; and

8 WHEREAS, The Purchase Agreement includes a leaseback of the Property, to
9 commence immediately upon consummation of the sale, allowing for continued occupancy by
10 the City for an initial period of three years plus two extension options of one-year each, at an
11 annual rent expense of \$4,500,000, increasing by 3% per year after each year of the initial
12 period and at the beginning of each extension option exercised, if any; and

13 WHEREAS, The Purchase Agreement includes a notice of special restriction effectuating
14 affordable housing requirements upon any future residential redevelopment of the Property to
15 meet or exceed the affordable housing requirements [passed on June 7th, 2016 amending the
16 City’s Charter to increase the City’s Affordable Housing Requirements, as set forth in Planning
17 Code, Sections 401 and 415]; now, therefore, be it

18 RESOLVED, This Board approves the Purchase Agreement and authorizes the Director
19 of Property to enter into and perform all City rights and obligations under the Purchase
20 Agreement, and to enter into any additions or amendments to the Purchase Agreement
21 (including in each instance, without limitation, the attachment of exhibits) that the Director of
22 Property, in consultation with the City Attorney, determines are in the best interests of the City
23 and do not materially increase the obligations or liabilities of the City; and, be it

24
25

1 FURTHER RESOLVED, This Board urges the Mayor's Office of Housing and Community
2 Development and the Planning Department through the Hub project rezoning to explore
3 development strategies with the developer of the Property that would:

- 4 (i) provide for 25% inclusionary on-site units as defined in the Purchase and Sale Agreement, and
- 5 (ii) enable the developer to pay an additional \$10.48 per gross square foot of residential above the
6 current requirements of the Market and Octavia Affordable Inclusionary Housing Fee (unless
7 new or increased affordable housing fees are applied to the Property through the Hub rezoning
8 process or otherwise), thereby increasing the total amount of affordable housing attributed to the
9 development of the Property by directing all affordable housing fees generated for the production
10 of affordable housing off-site so that the total number of affordable housing units attributed to the
11 development will equal an estimated 33% of all housing units created within the development, if
12 all of the following occur: (a) the site obtains a height increase to approximately 520' in height
13 and modest bulk increases as part of the site's final entitlements; (b) the site obtains entitlements
14 for the development of a mixed-use project with an office component equal to at least the amount
15 of office space that currently exists; and (c) the Board authorizes and directs the Mayor's Office
16 of Housing and Community Development to use all of the affordable housing fees generated
17 from the development for the production of affordable off-site units within a one mile radius of the
18 site; and be it

19 FURTHER RESOLVED, This Board affirms the Planning Department's determination
20 under the California Environmental Quality Act, and finds that the proposed sale of the Property
21 is consistent with the General Plan, and with Planning Code, Section 101.1(b) for the reasons
22 set forth in the Director of Planning's letter; and, be it

23 FURTHER RESOLVED, This Board authorizes the Director of Property to take all
24 reasonable and necessary actions for the sale of the Property consistent with this resolution,
25 including the payment of all typical seller expenses, including approximately \$350,000 for

1 brokerage commissions, out of the escrow closing pursuant to escrow instructions approved by
2 the City Attorney; and, be it

3 FURTHER RESOLVED, That within thirty (30) days after the close of escrow finalizing
4 the sale of the Property, the Director of Real Estate shall provide the executed Purchase
5 Agreement and relevant closing documents to the Clerk of the Board for inclusion into the
6 official file.

7
8 \$750,000 Available for Fiscal Year 2016-17
9 Index Code: 70RE30VN
10 Subobject: 03011

11 _____
12 Controller

13 RECOMMENDED:

14
15 _____
16 Director of Property
17 Real Estate Division

18
19 _____
20 Director
21 Mayor's Office of Housing and Community Development