

File # 170213 & 170214
Received in Committee
3/16/17 fm.

Sales of City Assets

1660/80 Mission St. & 30 Van Ness Ave.

San Francisco Budget and Finance Committee
March 16, 2017

1660/80 Mission: Today

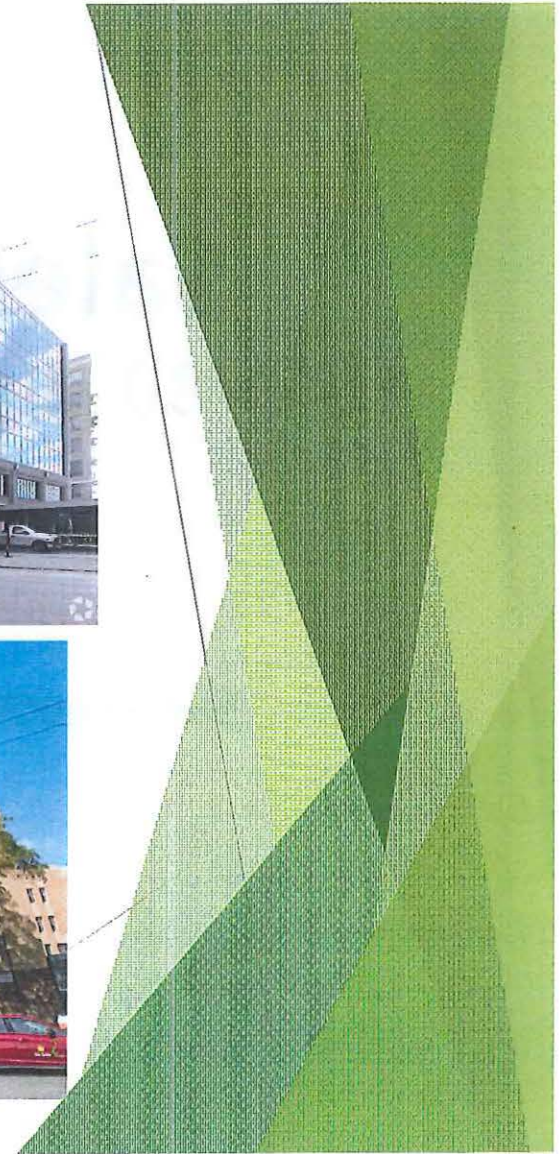
1660 Mission Street

- Built in 1990, City acquired in 1993
- 75,321-square-foot, six-stories
- Currently occupied by DBI
- 2017 MAI Appraisal: \$36M



1680 Mission Street

- City acquired in 1965
- 36,753-square-foot, four-stories
- Currently occupied by Public Works
- 2017 MAI Appraisal: \$15.8M



30 Van Ness: Today

- Built in 1908/1964, City acquired in 2001
- 164,000 square feet, five-stories
- Currently Occupied by:
 - Public Works
 - Public Health
 - DEM
 - Rec. Park
- Currently zoned at 400'
- Up to \$60M in capital repairs & improvements needed to extend useful life if City doesn't sell
- \$27M existing debt on building
- 2017 MAI Appraisal: \$69.9M



Sale of 30 Van Ness - Timeline to Date

October 2001	August 2012	April 2015	July 2015	Fall 2015	June 2016	September 2016	February 2017	Today
Purchased for \$32M	Appraisal \$43.5M	Building Listed for Sale	Board Authorized Sale (\$87M @ 12% affordable)	Board Rejected Sale (\$80M @ 15% affordable)	Prop. C Passed by Voters	Building Listed for Sale	Appraisal \$69.9M	Proposed Resolution: \$70M @ 25% affordable

↓
Direction from Board

1. *Increase minimum affordability from Buyer*
2. *Negotiate a better deal with more total value to City*
3. *Record affordability requirements against the property*
4. *No contingencies regarding the minimum affordability*
5. *Offering should resemble an auction*

2017 Purchase and Sale Agreements

Purchase Prices:

- 1660/80 Mission Office Buildings: \$52M
- 30 Van Ness Residential Redevelopment: \$70M = \$122M

Transfer Tax to City (typically paid by Seller):

- 1660/80 Mission: \$1.56M
- 30 Van Ness: \$2.1M = ~\$3.66M

*Sales also generate new incremental property tax revenue to GF into perpetuity ~\$1.4M/yr.

Leasebacks

- 3-year initial term
- 2 one-year options to extend each lease
- ~ \$40 per sq. ft. all-in (market rate is \$55-\$70)

Deposits

- 1660/80 Mission: \$2M
- 30 Van Ness: \$14M = \$16M

*Non-refundable if BOS Resolutions are passed

30 Van Ness: Affordable Housing



**Hypothetical rendering as redeveloped*

- Prop C. Passed by Voters on June 7, 2016
 - Rentals
 - 15% low-income @ 55% AMI
 - 10% middle-income @ 100% AMI
 - Condos
 - 15% low-income @ 80% AMI
 - 10% middle-income @ 120% AMI
- Restriction in PSA permanently records this as the minimum, even if levels are lowered in future; If inclusionary levels are increased, the higher levels shall apply
- Residential redevelopment of 30VN is critical element of HUB
- Potential future up-zoning could contribute even more affordable housing to City's housing supply
- Substantial impact fees generated by redevelopment to be paid to MOHCD

30 Van Ness Agreements: 2015 vs. 2017

February 2017 Agreement

- Purchase Price: \$70M
- Affordability Minimum:
 - 15% low-income
 - 10% middle-income
 - 25% minimum*** committed by Buyer
- Value to City of additional 10% is between \$12M - \$38M, depending on the development
- Transfer Tax: Buyer Pays

**Recorded against property*

November 2015 Agreement

- Purchase Price: \$80M
- Affordability Minimum:
 - 15% low-income
 - 0% middle-income
 - 15% minimum**** committed by Buyer
- City could “buy” middle-income affordability at a cost of \$641,227 per 100% AMI unit
- Transfer Tax: Buyer Pays

***In purchase agreement, but not recorded against property*

Thank You

