

1 [Disposition and Development Agreement – Redevelopment Agency Owned Land for  
2 Armstrong Place.]

3 **Resolution approving the Redevelopment Agency of the City and County of San**  
4 **Francisco’s Disposition and Development Agreement (the “Agreement”) for a portion**  
5 **of Assessor’s Block 5421, Lots 3, 5, 6, 7, 8, 9, and 11 commonly known as Armstrong**  
6 **Place (or 5600 Third Street), to BRIDGE Tower, L.L.C., for the purpose developing**  
7 **affordable for-sale housing for lower income households.**  
8

9 WHEREAS, The Agency and the City desire to increase the City’s supply of affordable  
10 housing and encourage affordable housing development through financial and other forms of  
11 assistance; and,

12 WHEREAS, The Board of Supervisors of the City adopted the Bayview Hunters Point  
13 Redevelopment Project Area (the “Project Area”) in order to undertake a variety of projects  
14 and activities to alleviate blighting conditions; and,

15 WHEREAS, It is the mission of BRIDGE Housing Development Corporation, a  
16 California nonprofit public benefit corporation (“BRIDGE”), to provide safe, decent and  
17 affordable rental and ownership housing in the Bay Area and Southern California. BRIDGE  
18 Tower LLC, a California limited liability company (“Developer”) is an affiliate of BRIDGE  
19 created to develop the Project; and,

20 WHEREAS, The Agency believes that the redevelopment of the Site, pursuant to the  
21 Agreement, and the fulfillment generally of the Agreement and the intentions set forth herein,  
22 are in the vital and best interests of the City and the health, safety, morals and welfare of its  
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1 residents, and in accord with the public purposes and provisions of the applicable State and  
2 Federal laws, and,

3 WHEREAS, A majority of the Bayview Hunter's Point Project Area Committee  
4 members have expressed their support for the development of this Project; and,

5 WHEREAS, The Developer has applied to the Agency for funding to develop the  
6 Project as affordable for-sale housing; and,

7 WHEREAS, The Agency, on the basis of the foregoing, and the undertakings of  
8 Developer pursuant to the Agreement, is willing to sell the Site to Developer for the purpose of  
9 accomplishing its redevelopment in accordance with the provisions of the Redevelopment  
10 Plan, the Declaration of Restrictions and the Agreement; and,

11 WHEREAS, The Developer has secured an allocation of State of California Building  
12 Equity and Growth in Neighborhoods ("BEGIN") Grant and, together with the Agency funding  
13 and the sale of the Property for a restricted price, of \$1.00, will make it financially feasible for  
14 the Developer to develop 124 dwelling units for occupancy by Lower Income Households, as  
15 those terms are defined in California Health and Safety Code Sections 50105 and 33334.2,  
16 respectively; and,

17 WHEREAS, Although the Property could command a higher sales price, selling the  
18 Property for a price in excess of the stated amount would render it financially infeasible to  
19 develop the Project with sales prices affordable to Lower Income Households; and,

20 WHEREAS, Because the Property was purchased with tax increment money, Section  
21 33433 of the California Health and safety Code requires the Board of Supervisors' approval of  
22 its sale or lease, after a public hearing; and,

1           WHEREAS, Notice of the public hearing has been published as required by Health and  
2 Safety Code Section 33433; and,

3           WHEREAS, The Agency prepared and submitted a report in accordance with the  
4 requirements of Section 33433 of the Health and Safety Code, including a copy of the  
5 proposed Disposition and Development Agreement, and a summary of the transaction  
6 describing the cost of the Disposition and Development Agreement of the Agency, the value  
7 of the property interest to be conveyed and developed, the price and other information was  
8 made available for the public inspection; now, therefore, be it

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10 RESOLVED, That the Board of Supervisors of the City and County of San Francisco does  
11 hereby find and determine that the sale of the Property from the Agency to BRIDGE Tower  
12 L.L.C., a limited liability company: (1) will provide housing for Lower Income Persons; (2) is  
13 consistent with the Agency’s implementation plan adopted pursuant to California Health and  
14 Safety Code Section 33490; (3) the estimated value of the land to be conveyed, determined  
15 as a restricted use, with the conditions, covenants, and development costs required by the  
16 sale, is \$1.00. The property is being sold to the developer to develop 124 units of affordable  
17 homeownership housing opportunities for low – and moderate-income households.

18  
19 Subsequent to the development, the units will be sold to qualified homebuyers at 60%, 80%  
20 and 100% of Area Median Income (“AMI”), as defined by the U.S. Department of Housing and  
21 Urban Development. The homeownership units will be affordable to households at the stated  
22 AMIs for an initial period of 45 years.

23  
24 The reason the disposition price amount is less than the appraised value of the land,  
25 determined at the highest and best use, is to make the units affordable, the Agency must sell

1 the land to the Developer at a below market rate price and provide construction financing.

2 Therefore, the Developer must sell the units to eligible first time homebuyers. The eligible  
3 buyers agree to purchase the units at affordable prices and agree to comply with the Agency's  
4 Limited Equity Program requirements.

5 Finally, for the sale prices to continue to be affordable the resale prices are permanently  
6 restricted and do not reflect market appreciation. The sale prices of the ownership units at  
7 5600 Third Street have been calculated using several factors, including: the number of  
8 persons in the household (per targeted AMI levels); gross annual income of the household;  
9 the allowable housing cost (or 33% of the gross household income); subtracting  
10 homeownership related costs (i.e., homeownership association dues, property taxes, personal  
11 property insurance, and the housing payment); the supportable mortgage given a down  
12 payment of 5%; and, if applicable, other loans available to the first time homebuyers; and (4)  
13 the consideration to be received by the Agency is not less than the fair reuse value at the use  
14 and with the covenants and conditions and developments costs authorized by the Disposition  
15 and Development Agreement; and, be it

16  
17 FURTHER RESOLVED, That the Board of Supervisors hereby approves and  
18 authorizes the Agency to execute the Disposition and Development Agreement with BRIDGE  
19 Tower L.L.C., substantially in the form of the Disposition and Development Agreement lodged  
20 with the Agency General Counsel, and to take such further actions and execute such  
21 documents as are necessary to carry out the Disposition and Development Agreement on  
22 behalf of the Agency.