



London Breed, Mayor
Naomi M. Kelly, City Administrator



Andrico Q. Penick
Director of Real Estate

November 25, 2020

Through Naomi Kelly,
City Administrator

Honorable Board of Supervisors
City and County of San Francisco
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Purchase of Real Property – 444 6th Street – Hall of Justice Relocation

Dear Board Members:

Attached for your consideration is a resolution authorizing the execution of a Purchase and Sale Agreement for the acquisition of 444 6th Street, the building is approximately 5,156 sq. ft. adjacent to the Hall of Justice at 850 Bryant. The Controller's Office previously appropriated the authority to issue commercial paper and certificates of participation via ordinance enacted by this Board in October 2019

The Board of Supervisors in 2015 identified five separate lots to acquire and in June of 2016 the Board authorized the acquisition of one of these parcels located at 450 6th Street, In September of 2019, the Board authorized the acquisition of three additional parcels, this represents the final parcel to complete a viable assemblage. This parcel will also make the City the sole owner along both Ahern Street and Harriet Streets allowing for more flexibility in a potential assemblage into a future development as an administrative building as part of the future Hall of Justice Complex. No jail is contemplated as part of this facility.

The site to be acquired is currently vacant and the building is suitable for City use prior to redevelopment.

The City has negotiated a price of \$4,200,000 for the acquisition of these parcels. An independent appraisal set the fair market value at \$3,900,000. But we believe the City's premium of \$300,000 is justifiable in light of (1) the depressed appraisal valuation due to the impact of COVID19 on the market place, and (2) the increased value of this parcel to the City as part of the land assembly needed for the Hall of Justice project. As the owner of this site, the City will avoid construction issues relating to windows, shoring and other adjacency considerations, justifying payment of the premium.

The Planning Department, through a letter dated September 3, 2020 has found that the acquisition of the parcels is not considered a project under CEQA and that it is consistent with the eight priority policies of the General Plan.

The Real Estate Division recommends approval of this acquisition. If you have any questions regarding this matter, please contact me of the Real Estate Division office at 415-554-9860.

Thank you for your support in this matter.

Sincerely,



Andrico Q. Penick
Director of Property