

[Sale of City Property - 30 Van Ness Avenue - No Less Than \$87,000,000; Appropriation for of Up to \$31,770,000 to Defeasement Certificates of Participation]

1  
2 **Ordinance authorizing the sale, by public competitive bid, of City-owned property**  
3 **located at 30 Van Ness Avenue for not less than \$87,000,000 subject to ratification by**  
4 **the Board of Supervisors; authorizing the use of a portion of the proceeds from the**  
5 **sale for the defeasance of up to \$25,870,000 outstanding principal amount of**  
6 **Certificates of Participation (30 Van Ness Property) Series 2001A and up to \$5,900,000**  
7 **outstanding principal amount of Certificates of Participation (City Office Buildings—**  
8 **Multiple Properties Project) Series 2007A and appropriating funds for such defeasance;**  
9 **excluding the sale from the requirements of the Surplus Property Ordinance; affirming**  
10 **the Planning Department’s determination under the California Environmental Quality**  
11 **Act; adopting findings that the sale is consistent with the General Plan and the eight**  
12 **priority policies of Planning Code Section 101.1.**

13 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
14 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
15 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
16 **Board amendment additions** are in double-underlined Arial font.  
17 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
18 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
19 subsections or parts of tables.

20 Be it ordained by the People of the City and County of San Francisco:

21 Section 1. In accordance with the recommendation of the Director of Property, the  
22 Board of Supervisors finds that the public interest or necessity will not be inconvenienced by  
23 the sale of the property known as Assessor’s Block No. 0835, Lot No. 004, commonly known  
24 as 30 Van Ness Avenue, San Francisco (the “Property”), owned by the City under the  
25 jurisdiction of the Department of Real Estate and presently occupied in part by City staff.

1           Section 2. The Planning Department, by letter dated \_\_\_\_\_, 2015, found that the  
2 sale 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  
4 to CEQA Guidelines Section 15312 and Chapter 31 of the City’s Administrative Code and is  
5 consistent with the City’s General Plan and the eight priority policies of City Planning Code  
6 Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File No.  
7 \_\_\_\_\_, and incorporated herein by this reference. The Board affirms the Department’s  
8 determination under the California Environmental Quality Act, and finds that the proposed sale  
9 of the Property is consistent with the City’s General Plan and with Planning Code Section  
10 101.1(b) for the reasons set forth in the Director of Planning’s letter.

11           Section 3. The Board of Supervisors authorizes the Director of Property, on behalf of  
12 the City and County of San Francisco, to sell the Property through a competitive bid, subject  
13 to subsequent approval or confirmation ratification by the Board of Supervisors as provided in  
14 Section 9 of this Ordinance, on the conditions that: (i) the sale price is equal to or greater than  
15 \$87,000,000; (ii) the sale be effectuated through a conveyance deed imposing requirements  
16 upon redevelopment that meet or exceed those certain minimum affordable housing  
17 provisions and obligations set forth in the Market Octavia Area Plan, as set forth in Planning  
18 Code Section 416; and (iii) the sale provide for a holdover lease for the City as described  
19 below. ~~Following any such sale, the Director of Property shall report the final sales price and~~  
20 ~~conditions of sale in writing to the Clerk of the Board of Supervisors within thirty (30) days of~~  
21 ~~such sale.~~

22           Section 4. The Board of Supervisors authorizes the Director of Property, on behalf of  
23 the City and County of San Francisco, as a term of the sale agreement, to enter into an office  
24 lease (“Holdover Lease”) of the Property to provide for continued occupancy of the Property  
25 by the City on the terms and conditions outlined in an exhibit to the draft Purchase and Sale

1 Agreement (“Agreement”), which is on file with the Clerk of the Board of Supervisors in File  
2 No. \_\_\_\_\_, and incorporated herein by this reference, and to enter into any additions,  
3 amendments or other modifications to the Holdover Lease (including in each instance, without  
4 limitation, the attachment of exhibits) that the Director of Property, in consultation with the City  
5 Attorney, determine are in the best interests of the City, do not otherwise materially increase  
6 the obligations or liabilities of the City beyond those contemplated in the Agreement, and are  
7 in compliance with all applicable laws, including the City’s Charter.

8 Section 5. The provisions of Administrative Code Chapter 23A, the Surplus City  
9 Property Ordinance, shall not apply to the sale of the Property.

10 Section 6. City’s Controller or the Director of Property is hereby authorized and  
11 directed to cause an aggregate amount up to \$31,770,000 of the sale proceeds to be applied  
12 to the retirement and defeasance of up to \$25,870,000 outstanding principal amount of  
13 Certificates of Participation (30 Van Ness Property) Series 2001A and up to \$5,900,000  
14 outstanding principal amount of Certificates of Participation (City Office Buildings—Multiple  
15 Properties Project), Series 2007A, collectively, the “COPs”), together in each case with  
16 interest accrued to the defeasance date.

17 Section 7. The Controller shall establish a continuing project account into which the  
18 proceeds from the sale of City-owned offices at 30 Van Ness Avenue, 1660 Mission Street,  
19 and 1680 Mission Street (if authorized for sale) shall be deposited. The first \$122,000,000  
20 deposited into this account shall be used for the purpose of developing other office space to  
21 accommodate City functions relocated from these or other City facilities and repaying debt on  
22 the properties sold. Additional sales proceeds received beyond this \$122,000,000 shall be  
23 used for the purpose of development of affordable housing at these or other sites. Pending  
24 close of the sale of 30 Van Ness Avenue, \$31,790,000, plus accrued interest if redeemed  
25 after September 1, 2015, is hereby appropriated from the account for the purpose of

1 repayment of outstanding debt on the facility as provided in section 6 of this ordinance. All  
2 expenditures from the account other than the above appropriation shall be subject to future  
3 appropriation by the Mayor and Board of Supervisors.

4 Section 8. The Director of Property is hereby authorized and directed to take any and  
5 all actions that the Director of Property, in consultation with the City Attorney, deems  
6 necessary or advisable to effectuate the purposes of this ordinance, which actions shall  
7 include, but not be limited to, securing bids for the sale of the Property, accepting the most  
8 responsive bid, executing a purchase and sale agreement, a Holdover Lease, and such other  
9 instruments and agreements described in the exhibits to the purchase and sale agreement,  
10 and closing an escrow for the sale of the Property, and the Controller and the Director of  
11 Property are hereby authorized and directed to take any and all actions that the Controller and  
12 Director of Property, in consultation with one another and with the City Attorney, deem  
13 necessary to cause a portion of the proceeds of the sale to be applied to the retirement and  
14 defeasance of the COPs as provided in this ordinance, including executing any documents  
15 and instruments necessary for such purposes and to cause the balance of the sale proceeds  
16 to be deposited the project account described in this ordinance.

17 Section 9. Board of Supervisors Ratification of Negotiated Agreement. Within 5 days  
18 after reaching agreement with a purchaser, the Director of Property shall report the final sales  
19 price and conditions of sale in writing to the Clerk of the Board of Supervisors. As soon as  
20 practical thereafter, the Director of Property shall submit a Resolution to the Clerk of the  
21 Board of Supervisors seeking ratification of the negotiated agreement. Notwithstanding  
22 Sections 3 and 4 of this Ordinance, the Director of Property shall not be authorized to effect  
23 the sale of Property, and this Ordinance shall be of no further force and effect, unless, within  
24 30 days of the date such Resolution is introduced the Board of Supervisors finally adopts such  
25 Resolution. For the purpose of this Ordinance “finally adopts” means either (i) the Board of

1 Supervisors adopts such a Resolution and the Mayor signs such Resolution or returns it  
2 unsigned, or (ii) the Board of Supervisors adopts such a Resolution and the Mayor vetoes  
3 such Resolution, but the Board overrides the Mayor’s veto of the Resolution. Consistent with  
4 Charter Section 2.114, the Board may reject or accept the negotiated agreement by following  
5 the process described in this Section, but the Board shall not change the terms of the  
6 agreement.

7 Section 910. Effective Date. This ordinance shall become effective 30 days after  
8 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
9 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
10 of Supervisors overrides the Mayor’s veto of the ordinance.

11 RECOMMENDED:

12  
13 \_\_\_\_\_  
14 Director of Property

15  
16 APPROVED AS TO FORM:  
17 DENNIS J. HERRERA, City Attorney

18 By: \_\_\_\_\_  
19 Anita L. Wood  
20 Deputy City Attorney

21 n:\spec\as2015\1500453\01032724.docx

22  
23  
24  
25