



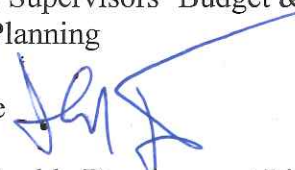
Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator

John Updike
Director of Real Estate

MEMORANDUM

DATE: July 6, 2017

TO: Honorable Members of the Board of Supervisors' Budget & Finance Committee
Heather Green, Director of Capital Planning

FROM: John Updike, Director of Real Estate 

SUBJECT: Quarterly Update on Sales of Transferable Development Rights (TDR)

In approving Resolution No. 16-14 on January 20, 2014, the Board of Supervisors authorized me to sell up to 1,100,000 gross square feet (or units) of TDR from the War Memorial Complex at 301-401 Van Ness Avenue, at fair market value. The conditions of that approval were as follows:

- 1) Enabling legislation to reauthorize such TDR sales would be required upon reaching sales of 550,000 gross square feet (or units); and
- 2) Net sales proceeds (gross proceeds less escrow costs and commissions) shall be used solely for the rehabilitation and restoration of the War Memorial Complex, which may include payment of debt service in furtherance of said restoration efforts; and finally
- 3) That I shall report to the Capital Planning Committee and Board's Budget & Finance Committee at the end of each quarter to provide an update on the results of sale of City owned TDR, however the reporting requirement may be waived if no sales took place in the previous quarter.

When the Board provided this sales authorization in 2014, the TDR market had softened considerably, and sufficient TDR was available through other sources at lower prices than our approved appraised value. We worked our sources in the development community and patiently waited for the market to strengthen. I'm pleased to provide this first quarterly report since the authorization, and to inform you of the following sales during the past quarter:

<u>Transferee Location</u>	<u>Date of Transfer</u>	<u>Amount of TDR</u>	<u>Amount of Net Proceeds</u>
1125 Market Street	5/30/2017	25,157 units	\$538,839.50
246 First Street	6/27/2017	8,550 units	\$182,120.00

We have two more Purchase and Sale Agreements that are fully executed and awaiting closing later in 2017 that are expected to yield approximately an additional \$3,600,000 in net proceeds. We will report on those closings, and any others, upon conclusion of the quarter in which the sale occurs.

cc: Naomi Kelly, City Administrator; Ben Rosenfield, Controller; Melissa Whitehouse, Mayor's Budget Director; Elizabeth Murray, Managing Director, War Memorial & Performing Arts Center