



August 12, 2013

The Honorable Cynthia Ming-mei Lee  
Presiding Judge  
Superior Court of California, County of San Francisco  
400 McAllister Street  
San Francisco, CA 94102

Dear Judge Lee:

The following is in response to the 2012-2013 Civil Grand Jury report, "*Optimizing the Use of Publicly-Owned Real Estate: Achieving Transparency, Momentum and Accountability*".

San Francisco's scarce real estate is in high demand. The public has the right to know that all publicly owned real estate is optimally utilized. As mentioned elsewhere in this response, the City is making an effort to increase public transparency. With the integration of the City Property Information Map (PIM) database with the Real Estate Information System (REIS) database, interested citizens will be able to easily know the complete, up to date status of all publicly property.

When a department deems property surplus to its mission, the City should effectively find another use for the property as soon as reasonably possible. Staff continually discusses the best use of City assets on a regular basis and is always looking for development opportunities.

Currently, City code mandates that surplus and underutilized property be developed into affordable housing. If affordable housing cannot be developed on the site, the land should either be transferred to a Department or sold with the proceeds of the sale used to finance affordable housing in the City. While this ordinance was narrowly drawn on purpose, any attempt to broaden the incentives to dispose of property will need to be balanced with the need for affordable housing in San Francisco.

We appreciate the Civil Grand Jury's interest in this topic and thank you for the opportunity to respond.

**The Mayor's Office, the Department of Technology, the Planning Department, the Real Estate Department, the Director of Capital Planning, and the City Administrator consolidated response to the Civil Grand Jury's findings is as follows:**

**Finding 1.** Inadequate readily-accessible public information on publicly-owned real estate is part of the reason some properties have been allowed to languish and deteriorate, at a loss to the City. A more rational approach to handling under-utilized or surplus property requires that a comprehensive, detailed list of public properties is available on an ongoing basis.

The Fleishhacker Pool House is a perfect example of a situation where being "out of sight, out of mind" allowed a property to become so neglected that it eventually was destroyed by fire, resulting in a real loss for the City. A more transparent property database will make such occurrences less likely in future.

**Response:** *Disagree.* Disrepair of assets is more a function of the capital needs of the City far outstripping the City's fiscal capacity.

**Finding 2.** Lack of transparent public debate contributes to suboptimal use of City real estate assets.

The Kirkland Property is a perfect case in point. SFMTA may have a good case for retaining the property as a bus maintenance yard as recommended by its consultant. However, allowing SFMTA to abandon stated plans for converting the property to commercial and/or residential use without public debate prevents possibly better, more economically efficient alternatives from being considered.

**Response:** *Disagree.* Expert advice, peer review and multi-departmental discussions regarding best use of City assets is secured on a regular basis by departments, and often a topic of discussion by the Capital Planning Committee.

**Finding 3.** The purposes for which the Surplus Property Ordinance was adopted are too narrow to effectively motivate City departments to identify surplus and underutilized properties for other uses or disposition. Further, the ordinance does not provide a department with any incentive to dispose of surplus or underutilized property.

**Response:** *Agree.* However, it should be noted that the Surplus Property Ordinance is purposely narrow and focused solely on affordable housing development.

**Finding 5.** Passive management of publicly-owned real estate leads to valuable properties lying fallow for years. The City and SFUSD leadership must be charged and empowered to develop plans for utilization of surplus / under-utilized parcels, including public-private partnerships where feasible and desirable.

Very valuable properties owned by City departments and SFUSD have been underutilized for decades and present prime opportunities to be repurposed or sold to create value for the City and SFUSD. As noted in this report, the properties at 155/165 Grove Street, the Fire Chief's House at 870 Bush Street, the lot at 7th Avenue and Lawton Street, and 1950 Mission Street are a few examples of properties that have been passively managed.

**Response:** *Agree.*

**The Mayor's Office, the Department of Technology, the Planning Department, the Real Estate Department, the Director of Capital Planning, and the City Administrator consolidated response to the Civil Grand Jury's recommendations is as follows:**

**Recommendation 1.1:** The web-based San Francisco Property Information map currently used to display Planning and Building Inspection Department information should be integrated with and further developed by other departments to convey complete information about City properties.

**Response:** *Recommendation has been implemented.* The integration of the Property Information Map (PIM) database with the Real Estate Information System (REIS) database has already commenced as of

July, 2013. Beta testing is underway, and full integration of data, providing greater transparency to the public, will be complete by first quarter, calendar year 2014. Representatives of all City departments with real estate assets have access to the system and understand the protocols to initiate changes in status of those assets. The database is updated automatically as property status changes.

**Recommendation 1.2:** The online database of all properties owned by SFUSD and all City departments, including revenue-generating enterprise departments, needs to include information required by Chapter 23A of the Administrative Code.

**Response:** *Recommendation will be implemented in the future.* The City Administrator's Office, through the Director of Property, intends to present a legislative clean-up to Chapter 23A of the Administrative Code for Board and Mayor consideration by no later than first quarter, calendar year 2014.

**Recommendation 1.3:** City departments, commissions and agencies should be directed to maintain and update their departmental real estate database, which appears in the Real Estate Division Map of Real Property and Property Book.

**Response:** *Recommendation will be implemented in the future.* Pursuant to the requirements of Chapter 23A of the Administrative Code, as amended, this will be accomplished.

**Recommendation 1.4:** The Director of Real Estate should be required to review the list annually to confirm that all departments have made a complete report on their properties, including surplus and underutilized properties, in accordance with the requirements of Chapter 23A of the Administrative Code; and the City Administrator should be required to report annually to the Board of Supervisors regarding the City's real property assets.

**Response:** *Recommendation will be implemented in the future.* Pursuant to the requirements of Chapter 23A of the Administrative Code, as amended, this will be accomplished. However, the annual report to the Board of Supervisors relative to the City's real property assets will be contained within the overall Capital Plan documents provided to the Board annually, as recommended by the City's Capital Planning Committee.

**Recommendation 2:** The City and SFUSD should activate their respective Surplus Property Advisory Committee because the meetings of these committees provide a public forum in which to discuss best uses of publicly-owned real estate and each committee should be charged with monitoring uses of public property and making sure that there is ongoing accountability with respect to surplus and underutilized properties.

**Response:** *Recommendation will not be implemented.* On-going adjustments to the level of information provided in the City's property database, which is available to the public via the City's website, will provide sufficient transparency regarding the status of the City's publicly-owned real estate. This will be coupled with additional more in-depth discussions regarding property status with the Capital Planning Committee, whose meetings are open to the public. With these steps, we do not believe Advisory Committee activation is necessary at this time.

**Recommendation 3:** The Board of Supervisors should amend Chapter 23A of the Administrative Code to include an incentive for City Departments to identify and dispose of surplus and underutilized properties and to broaden the purposes for which surplus and underutilized properties may be used.

**Response:** *Recommendation will be implemented and requires further analysis.* The City Administrator's Office, through the Director of Property, intends to present a legislative clean-up to Chapter 23A of the Administrative Code for Board and Mayor consideration by no later than first quarter, calendar year 2014.

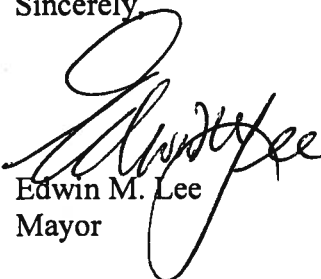
Current City policy directs surplus property to be developed as affordable housing, and a change would require further analysis. Any new policy which would broaden the uses of surplus and underutilized properties must be balanced with the need for affordable housing in San Francisco.

**Recommendation 5.2:** The Capital Planning Policy Committee of the San Francisco Capital Planning Program should be made responsible for overseeing the publicly-owned surplus and underutilized property list for the City and for assuring that clear plans for the disposition or repurposing of such properties are generated and incorporated into the 10 year rolling capital plan of the Capital Planning Program.

**Response:** *Recommendation will be partially implemented.* The City Administrator's Office, through the Director of Property, intends to present a legislative clean-up to Chapter 23A of the Administrative Code for Board and Mayor consideration by no later than first quarter, calendar year 2014. This package will include staff's recommendations to provide greater authority for the Director of Property to ensure conformance with the Code by Departments. The Director of Property will collaborate with the Capital Planning Committee, and the Capital Plan will contain a section in the future relative to status of surplus and underutilized City assets.

Thank you again for the opportunity to comment on this Civil Grand Jury report.

Sincerely,



Edwin M. Lee  
Mayor