FILE NO. 160388

LEGISLATIVE DIGEST

[Option Agreement for Sale of Transbay Block 4 (Main Street between Howard and Folsom) – OCII to F4 Transbay Partners LLC – $45 million]

Resolution approving an option agreement for the potential sale of Transbay Block 4 (the northern one-third of the block bounded by Beale, Howard, Main, and Folsom Streets) by the Successor Agency to the San Francisco Redevelopment Agency to F4 Transbay Partners LLC, a Delaware limited liability company, for $45 Million; and making findings under Health and Safety Code Section 33433.

Existing Law

The Transbay Joint Powers Authority (the TJPA) and the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, also known as the Office of Community Investment and Infrastructure (OCII), approved an option agreement for the sale of Transbay Block 4 to F4 Transbay Partners LLC. Under California Health and Safety Code Section 33433 and the Transbay Redevelopment Plan Section 4.7.2, the Board of Supervisors must approve the option agreement and find that the sales price meets or exceeds the fair market value or the fair reuse value with the covenants and conditions and development costs authorized by the agreement.

Amendments to Current Law

This is a contract approval item. There are no amendments to law.

Background Information

The TJPA has entered into a purchase and sale agreement for Transbay Parcel F for $160 million. Upon the closing of Parcel F, the TJPA will pay off a $171 million bridge loan from Goldman Sachs and draw upon a $171 million federal TIFIA loan, which the TJPA needs to continue work on and complete construction of the Transbay Transit Center. A condition of closing the Parcel F transaction is that the Block 4 option agreement obtain final approvals, including approval from the Board of Supervisors. The Block 4 option agreement provides for a purchase price of $45 million, subject to a $3 million reduction if the closing conditions are met by June 30, 2018 but the parcel is not available for transfer. The purchase price may be reduced under Developer's negotiation option or appraisal option once the affordability requirements and other terms for a disposition and development agreement (the "DDA") with OCII are set. The option agreement requires the developer to subsidize 45% of the units as affordable, without any public or OCII subsidy. If the purchase price is reduced under the negotiation option or the appraisal option, the reduced price will be subject to the approval of the OCII Commission and the Board of Supervisors.

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