File # 170213 : 170214 Received in Committee 3/11/17

# Sales of City Assets 1660/80 Mission St. & 30 Van Ness Ave.

San Francisco Budget and Finance Committee March 16, 2017

# 1660/80 Mission: Today

### **1660 Mission Street**

- Built in 1990, City acquired in 1993
- 75,321-square-feet, six-stories
- Currently occupied by DBI
- 2017 MAI Appraisal: \$36M



### **1680 Mission Street**

- City acquired in 1965
- 36,753-square-feet, four-stories
- Currently occupied by Public Works
- 2017 MAI Appraisal: \$15.8M

# 30 Van Ness: Today

- Built in 1908/1964, City acquired in 2001
- 164,000 square feet, five-stories
- Currently Occupied by:
  - Public Works
  - Public Health
  - DEM
  - Rec. Park
- Currently zoned at 400'
- Up to \$60M in capital repairs & improvements needed to extend useful life if City doesn't sell
- \$27M existing debt on building
- 2017 MAI Appraisal: \$69.9M



# Sale of 30 Van Ness - Timeline to Date

October	August	April	July	Fall	June	September	February	Today
2001	2012	2015	2015	2015	2016	2016	2017	
Purchased for \$32M	Appraisal \$43.5M	Building Listed for Sale	Board Authorized Sale (\$87M @ 12% affordable)	Board Rejected Sale (\$80M @ 15% affordable)	Prop. C Passed by Voters	Building Listed for Sale	Appraisal \$69.9M	Proposed Resolution: \$70M @ 25% affordable

#### **Direction from Board**

- 1. Increase minimum affordability from Buyer
- 2. Negotiate a better deal with more total value to City
- 3. Record affordability requirements against the property
- 4. No contingencies regarding the minimum affordability
- 5. Offering should resemble an auction

# **2017 Purchase and Sale Agreements**

#### **Purchase Prices:**

- 1660/80 Mission Office Buildings: \$52M
- 30 Van Ness Residential Redevelopment: \$70M = \$122M

### Transfer Tax to City (typically paid by Seller):

- 1660/80 Mission: \$1.56M
- 30 Van Ness: \$2.1M = ~\$3.66M
  \*Sales also generate new incremental property tax revenue to GF into perpetuity ~\$1.4M/yr.

### Leasebacks

- 3-year initial term
- 2 one-year options to extend each lease
- ~ \$40 per sq. ft. all-in (market rate is \$55-\$70)

### Deposits

- 1660/80 Mission:
- 30 Van Ness:

\$2M

\$14M = \$16M

\*Non-refundable if BOS Resolutions are passed

# 30 Van Ness: Affordable Housing



\*Hypothetical rendering as redeveloped

- Prop C. Passed by Voters on June 7, 2016 Rentals
  - 15% low-income @ 55% AMI
  - 10% middle-income @ 100% AMI Condos
  - 15% low-income @ 80% AMI
  - 10% middle-income @ 120% AMI
- Restriction in PSA permanently records this as the <u>minimum</u>, even if levels are lowered in future; If inclusionary levels are increased, the higher levels shall apply
- Residential redevelopment of 30VN is critical element of HUB
- Potential future up-zoning could contribute even more affordable housing to City's housing supply
- Substantial impact fees generated by redevelopment to be paid to MOHCD

# 30 Van Ness Agreements: 2015 vs. 2017

## February 2017 Agreement

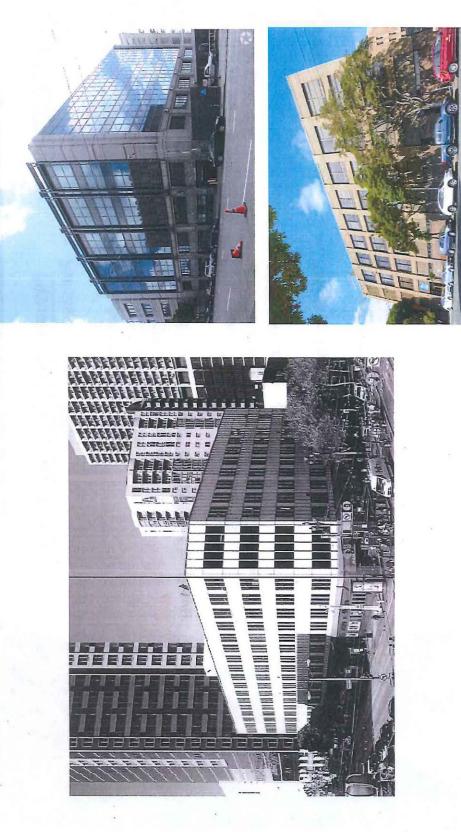
- Purchase Price: \$70M
  - Affordability Minimum: 15% low-income <u>10% middle-income</u> **25% minimum\* committed by Buyer**
- Value to City of additional 10% is between
  \$12M \$38M, depending on the development
- Transfer Tax: Buyer Pays

\*Recorded against property

### November 2015 Agreement

- Purchase Price: \$80M
  - Affordability Minimum: 15% low-income <u>0% middle-income</u> **15% minimum\*\*** committed by Buyer
- City could "buy" middle-income affordability at a cost of \$641,227 per 100% AMI unit
- Transfer Tax: Buyer Pays

\*\*In purchase agreement, but not recorded against property



Thank You