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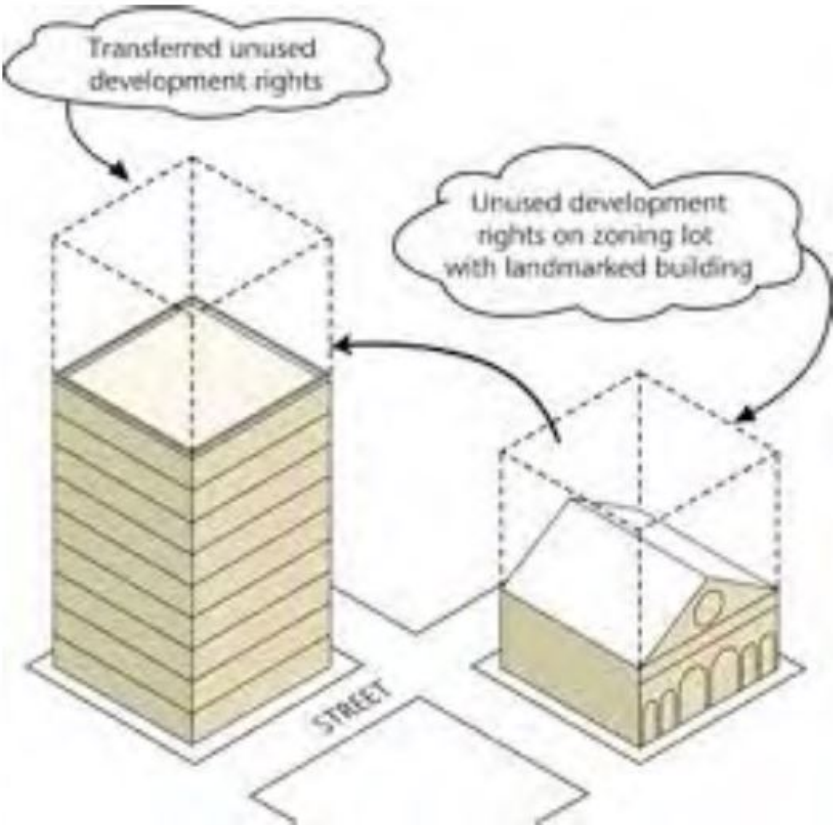
There's only one San Francisco. Let's take care of it.



Resolution Authorizing the Director of Real Estate to sell 1,200,000 units of Transferable Development Rights (TDRs) from City Hall Building

TDR Illustration

Transfer of Unused Development Potential



City Hall TDR Authorization Request



- ❑ The City owns certain real property located at 1 Dr. Carlton B. Goodlett Place in San Francisco at Block 0787 Lot 001 (“City Hall”).
- ❑ City Hall:
 - ❑ Has 540,127 rsf over four floors plus a mezzanine and attic.
 - ❑ Has 1,317,480 total units of TDR available
- ❑ Only **1,200,000** units of TDR sought
- ❑ 117,480 units held off market in reserve in case of future development

Success of War Memorial TDR Program



- ❑ We are building upon the success of the War Memorial TDR program.
- ❑ On January 20, 2014, by Resolution No. 16-14 the Board of Supervisors authorized the Director of Real Estate to sell up to 1,100,000 gross square feet (or units) of TDR divided in two tranches of 550,000 units each
- ❑ Between January 2014 and July 2019 we sold and closed on 550,000 TDR units.
- ❑ Between July 2019 and May 2021 we sold and closed on 542,218 TDR units.
- ❑ Gross Proceeds of approximately \$32 MM

Pricing Schedule – City Hall

- ❑ Base Price as of September 1, 2021 is \$37.50 per TDR unit.
- ❑ During the period September 1, 2021 through December 31, 2022 (Initial Period), cumulative TDR units sold between 1 - 199,999 sq. ft. is at Base Price.
- ❑ No Annual Price Adjustment – If 0 - 49,999 TDR units are sold during the Initial Period or any other future calendar year, then no Annual Price Adjustment occurs at the end of the calendar year (\$0.00 per unit increase). **Slow Market**
- ❑ Fixed Annual Increase – If 50,000 – 199,999 TDR units are sold during the Initial Period or any other future calendar year, the Base Price will increase by \$2.50 per unit (Base Escalation Event) after the 365th day of the calendar year. **Normal Market**

Pricing Schedule



- ❑ Variable Increase – If 200,000 or more TDR units are sold during the Initial Period or any other future calendar year (**Hot Market**), the then-current TDR unit price will immediately increase by 15% (Premium Escalation Event).
- ❑ Upon a Premium Escalation Event, the upcoming scheduled Annual Price Adjustment will be delayed by one year (but will not compound with the scheduled Annual Adjustment).
- ❑ TDR units will be considered “sold” when there is a fully executed Purchase Agreement for the sale of the TDR even if the parties have not yet closed escrow on the sale.

Benefits of Pricing Schedule

- ❑ Incentives the buyer to lock in early in order to avoid price increases.
- ❑ Guarantees the availability of TDR.
- ❑ Early commitments demonstrate to other potential buyers that TDR price is at market.
- ❑ Anticipated gross proceeds from City Hall TDR is estimated to be **\$41 - \$50 MM**

Standard TDR Sale Terms

- ❑ Deposit of 1% due at time of contracting
- ❑ Price guarantee for 6 months
- ❑ Minimum and Maximum TDR allocation allowed
- ❑ 100% Refund only on City default

Use of City Hall TDR Proceeds

- ❑ The net sales proceeds can only be used for the rehabilitation and restoration of City Hall, which may include payment of debt service.
- ❑ RED proposes to fund the following City Hall historic preservation projects:
 - ❑ **Roof and accessible dome leak repairs-Phase II: \$3 MM**
 - ❑ **Dome Revitalization of Coating, Drum Stone & Windows: \$20 MM**
 - ❑ **Exterior Perimeter Stone and Grout Refurbishments: \$7 MM**
 - ❑ **Qualifying interior historic preservation projects: \$16.1 MM**

Questions

