

**APPROVED LONG-RANGE PROPERTY MANAGEMENT PLAN
MAJOR APPROVED DEVELOPMENT PROJECT
TRANSBAY**

EXECUTIVE SUMMARY

The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) submits its Long-Range Property Management Plan (“PMP”) for the disposition of real property (the “Transbay Property” or the “Development Parcels”) in the Transbay Redevelopment Project Area (the “Project Area” or “Transbay”). Transbay will be the most transit-rich neighborhood on the West Coast and one of the most transit-oriented neighborhoods in the United States, with more than 3,100 new housing units and nearly 2.6 million square feet of new commercial space developed on publicly owned land surrounding the new, state-of-the-art, Transbay Transit Center (“TTC”) being developed by the Transbay Joint Powers Authority (“TJPA”). The disposition of the Transbay Property is required under enforceable obligations, as defined in Section 34171 (d) (1) of the California Health and Safety Code¹ and in a Final and Conclusive Determination by the Department of Finance (“DOF”) under Section 34177.5 (i).² DOF has already determined that “any sale, transfer, or conveyance of property related to this project, and as outlined in the project documents, is authorized.”³

The Development Parcels are comprised of Market-Rate Parcels (to be developed with private, market-rate residential/commercial uses), Affordable Housing Parcels (to be developed with affordable housing) and Park Parcels (to be developed as public parks). The Successor Agency currently owns five of these Development Parcels and will acquire several more over the next few years, pursuant to the Transbay Enforceable Obligations which are defined and discussed in greater detail below.

Under the Transbay Enforceable Obligations, the Successor Agency has purchased and/or is authorized to purchase these Development Parcels, and own them until they are either: (i) sold for private development, (ii) developed as affordable housing, or (iii) developed as public parks. Therefore, the Successor Agency proposes the following disposition plan pursuant to Redevelopment Dissolution Law for the Transbay Property:

¹ All future statutory references are to the California Health and Safety Code unless otherwise noted.

² Letter, S. Szalay, DOF, Local Government Consultant, to Tiffany Bohee, Successor Agency, Executive Director (April 15, 2012), *available at* [http://www.dof.ca.gov/redevelopment/final_and_conclusive/Final_and_Conclusive_Letters/documents/San Francisco_F&C_EO_Items_102_105_&_237.pdf](http://www.dof.ca.gov/redevelopment/final_and_conclusive/Final_and_Conclusive_Letters/documents/San_Francisco_F&C_EO_Items_102_105_&_237.pdf)

³ Email, Justyn Howard, DOF, Assist. Program Budget Manager, to Tiffany Bohee, Successor Agency, Executive Director (Sep. 10, 2013, 09:17 a.m.) (See Attachment C.)

- ***Market-Rate Parcels***

- Future Ownership (a portion of Block 4) – Acquire and sell at market value to third-party developers pursuant to the Transbay Implementation Agreement. The estimated acquisition date is 2016 and the estimated sales date is 2018.
- Future Ownership (a portion of Block 8) – See the Affordable Housing Parcels section below for the Block 8 market-rate project description.
- Sales proceeds – The sales proceeds for market-rate housing projects are restricted under the Transbay Pledge Agreement and must be used to help pay the cost of designing and constructing the new TTC (pursuant to the Transbay Pledge Agreement, the Transbay Implementation Agreement, and the Transbay Option Agreement). (Recognized Obligation Payment Schedule (“ROPS”) Line No. 102.)

- ***Affordable Housing Parcels***

- Current Ownership (Block 11A) – The Successor Agency plans to transfer this completed, fully occupied affordable housing project to the City and County of San Francisco (the “City”) as Housing Successor Agency pursuant to Redevelopment Dissolution Law in early 2016, upon completion of the permanent financing conversion.
- Current Ownership (a portion of Block 1) – The Successor Agency proposes to sell its portion of Block 1 (acquired in 2003 with tax increment moneys for the purpose of developing affordable housing) for fair market value to the owner of the other four parcels on the block, who will assemble all the parcels and master develop the block to include (1) a residential tower (with both market rate units and inclusionary/developer funded affordable units), and (2) a 100% affordable project in a separate podium building. Fair market value may consist of restrictions and covenants on the block requiring the development of up to 40% of the total number of units in the project as affordable housing. However, in the event that there are actual sales proceeds from the transfer of the Block 1, the Successor Agency will use the funds to subsidize the on-site development of the 100% affordable project as indicated on the Successor Agency’s ROPS Line No. 392. The estimated sales date is 2016.
- Current Ownership (Block 6) – In May 2014, pursuant to the Block 6 Disposition and Development Agreement (“Block 6 DDA”), the Block 6 developer conveyed this airspace parcel to the Successor Agency for development of 70 affordable units above a portion of a podium and garage to be shared with the market-rate development on Block 6 and a second affordable housing project on Block 7. See Attachment D, Transbay Blocks 6 and 7 Development Program Map, which shows the location of the affordable housing and market-rate developments on Blocks 6 and 7. The Successor Agency plans to transfer this completed, fully occupied affordable housing project on Block 6 to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law, upon completion of the permanent financing conversion in 2016.

- Current Ownership (Block 7) – In October 2013, the Successor Agency acquired Block 7 (from the TJPA pursuant to the Transbay Enforceable Obligations) for development of a 100% affordable housing project sharing a garage with the development on Block 6 (see Attachment D). The Successor Agency will continue to own the Block 7 land until the project is completed by its affordable housing developer, and then transfer it to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. The estimated transfer date is 2018.
 - Future Ownership (Block 2, a portion of Block 4, and Block 12) – Acquire and retain to fulfill Transbay Enforceable Obligations (i.e., to ensure these parcels are developed into affordable housing to meet the state-mandated 35% affordable housing requirement in Transbay). Once the affordable housing is complete, the Successor Agency will transfer it to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. The estimated acquisition and transfer dates are between 2016 and 2020.
 - Future Ownership (a portion of Block 8) – Pursuant to the Block 8 Disposition and Development Agreement (“Block 8 DDA”), the City will convey this property to the Successor Agency, and in the same escrow transaction, the Successor Agency will immediately convey the property to the Block 8 developer. Escrow is expected to close in late 2015 or early 2016. The Block 8 developer is responsible for building mixed-income residential project consisting of approximately 400 market-rate units, 70 affordable inclusionary units, and 80 Successor Agency-subsidized affordable units (the “Affordable Housing Project”). The Block 8 developer will convey an airspace parcel for the Affordable Housing Project back to the Successor Agency (in 2016), the Successor Agency will then lease the airspace parcel to an affiliate of the Block 8 developer (pursuant to the Block 8 DDA), and the affiliate will then construct the Affordable Housing Project in collaboration with the Block 8 developer. After completion of the Affordable Housing Project, the Successor Agency will transfer the project to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. The estimated transfer date is 2018.
- ***Park Parcels***
 - Current Ownership (Block 11B) – Retain to fulfill an enforceable obligation (i.e., ensure Block 11B is developed into a park). Once the park is complete, the Successor Agency will transfer it to the City for a governmental purpose (i.e., a public park). The estimated transfer date is 2019.
 - Future Ownership (Block 3) – Acquire and retain to fulfill an enforceable obligation (i.e., ensure Block 3 is developed into a park). Once the park is complete, the Successor Agency will transfer it to the City for a governmental purpose (i.e., a public park). The estimated acquisition date is 2018 and the estimated transfer date is 2019.

BACKGROUND

In 2005, the City adopted the Transbay Redevelopment Project Area, which consists of 40 acres in the City's financial district, including the new TTC and 10 acres of publicly owned property, most of which was formerly owned by the State of California (the "State"). Most of the formerly State-owned parcels are part of the former Embarcadero Freeway, which was demolished after the 1989 Loma Prieta Earthquake. The Redevelopment Plan for the Project Area (the "Redevelopment Plan") designates most of the formerly State-owned parcels as part of Zone 1, where the Successor Agency has final land use authority over projects.

The Redevelopment Plan has three primary goals, all of which are covered by the Transbay Enforceable Obligations discussed later in this document:

1. Funding (from sales proceeds, tax increment, and other sources) the construction of the new, multi-modal TTC on the site of the former terminal and construct a rail extension from the current Caltrain station at Fourth and King Streets to the new TTC (the "Downtown Extension"). The TJPA is responsible for planning, constructing and eventually operating the new TTC.
2. Developing a new, transit-oriented neighborhood on approximately 10 acres of publicly owned property, most of which was formerly owned by the State, including more than 3,100 new residential units and 2.6 million square feet of new commercial space as well as new parks, plazas, streetscapes, and related improvements.
3. Providing that 35 percent (or approximately 1,200 units) of the new residential units constructed in the Project Area are affordable to low- and moderate-income households by requiring market rate development to include affordable units and providing tax increment financing for Successor Agency-subsidized units.

The Redevelopment Plan authorizes the transformation of the Project Area into a new, mixed-use neighborhood surrounding a state-of-the-art, multi-modal transit station. The TJPA is responsible for constructing, owning and operating the new TTC, which is currently under construction and scheduled to be completed in 2017. The TTC will be a modern transit hub accommodating regional bus, light rail, and future high-speed rail service throughout the Bay Area and California.

In 2003, in anticipation of this plan, the TJPA, the City, and the State Department of Transportation ("Caltrans") executed the 2003 Cooperative Agreement, which required Caltrans to transfer 24 parcels to the City and the TJPA for the construction of the TTC and future neighborhood development (the "Transbay Cooperative Agreement"). The Transbay Cooperative Agreement further required that all land sale proceeds from the sale of the State-owned parcels and all net tax increment generated by their development must be used for the construction of the new TTC, including its access ramps.

Under the enforceable obligations described below, the Successor Agency is responsible for facilitating development on publicly owned parcels within the Project Area and also for planning

and constructing a wide range of infrastructure improvements in the Project Area, including new public parks, new pedestrian-oriented alleys, and widened sidewalks. The infrastructure improvements are detailed in the 2006 Transbay Redevelopment Project Area Streetscape and Open Space Plan (the “Streetscape and Open Space Plan”).

Summary of Enforceable Obligations

Under the Transbay Enforceable Obligations, the Successor Agency has purchased or is authorized to purchase the Development Parcels and own them until they are either: (i) sold for private development, (ii) developed as affordable housing, or (iii) developed as public parks. These Transbay Enforceable Obligations are:

Enforceable Obligations to Acquire Property

- The Transbay Redevelopment Project Implementation Agreement dated January 20, 2005, between the Successor Agency and the TJPA (the “Transbay Implementation Agreement”).

Enforceable Obligations to Retain Property for Development

- The Transbay Implementation Agreement; and
- California State Assembly Bill 812, passed July 22, 2003 and codified in California Public Resources Code Section 5027.1, which imposes a 35% affordable housing requirement in the Transbay Redevelopment Project Area (“Assembly Bill 812”); and
- The Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement dated January 31, 2008, between the Successor Agency, the TJPA and the City (the “Transbay Pledge Agreement”).

Each of these Enforceable Obligations is discussed in greater detail below.

The Transbay Implementation Agreement. The Transbay Implementation Agreement is an enforceable obligation under Redevelopment Dissolution Law. Parcels that the Successor Agency does not own now, but may own in the future, are defined as “Agency Transfer Parcels” in the Transbay Implementation Agreement and in the 2008 Option Agreement for the Purchase and Sale of Real Property between the Successor Agency, the City, and the TJPA (the “Transbay Option Agreement”). The Agency Transfer Parcels include all of the Development Parcels, except for Block 1, two lots on Block 2 (Block 3739, Lots 004 and 007), and two lots on Block 3 (Block 3739, Lots 002 and 006).

The Transbay Implementation Agreement requires that the Successor Agency “prepare and sell the Agency Transfer Parcels to third parties.” (See Implementation Agreement, Section 2.1 (a) at page 4.) This requirement is also contained in the Option Agreement, which grants the Successor Agency “the exclusive and irrevocable option to purchase the Agency Transfer Parcels.” (See Option Agreement, Section 2.1 at page 4.) The Option Agreement provides the means by which the Successor Agency can fulfill its obligations under the Implementation Agreement to prepare and sell the Agency Transfer Parcels. In addition, the Implementation

Agreement obligates the Successor Agency to fund and develop major infrastructure improvements and affordable housing.

Also, with respect to parks, the Implementation Agreement requires the Successor Agency to execute all activities related to the implementation of the Transbay Redevelopment Plan, including “activities related to major infrastructure improvements, including new public parks, new pedestrian-oriented alleys ...” (See Implementation Agreement, Section 2.1(d)). These park-related infrastructure activities are further defined in the Transbay Streetscape and Open Space Concept Plan. Construction of new public parks is necessary to maximize the value of the State-owned parcels and thus generate funding for the construction of the TTC, as required under the Pledge Agreement (discussed below).

The Transbay Implementation Agreement and the Transbay Option Agreement are in furtherance of the Transbay Pledge Agreement and the Transbay Cooperative Agreement.

On April 15, 2013, DOF determined “finally and conclusively” that the Transbay Implementation Agreement is an enforceable obligation that will not require additional DOF review in the future, although expenditures under the Transbay Implementation Agreement are subject to continuing DOF review. The California State Legislature reaffirmed this determination through the adoption of Senate Bill No. 107, chaptered on September 22, 2015 (Section 27(a)(5)).

Assembly Bill 812. Assembly Bill 812 is an obligation imposed by state law and is thus an enforceable obligation under Redevelopment Dissolution Law. (See Section 34171(d) (1) (C).) It imposes a 35% affordable housing requirement in the Project Area. To meet this requirement, the Successor Agency must ensure that the maximum number of affordable units be developed on the Development Parcels (identified as “Agency Transfer Parcels” in the Transbay Implementation Agreement) and on Block 1. Prior to dissolution, the former redevelopment agency acquired, with Low- and Moderate-Income Housing Funds, a portion of Block 1, which includes the Successor Agency’s parcel and three adjacent privately-owned parcels. The Transbay Redevelopment Project Area Development Controls and Design Guidelines (the “DCDG”) require that the Successor Agency’s portion of Block 1, also known as the “Spear Street Parcel,” be aggregated with the adjacent private parcels before Block 1 can be developed.

Development of Block 1 with a significant amount of affordable housing is needed to fulfill the affordable housing requirements of Assembly Bill 812, which the Successor Agency estimates as requiring approximately 1,200 below-market-rate units.

On April 15, 2013, DOF determined “finally and conclusively” that Assembly Bill 812 is an enforceable obligation that will not require additional DOF review in the future, although expenditures under Assembly Bill 812 are subject to continuing DOF review.

The Transbay Pledge Agreement. This agreement, another enforceable obligation under Redevelopment Dissolution Law, pledges all of the sales proceeds and all of the net tax increment from the formerly State-owned parcels to fund the TTC. The Transbay Pledge Agreement arose from the Transbay Cooperative Agreement.

On April 15, 2013, DOF determined “finally and conclusively” that the Transbay Pledge Agreement is an enforceable obligation that will not require additional DOF review in the future, although expenditures under the agreement are subject to continuing DOF review.

The Transbay Pledge Agreement, the Transbay Implementation Agreement, and the Transbay Option Agreement all require that the Successor Agency deposit the gross sales proceeds from the sale of the Agency Transfer Parcels into a separate account, which shall be used by the TJPA to help pay the cost of designing and constructing the new TTC.

LONG-RANGE PROPERTY MANAGEMENT PLAN

The Successor Agency currently owns five Development Parcels in Transbay: four Affordable Housing Parcels (a portion of Block 1, Block 6, Block 7, and Block 11A), and one Park Parcel (Block 11B). The Successor Agency will own several more Development Parcels in Transbay in the future: two Market-Rate Parcels (a portion of Block 4 and a portion of Block 8), four Affordable Housing Parcels (Block 2, a portion of Block 4, a portion of Block 8, and Block 12), and one Park Parcel (Block Three). These properties are also listed on Attachment A (DOF Tracking Sheet for Transbay) and identified on Attachment B (Map of Transbay Development Parcels).

Date of Acquisition

See Attachment A for acquisition dates for the Market-Rate Parcels, the Affordable Housing Parcels, and the Park Parcels.

Value of Transbay Property at Time of Acquisition

See Attachment A for acquisition values for the Market-Rate Parcels, the Affordable Housing Parcels, and the Park Parcels.

Estimate of the Current Value

See Attachment A for estimated current values for the Market-Rate Parcels. With the possible exception of Block 1, the Affordable Housing Parcels have no monetary value under Redevelopment Dissolution Law due to long-term affordability restrictions and covenants requiring the development of permanently affordable housing on these sites and their future transfer to the City as Housing Successor Agency. The Park Parcels, except for Block 11B, are zoned as public open space, and therefore have no value. Block 11B is too small to be financially feasible as a private development and instead will be developed as a public park, increasing the open space already planned and zoned immediately to the south.

The sources for the values of the Market-Rate Parcels, excluding Block 8, is The Concord Group, a real estate consulting firm, which performed a pro-forma and comparables analysis for all of the formerly State-owned parcels that will be developed with market-rate housing and/or commercial space.

The value of Block 1 (not a formerly State-owned parcel) is based on a 2014 appraisal from Carneghi-Blum & Partners, Inc. However, when the property is sold, fair market value may consist of restrictions and covenants on the block requiring the development of up to 40% of the total number of units in the project as affordable housing.

The value of Block 8 Market-Rate Parcel is based on the purchase price set forth in the Block 8 DDA.

Purpose for which the Transbay Property was Acquired

The Transbay Property – including the Market-Rate Parcels, the Affordable Housing Parcels, and the Park Parcels – was acquired, or will be acquired, for the purpose of developing a new, transit-oriented neighborhood surrounding the new TTC, to generate revenue to help construct the new TTC and fulfill the affordable housing enforceable obligation. Through an extensive community process, the former redevelopment agency created the zoning for the new neighborhood, which will be the densest neighborhood in San Francisco at more than 350 residential units per acre. Along with this density, however, the zoning designates certain parcels as open space for the new neighborhood, as described in the Redevelopment Plan and the Streetscape and Open Space Plan.

In addition, Block 1 was acquired from the City in 2003 using affordable housing funds for the purpose of developing affordable housing. The market-rate sale of this property will help fund the affordable housing on Block 1, which is required to meet the Successor Agency's affordable housing obligations in the Project Area.

Address/Location

See Attachment A for the specific addresses for the Market-Rate Parcels, the Affordable Housing Parcels, and the Park Parcels.

These properties are mostly located along Folsom Street, and between Main and Beale Streets north of Folsom Street and south of Mission Street. These areas were formerly occupied by a portion of the Embarcadero Freeway, which was demolished after the 1989 Loma Prieta Earthquake, thus clearing the way for the State, the City and the TJPA to negotiate an agreement to transfer the parcels for the purpose of developing a new neighborhood and generating revenue to help construct the new TTC.

Other parcels, including portions of Blocks 2 and 4, were formerly occupied by the bus ramps to the former terminal before it was demolished. The new TTC will have fewer, more narrow ramps connecting it to Interstate 80, thus freeing up these parcels for development.

Lot Size

See Attachment A for the lot sizes for the Market-Rate Parcels, the Affordable Housing Parcels, and the Park Parcels.

Current Zoning

All of the Development Parcels are located within Zone 1 of the Project Area, as shown on the map in Attachment B. The Market-Rate Parcels and the Affordable Housing Parcels are zoned as “Transbay Downtown Residential” in the Redevelopment Plan and the DCDG. Transbay Downtown Residential is a mixed-use, high-density residential district that also provides convenience goods and services to the immediately surrounding neighborhoods, as well as comparison shopping goods for a wider market. There is no maximum residential density for living units. Permitted uses per the Redevelopment Plan include residential (3,100 dwelling units), retail businesses and personal services, arts activities and spaces, office and hotel uses, and other ancillary and supporting uses. Tower heights range from 250 to 550 feet.

Block 3, a Park Parcel, is zoned as “Public Open Space” in the Redevelopment Plan and the DCDG. It will be developed as a large neighborhood park and will be surrounded by private development in the future. It will function as a traditional city park.

Block 11B, the other Park Parcel, is zoned “Transbay Downtown Residential.” Block 11B, which the Successor Agency owns now, is too small to be financially feasible as a private development. Instead, Block 11B will be developed as a public park, increasing the open space already planned and zoned immediately to the south.

Estimate of the Current Value (Including Appraisal Information)

See Attachment A for estimated current values for the Market-Rate Parcels. With the possible exception of Block 1, the Affordable Housing Parcels have no monetary value under Redevelopment Dissolution Law due to long-term affordability restrictions and covenants requiring the development of permanently affordable housing on these sites and future transfer to the City as Housing Successor Agency. The Park Parcels, except for Block 11B, are zoned as public open space, and therefore have no value. Block 11B is too small to be financially feasible as a private development and instead will be developed as a public park, increasing the open space already planned and zoned immediately to the south.

The source for the values of the Market-Rate Parcels, excluding Block 8, is The Concord Group, a real estate consulting firm, which performed a pro-forma and comparables analysis for all of the formerly State-owned parcels that will be developed with market-rate housing and/or commercial space.

The value of Block 1 (not a formerly State-owned parcel) is based on a 2014 appraisal from Carneghi-Blum & Partners, Inc. However, when the property is sold, fair market value may consist of restrictions and covenants on the block requiring the development of up to 40% of the total number of units in the project as affordable housing.

The value of Block 8 Market-Rate Parcel is based on the purchase price set forth in the Block 8 DDA.

Estimate of Revenues Generated (Including Contractual Requirements for Use of Funds)

None of the Development Parcels has generated or will generate any revenues, except for the portion of Block 1 that the Successor Agency currently owns. When the former redevelopment agency acquired a portion of Block 1 in October 2003, it was assigned a long-standing lease with a parking operator for \$28,000 per month to operate a surface parking lot. The lease revenue received by the former redevelopment agency was deposited into an account for low- and moderate-income housing, since Block 1 was purchased with these same funds. The lease is month-to-month and requires a 90-day notice of termination. Upon dissolution, these revenues have been retained by the Successor Agency and are being used to fund Transbay affordable housing obligations under the Transbay Implementation Agreement. The Successor Agency expects to sell Block 1 at its market value to an adjacent property owner, pursuant to the Redevelopment Plan and the DCDG. This sale is expected to occur in 2016, at which time, the lease with the parking operator will be terminated.

History of Environmental Contamination, Studies, Remediation Efforts

A general survey of environmental conditions was conducted as part of the 2004 Environmental Impact Statement/Environmental Impact Report for the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project (the “EIS/EIR”). The EIS/EIR states: “The proposed project would involve construction within an urbanized area, where hazardous materials/hazardous wastes would be a concern due to past land uses and undocumented releases to the subsurface environment.” However, there is no known environmental contamination or hazardous waste on the Development Parcels, and therefore there have not been any remediation efforts to date.

Potential for Transit-Oriented Development; Advancement of Planning Objectives

The Project Area will be the most transit-rich neighborhood on the West Coast and one of the most transit-oriented neighborhoods in the United States, with more than 3,100 new housing units and nearly 3.0 million square feet of new commercial space developed on publicly owned land surrounding the new, state-of-the-art, TTC. The new TTC will be built on the site of the former transit terminal and will serve 11 transportation systems: AC Transit, BART, Caltrain, Golden Gate Transit, Greyhound, Muni, SamTrans, WestCAT Lynx, Amtrak, Paratransit and future high-speed rail from San Francisco to Los Angeles/Anaheim. The first phase of the project will create the new TTC with one above-grade bus level, a concourse, and two below-grade rail levels for Caltrain and future high-speed rail. The first phase will also create new bus ramps that will connect the TTC to a new off-site bus storage facility and the San Francisco-Oakland Bay Bridge. The first phase is currently under construction and more than \$700 million has been spent by the TJPA to date. The second phase of the TTC consists of the improvements necessary to extend the existing Caltrain rail line that terminates at Fourth and King Streets to the new rail station at the TTC. The current cost estimate for the second phase is \$2.5 billion.

The new neighborhood surrounding the TTC will be the densest neighborhood in San Francisco, with more than 350 residential units per acre and towers ranging from 300 to more than 1,000 feet in height. The Transbay Enforceable Obligations require this development not only to generate land sales and tax increment funding for the TTC, but also to provide funding for

affordable housing and the construction of a wide range of public improvements to improve the area for pedestrians and bicyclists. The Streetscape and Open Space Plan includes new public parks, new pedestrian-oriented alleys, and widened sidewalks, as well as new and widened bike lanes along all the major streets. The Transbay Enforceable Obligations require improvements to pedestrian and bicycle safety in the Project Area by widening sidewalks and bike lanes, narrowing streets to slow down traffic, and adding new pedestrian-oriented alleyways lined with residential townhouses. Furthermore, the development of all of the Affordable Housing Parcels fulfills the planning objectives contained in the Transbay Redevelopment Plan, the City's General Plan and the Housing Element, all of which identify a need for permanently affordable housing.

History of Previous Development and Leasing Proposals

The following briefly summarizes the history of previous development and leasing proposals for the Transbay Property:

- Since October 2003, when the former redevelopment agency acquired Block 1 (a portion), it was assigned a long-standing lease with a parking operator for \$28,000 per month to operate a surface parking lot. The lease revenue received by the former redevelopment agency was deposited into an account for low- and moderate-income housing, since Block 1 was purchased with these same funds. The lease is month-to-month and requires a 90-day notice of termination. Upon dissolution, these revenues have been retained by the Successor Agency and are being used to fund Transbay affordable housing obligations under the Transbay Implementation Agreement. The Successor Agency expects to sell Block 1 at its market value to an adjacent property owner, pursuant to the Redevelopment Plan and the DCDG. This sale is expected to occur in 2016, at which time, the lease with the parking operator will be terminated.
- In October 2008, the former redevelopment agency released a request for proposals ("RFP") for Block 8. Two proposals were received in early 2009. However, due to the poor state of the economy, the former redevelopment agency, in consultation with the TJPA, decided to suspend the RFP and wait for the economy to improve.
- In July 2011, the former redevelopment agency released an RFP for Blocks 6 and 7. A development team was selected to develop a market-rate and affordable housing development on those parcels.
- In November 2013, the Successor Agency re-released the suspended RFP for Block 8. A development team was selected in 2014 to develop a market-rate and affordable housing development on that parcel.

Disposition of the Transbay Property

Based on the foregoing, the Successor Agency proposes the following disposition plan pursuant to Redevelopment Dissolution Law for the Transbay Property:

- ***Market-Rate Parcels***

- Future Ownership (a portion of Block 4) – Acquire and sell at market value to third-party developers pursuant to the Transbay Implementation Agreement. The estimated acquisition date is 2016 and the estimated sales date is 2018.
- Future Ownership (a portion of Block 8) – Acquire and transfer for fair market value. Pursuant to the Block 8 DDA, the City will convey this property to the Successor Agency, and in the same escrow transaction, the Successor Agency will immediately convey the property to the Block 8 developer. Escrow is expected to close in late 2015 or early 2016. The Block 8 developer is responsible for building a mixed-income residential project consisting of approximately 404 market-rate units, 70 affordable inclusionary units, and 80 Successor Agency-subsidized affordable units. See the Affordable Housing Parcels section below for the disposition plan for the Block 8 Affordable Housing Project.
- Sales proceeds – Sales proceeds for market-rate housing projects are restricted under the Transbay Pledge Agreement and must be used to help pay the cost of designing and constructing the new TTC (pursuant to the Transbay Pledge Agreement, the Transbay Implementation Agreement, and the Transbay Option Agreement). (ROPS Line No. 102)

- ***Affordable Housing Parcels***

- Current Ownership (Block 11A) – Retain to fulfill Transbay Enforceable Obligations (i.e., to ensure these parcels are developed into affordable housing to meet the state-mandated 35% affordable housing requirement in Transbay). Once the affordable housing is complete, the Successor Agency will transfer it to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. The estimated transfer date is 2016.
- Current Ownership (a portion of Block 1) – In furtherance of the affordable housing requirements of AB812, the Successor Agency proposes to sell its portion of Block 1 (acquired in 2003 with tax increment moneys for the purpose of developing affordable housing) for fair market value to the owner of the other four parcels on the block. This owner will assemble all the parcels and master develop the block to include (1) a residential tower (with both market rate units and inclusionary/developer funded affordable units), and (2) a 100% affordable project in a separate podium building. Fair market value may consist of restrictions and covenants on the block requiring the development of up to forty percent of the total number of units in the project as affordable housing. However, in the event that there are actual sales proceeds from the transfer of the Block 1, the Successor Agency will use the funds to subsidize the on-site development of the 100% affordable project as indicated on the Successor ROPS Line No. 392. The estimated sales date is 2016.

- Current Ownership (Block 6) – Transfer to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. In May 2014, pursuant to the Block 6 DDA, the Block 6 developer conveyed this airspace parcel to the Successor Agency for development of 70 affordable units above a portion of a podium and garage to be shared with the market-rate development on Block 6 and a second affordable housing project on Block 7. See Attachment D, Transbay Blocks 6 and 7 Development Program Map, which shows the location of the affordable housing and market-rate developments on Blocks 6 and 7. The Successor Agency plans to transfer this completed, fully occupied affordable housing project on Block 6 to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law, upon completion of the permanent financing conversion in 2016.

- Current Ownership (Block 7) – Transfer to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. In October 2013, the Successor Agency acquired Block 7 (from the TJPA pursuant to the Transbay Enforceable Obligations) for development of a 100% affordable project sharing a garage with the development on Block 6 (see Attachment D). The Successor Agency will continue to own the Block 7 land until the project is completed by its affordable housing developer, and then transfer it to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. The estimated transfer is 2018.

- Future Ownership (Block 2, a portion of Block 4, and Block 12) – Acquire and retain to fulfill Transbay Enforceable Obligations (i.e., to receive tax increment financing and develop affordable housing to meet the state-mandated 35% affordable housing requirement in Transbay). The Successor Agency intends to provide the affordable housing developer for each parcel with a ground lease to provide site access to construct the affordable housing, as well as apply long term affordability restrictions to the project. Once the affordable housing is complete, the Successor Agency will transfer it to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. The estimated acquisition and transfer dates are between 2016 and 2020.

- Future Ownership (a portion of Block 8) – Acquire and transfer to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. Pursuant to the Block 8 DDA, the Block 8 developer will convey an airspace parcel for the Affordable Housing Project back to the Successor Agency (in 2016), the Successor Agency will then lease the airspace parcel to an affiliate of the Block 8 developer (pursuant to the Block 8 DDA), and the affiliate will then construct the Affordable Housing Project in collaboration with the Block 8 developer. After completion of the Affordable Housing Project, the Successor Agency will transfer the project to the City as Housing Successor Agency pursuant to Redevelopment Dissolution Law. The estimated transfer date is 2018.

- ***Park Parcels***

- Current Ownership (Block 11B) – Retain to fulfill an enforceable obligation (i.e., ensure Block 11B is developed into a park). Pursuant to the Transbay Implementation Agreement, the Successor Agency will use tax increment to build the park improvements on Block 11B. Once the park is complete, the Successor Agency will transfer it to the City for a governmental purpose (i.e., a public park) and the City can use funds generated from a to-be-formed community benefits district to maintain the park. The estimated transfer date for this park is 2019.
- Future Ownership (Block 3) – Acquire and retain to fulfill an enforceable obligation (i.e., ensure Block 3 is developed into a park). Pursuant to the Transbay Implementation Agreement, the Successor Agency will use tax increment to build the park improvements on Block 3. Once the park is complete, the Successor Agency will transfer it to the City for a governmental purpose (i.e., a public park). The estimated acquisition date is 2018 and the estimated transfer date for this park is 2019.

Properties Dedicated to Governmental Use Purposes and Properties Retained for Purposes of Fulfilling an Enforceable Obligation

See section above.

Attachment A: DOF Tracking Sheet for Transbay
Attachment B: Map of Transbay Development Parcels
Attachment C: September 10, 2013 email from Justyn Howard, DOF
Attachment D: Transbay Block 6 and 7 Development Program Map

Attachment A
DOF Tracking Sheet for Transbay

ATTACHMENT A

Successor Agency: Successor Agency to the Redevelopment Agency of the City and County of San Francisco
 County: San Francisco

LONG RANGE PROPERTY MANAGEMENT PLAN (PART 2): PROPERTY INVENTORY DATA - TRANSBAY

No.	Property Name	Property Type	HSC 34191.5 (c)(2)		HSC 34191.5 (c)(1)(A)		Value Basis	Date of Estimated Current Value	SALE OF PROPERTY		Purpose for which property was acquired	HSC 34191.5 (c)(1)(B)			HSC 34191.5 (c)(1)(C)			HSC 34191.5 (c)(1)(D)		HSC 34191.5 (c)(1)(E)		History of environmental contamination, studies, and/or remediation, and designation as a brownfield site	Description of property's potential for transit-oriented development	Advancement of planning objectives of the successor agency	History of previous development proposals and activity			
			Permissible Use	Permissible Use Detail	Acquisition Date	Value at Time of Purchase			Estimated Current Value	Proposed Sale Value		Proposed Sale Date	Address	APN #	Lot Size	Current Zoning	Estimate of Current Parcel Value	Estimate of Income/Revenue	Contractual requirements for use of income/revenue									
Development Parcels																												
1	Block 1	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	10/20/2003	\$ 5,931,436	\$ 14,740,000	Market	Jul. 2014	Fair Market Value	2016	See narrative	235 Main Street	3740-027(p)	18,432	Residential	\$ 14,740,000 (1)	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	
2	Block 6 (affordable housing)	Airspace Parcel	Fulfill Enforceable Obligation	See narrative	5/14/2014	\$ -	\$ - (1)	Market	Jul. 2013	Fair Market Value	2016	See narrative	Fremont/Main north of Folsom	3738-017	18,743	Residential	\$ - (1)	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
3	Block 7 (affordable housing)	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	10/10/2013	\$ -	\$ - (1)	Market	Jul. 2013	Fair Market Value	2018	See narrative	Fremont/Main north of Folsom	3738-013,014	29,209	Residential	\$ - (1)	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
4	Block 11A (affordable housing)	Residential	Fulfill Enforceable Obligation	See narrative	12/1/2011	\$ -	\$ - (1)	Market	Jul. 2013	Fair Market Value	2016	See narrative	25 Essex Street	3749-503	17,191	Residential	\$ - (1)	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
5	Block 2 (affordable housing)	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	2018	\$ -	\$ - (1)	Market	Jul. 2013	Fair Market Value	2018	See narrative	Folsom between Beale/Main	3739-004,007,008 (p)	42,625	Residential	\$ - (1)	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
6	Block 4 (market-rate housing)	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	2016	\$ -	\$ 65,800,000	Market	Jul. 2013	Fair Market Value	2018	See narrative	South of Howard between Beale/Main	3739-008(p)	32,850	Residential	\$ 65,800,000	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
7	Block 4 (affordable housing)	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	2016	\$ -	\$ - (1)	Market	Jul. 2013	Fair Market Value	2018	See narrative	South of Howard between Beale/Main	3739-008(p)	22,150	Residential	\$ - (1)	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
8	Block 8 (market-rate housing)	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	2015/16	\$ -	\$ 71,000,000	Market	Jul. 2013	Fair Market Value	2015/16	See narrative	Folsom between First/Fremont	3737-005(p),012(p),027(p)	19,608	Residential	\$ 71,000,000	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
9	Block 8 (affordable housing)	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	2015/16	\$ -	\$ - (1)	Market	Jul. 2013	Fair Market Value	2018	See narrative	Folsom between First/Fremont	3737-005(p),012(p),027(p)	23,018	Residential	\$ - (1)	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
10	Block 12 (affordable housing)	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	2020	\$ -	\$ - (1)	Market	Jul. 2013	Fair Market Value	2020	See narrative	Harrison at Second	3764-068	13,750	Residential	\$ - (1)	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
Parks																												
11	Block 11B (park)	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	12/1/2011	\$ -	\$ -	Market	Nov. 2013	\$ -	2019	See narrative	Lansing Street at Essex	3749-504	10,619	Residential	\$ -	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative
12	Block 3 (park plus Clementina Alley)	Vacant Lot/Land	Fulfill Enforceable Obligation	See narrative	2018	\$ -	\$ -	Market	Nov. 2013	\$ -	2019	See narrative	Beale/Main north of Folsom	3739-002,006,008 (p)	53,625	Open Space	\$ -	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative	See narrative

Notes: (1) No value under Redevelopment Dissolution Law due to long-term affordability restrictions and future transfer to the City as Housing Successor Agency.

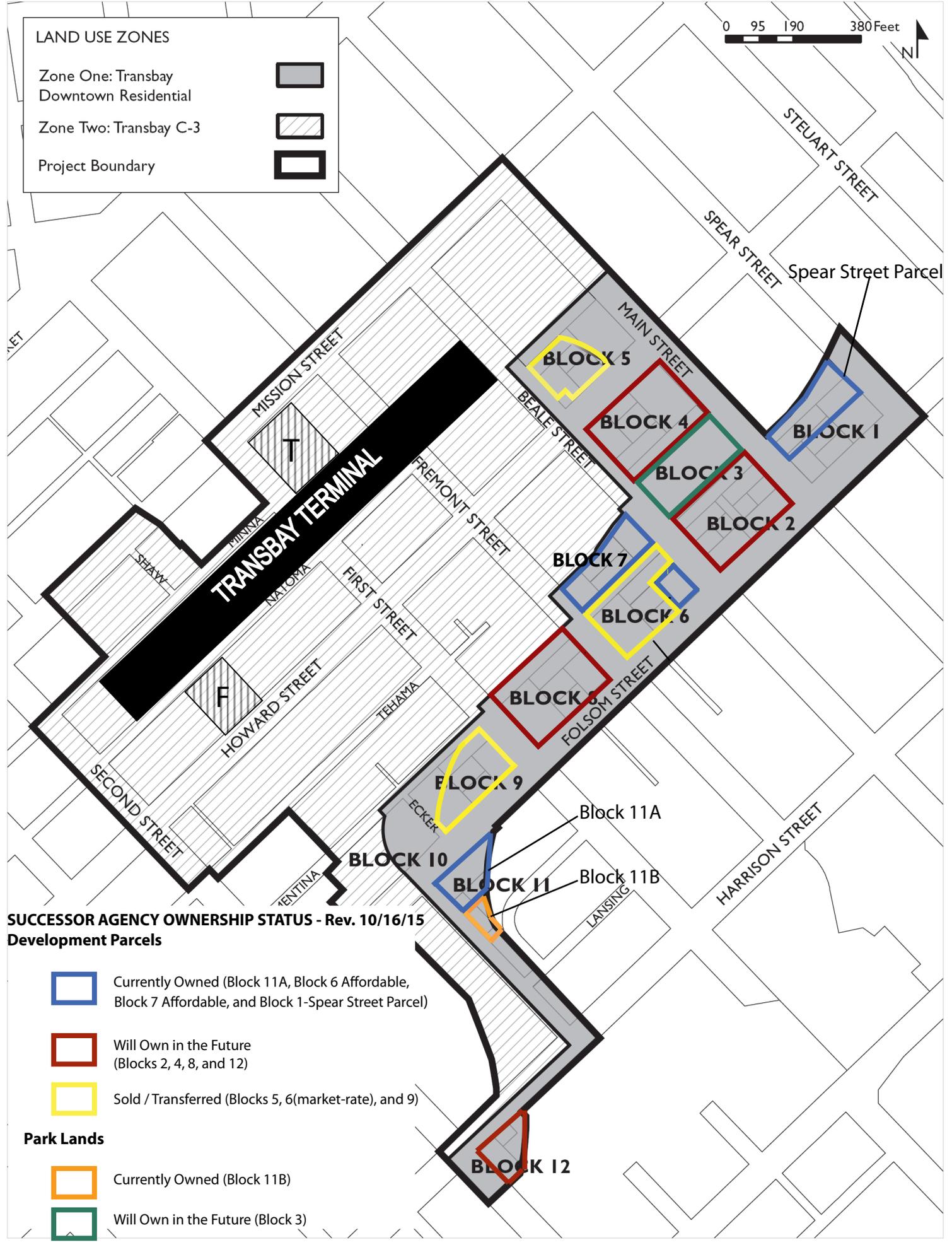
Attachment B
Map of Transbay Property

Attachment B Map of Transbay Development Parcels



LAND USE ZONES

- Zone One: Transbay Downtown Residential
- Zone Two: Transbay C-3
- Project Boundary



**SUCCESSOR AGENCY OWNERSHIP STATUS - Rev. 10/16/15
Development Parcels**

Currently Owned (Block 11A, Block 6 Affordable, Block 7 Affordable, and Block 1-Spear Street Parcel)

Will Own in the Future (Blocks 2, 4, 8, and 12)

Sold / Transferred (Blocks 5, 6(market-rate), and 9)

Park Lands

Currently Owned (Block 11B)

Will Own in the Future (Block 3)

Attachment C
September 10, 2013 email from Justyn Howard, DOF



Trans Bay Transit Center Property Transactions

Howard, Justyn to: tiffany.bohee@sfgov.org

Cc: "Szalay, Steve", "Howard, Justyn"

09/10/2013 09:17 AM

1 attachment



winmail.dat

Dear Tiffany Bohee and Other Interested Parties (Including Title Companies),

This email confirms that the Department of Finance (Finance) has issued a final and conclusive enforceable obligation determination related to San Francisco's Trans Bay Transit Center Redevelopment Project. As such, any sale, transfer, or conveyance of property related to this project, and as outlined in the project documents, is authorized. These activities would be done in compliance with an approved final and conclusive enforceable obligation. Title companies may rely conclusively on this email from Finance as verification that no objection to any sale, transfer and/or conveyance of property related to this project will be initiated.

Should any parties have further questions related to this San Francisco Successor Agency obligation please do not hesitate to ask.

Regards,

Justyn Howard

Assistant Program Budget Manager

Department of Finance

Local Government Unit

915 L St., 10th Floor

Sacramento, CA 95814

Phone: 916-445-1546

Email: justyn.howard@dof.ca.gov<mailto:justyn.howard@dof.ca.gov>

Attachment D
Transbay Block 6 and 7 Development Program Map

**Attachment D
Transbay Blocks 6 and 7 Development Program Map**

**BLOCK 6 MARKET-RATE PROJECT
APN 3738-016**

Tower
Ground Floor Retail
along Folsom

Townhouses

Podium 1
Ground Floor Retail
along Folsom

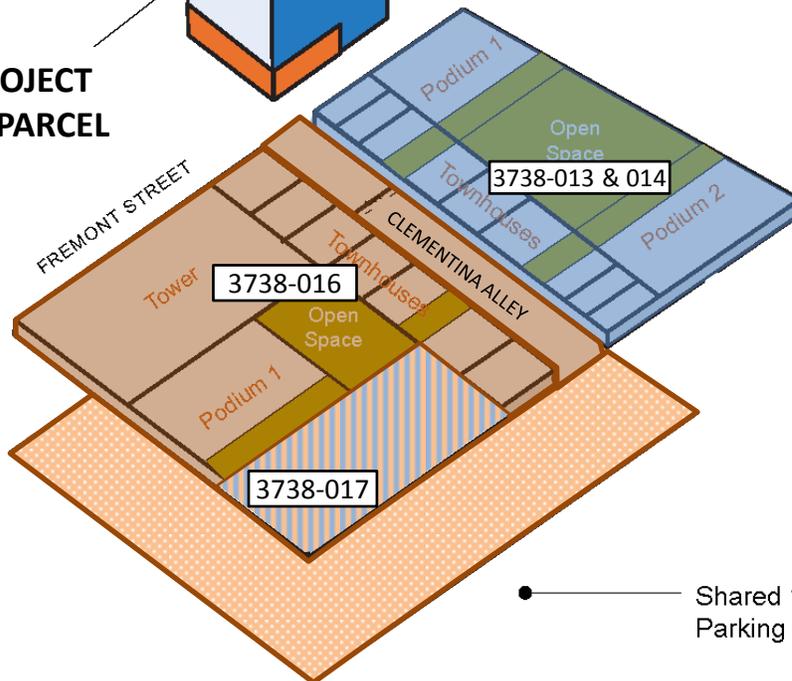
**BLOCK 7 AFFORDABLE PROJECT
APN 3738-013 & 014**

Podium 1

Podium 2

Townhouses

**BLOCK 6 AFFORDABLE PROJECT
APN 3738-017 AIRSPACE PARCEL**



● Shared 1 Level Underground Parking Structure

Block 6	APN	Ownership
Affordable Project	3738-017 (airspace)	Successor Agency
Market-Rate Project	3738-016	Block 6 Joint Venture LLC
Clementina Alley	3738-016	Block 6 Joint Venture LLC
Shared Underground Parking	3738-016	Block 6 Joint Venture LLC
Block 7	APN	Ownership
Affordable Project	3738-013, 014	Successor Agency