

**SAN MATEO COUNTY  
COUNTYWIDE OVERSIGHT BOARD MEETING**

**AGENDA**

Tuesday, September 18, 2018 at 1:00 p.m.  
400 County Center, 1<sup>st</sup> Floor  
Criminal Justice Training Room  
Redwood City, California 94063

1. Call to Order
2. Roll Call
3. Oral Communications and Public Comment  
*This is an opportunity for members of the public to address the Oversight Board on any Oversight Board-related topics that are not on the agenda. If your subject is not on the agenda, the individual chairing the meeting will recognize you at this time. Speakers are customarily limited to two minutes.*
4. Action to Set the Agenda
5. Approval of the August 28, 2018 Countywide Oversight Board Meeting Minutes
6. Approval of Bylaws
7. First Amendment to the Purchase and Sale Agreement Between the South San Francisco Successor Agency and SSF Miller/Cypress Phase 2 LLC (Discussion Only)
8. Redevelopment Agency Dissolution Status Update – Daly City (Discussion Only)
9. Redevelopment Agency Dissolution Status Update – San Carlos (Discussion Only)
10. Adjournment

*A copy of the Countywide Oversight Board agenda packet is available for review from the Clerk of the Board of Supervisors, 400 County Center, 1st Floor, Monday through Thursday 7:30 a.m.-5:30 p.m. and Friday 8 a.m.-5 p.m.*

*Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Sukhmani Purewal, Assistant Clerk of the Board of Supervisors, at least two working days before the meeting at (650) 363-1802 and/or [spurewal@smcgov.org](mailto:spurewal@smcgov.org). Notification in advance of the meeting will enable the County to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Attendees to this meeting are reminded that other attendees may be sensitive to various chemical based products.*

**San Mateo County Countywide Oversight Board Meeting  
Tuesday, August 28, 2018, 9:00 a.m.**

400 County Center, 1<sup>st</sup> Floor, Board of Supervisors Chambers, Redwood City, CA 94063

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**DRAFT MINUTES**

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1. Call to Order

The meeting was called to order by Chair Tom Casey at 9:16 a.m.

2. Roll Call

**Present:**

Board Members: Tom Casey, Jim Saco, Mark Addiego, Denise Porterfield, Barbara Christensen, and Chuck Bernstein.

Staff: Shirley Tourel, Assistant Controller; Matthew Slaughter, Controller Division Manager; Paul Okada, Chief Deputy County Counsel; and Sukhmani S. Purewal, Assistant Clerk of the Board.

**Absent:**

Board Member Trish Blinstrub

3. Oral Communications and Public Comment

None

4. Action to Set the Agenda

**RESULT:**           **Approved**  
**MOTION:**       Barbara Christensen  
**SECOND:**       Mark Addiego  
**AYES [6]:**       Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.  
**NOES:**           None  
**ABSENT [1]:**     Trish Blinstrub  
**ABSTENTIONS:** None

5. Approval of the July 31, 2018 Meeting Minutes

**RESULT:**           **Approved**  
**MOTION:**       Jim Saco  
**SECOND:**       Barbara Christensen  
**AYES [6]:**       Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.  
**NOES:**           None  
**ABSENT [1]:**     Trish Blinstrub  
**ABSTENTIONS:** None

6. Approval of Bylaws

**Speakers:**

Chuck Bernstein, Member  
Paul Okada, Chief Deputy County Counsel  
Tom Casey, Member

Barbara Christensen, Member  
Denise Porterfield, Member

*Item was tabled for next board meeting to make additional edits.*

7. Approval of Fiscal Year 2018-19 Regular Meeting Schedule

**Speakers:**

Chuck Bernstein, Member  
Tom Casey, Member  
Sukhmani Purewal, Assistant Clerk of the Board

Motion to adopt the resolution approving the regular meeting schedule:

**RESULT:**           **Approved (Resolution No. 2018-04)**  
**MOTION:**         Mark Addiego  
**SECOND:**         Denise Porterfield  
**AYES [6]:**         Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.  
**NOES:**             None  
**ABSENT [1]:**      Trish Blinstrub  
**ABSTENTIONS:** None

8. Approval of Agreement for Legal Services

**Speakers:**

Paul Okada, Chief Deputy County Counsel  
Chuck Bernstein, Member  
Tom Casey, Member

Motion to adopt the resolution approving an agreement for Legal Services with the following addition to the agreement, "Any out-of-pocket and extraordinary regular costs exceeding \$5,000 shall be pre-approved by client":

**RESULT:**           **Approved (Resolution No. 2018-05)**  
**MOTION:**         Barbara Christensen  
**SECOND:**         Denise Porterfield  
**AYES [6]:**         Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise Porterfield, and Jim Saco.  
**NOES:**             None  
**ABSENT [1]:**      Trish Blinstrub  
**ABSTENTIONS:** None

9. Redevelopment Agency Dissolution Status Update – South San Francisco (Discussion only)

**Speakers:**

Nell Selander, City of South San Francisco  
Alex Greenwood, City of South San Francisco  
Mike Futrell, City Manager, City of South San Francisco  
Tom Casey, Member  
Barbara Christensen, Member  
Jim Saco, Member  
Shirley Tourel, Assistant Controller  
Chuck Bernstein, Member  
Mark Addiego, Member  
Paul Okada, Chief Deputy County Counsel

10. Adjournment

**RESULT:**           **Approved**  
**MOTION:**       Denise Porterfield  
**SECOND:**       Barbara Christensen  
**AYES [6]:**       Mark Addiego, Chuck Bernstein, Tom Casey, Barbara Christensen, Denise  
                          Porterfield, and Jim Saco.  
**NOES:**           None  
**ABSENT [1]:**     Trish Blinstrub  
**ABSTENTIONS:** None

The meeting was adjourned at 10:10 a.m.

# San Mateo County Countywide Oversight Board

Date: September 14, 2018 Agenda Item 6  
To: San Mateo County Countywide Oversight Board  
From: Shirley Tourel, County Assistant Controller  
Subject: Adoption of Bylaws

## **Recommendation**

Adopt a resolution adopting the proposed Bylaws.

## **Background and Discussion**

The Countywide Oversight Board (the “Board”) was created pursuant to Health and Safety Code (HSC) 34179(j) to provide guidance and oversight to the successor agencies who are tasked with winding down the affairs of redevelopment agencies (RDAs). Health and Safety Code, as well as Revenue and Taxation Code provide guidance on the wind-down process, but do not necessarily provide for all the procedural aspects of oversight boards.

Although the RDA dissolution provisions of the Health and Safety Code do not require countywide oversight boards to adopt bylaws, there is no prohibition on such adoption, and Board staff has confirmed that the oversight boards they have surveyed in other counties have adopted some form of bylaws.

At its July 31<sup>st</sup> meeting, the Board created an ad-hoc committee consisting of Chairperson Tom Casey, Vice-Chairperson Mark Addiego, and Board Member Barbara Christensen to review sample oversight board bylaws and make a recommendation to the full Board regarding the adoption of bylaws. Since the July 31<sup>st</sup> meeting, the ad-hoc committee has worked with staff and developed bylaws which the committee recommended to the Board at its August 28, 2018 meeting. At the meeting, the Board members requested that the following changes be made:

### Article II Section 1

- Define the term of office to be July 1 to June 30
- Define procedures if term of office has expired and no election yet has been made for a new Chair and Vice Chair (i.e. prior incumbents will continue to serve until new members are elected)

### Article III

- Correct the typo error for the two (2) Section 3s

- Section 5 (formerly Section 4) – Make it clear that if there is not a quorum, the meeting will be adjourned.

**Fiscal Impact**

None.

**RESOLUTION NO. 2018 - \_\_\_\_\_**

**RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE  
OVERSIGHT BOARD ADOPTING BYLAWS**

**WHEREAS**, the San Mateo County Countywide Oversight Board ("Oversight Board") has been established pursuant to the provisions of Health and Safety Code §34179(j); and

**WHEREAS**, in furtherance of its duties, the Oversight Board may establish regulations for conducting Board meetings and other administrative aspects not clearly defined by law; and

**WHEREAS**, the Oversight Board finds and determines that it is appropriate to adopt bylaws as set forth in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED**, the San Mateo County Countywide Oversight Board hereby adopts the bylaws attached.

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# BYLAWS OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD

## ARTICLE I – THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD

### Section 1: Name of San Mateo County Countywide Oversight Board

The official name shall be the “San Mateo County Countywide Oversight Board” (hereinafter referred to as “Board”).

### Section 2: Purpose/Powers

The Board is established pursuant to California Health and Safety Code Division 24, Part 1.85, Chapter 4, Sections 34179 in connection with the winding down of the affairs of the thirteen Successor Agencies within San Mateo County and is granted all powers and responsibilities defined by law.

### Section 3: Board Composition

- A. Composition. Board members shall be appointed by the appointing authorities set forth in California Health and Safety Code Section 34179(j).
- B. Alternates. Each appointing agency as set forth in California Health and Safety Code Section 34179(j) may also appoint an alternate member. In the absence of a regular member, alternate members are granted the same authority as the regular member.
- C. Voting. Each regular member shall be entitled to one vote. In the absence of their regular member, alternate members are granted the voting privileges and power of their regular member. Voting by proxy is not allowed. Members must be present in person or by teleconference or video conference in accordance with the Brown Act in order to vote.
- D. Vacancies. When a Board seat becomes vacant, the agency who originally appointed the former member may appoint a new member to take the seat.

### Section 4: Duration

The Board shall remain established until all of the thirteen Successor Agencies have been formally dissolved pursuant to Health and Safety Code section 34187.

## ARTICLE II – OFFICERS

### Section 1: Officers and Officials

The members of the Board shall elect one member to serve as the Chairperson and may elect one member to serve as the Vice Chairperson. The term of office for the Chairperson and Vice Chairperson shall be effective July 1 and shall be for one year. In the event an election does not take place prior to the end of a term of office, the prior incumbents will continue to serve in such capacities until a new Chairperson and a new Vice Chairperson are elected.

### Section 2: Chairperson

The Chairperson of the Board shall preside at all board meetings; represent the position of the Board; act as spokesperson for the Board; and serve as the public contact for the Board.

### Section 3: Vice Chairperson

The Vice Chairperson shall perform the duties of the Chairperson in his/her absence or when requested.

### Section 4: Legal Counsel

The Board may engage legal counsel as it deems necessary.

## ARTICLE III: MEETINGS

### Section 1: Regular Meetings

Prior to the end of each fiscal year, the Board shall adopt its regular meeting schedule for the upcoming fiscal year, including any alternate meeting dates schedule due to holidays.

### Section 2: Special Meetings

Special meetings may be held at the request of the Chairperson, or by written request of at least three members of the Board, for the purpose of transacting any business designated in the notice. At such special meetings, no business other than that designated in the notice shall be considered.

### Section 3: Meeting Notices and Agendas

All meetings will be noticed in accordance with the Ralph M. Brown Act, Government Code Section 54950 *et seq.* ("Brown Act") as it may be amended from time to time. Agendas for regular meetings shall be posted at least 72 hours in advance, and agendas for special meetings shall be posted at least 24 hours in advance of the meeting in accordance with the Brown Act at a location freely accessible to members of the public. Agendas will also be posted electronically on the County's internet website (<https://controller.smcgov.org/countywide-oversight-board-former-redevelopment-agencies>).

#### **Section 4: Adjourned Meetings**

The Board may adjourn any meeting to a time and place specified in the motion for adjournment. In adjourning any meeting, there shall be compliance with all procedures of the Brown Act.

#### **Section 5: Quorum**

A majority of the total membership of the Board (*i.e.*, four members) shall constitute a quorum for the purposes of conducting the business of the Board, exercising its powers and for all other purposes; provided, however, that if a quorum is not present for a meeting, the meeting will be adjourned. An affirmative vote by a majority (4) of the total membership (7) of the Board shall be required for approval of any matters brought before the Board.

#### **Section 6: Public Participation**

The agenda for each Board meeting will provide time for public comment on any subject matter within the jurisdiction of the Board and that is not an item on the agenda, or if the meeting has a consent agenda, is listed thereon. As a general policy, each speaker shall be allowed three (3) minutes for public comment during this time. A majority of the Board may refer any issues raised to staff for appropriate action and any Board member may briefly comment on any issue brought up during this period. No other action may be taken by the Board at this time with respect to items not listed on the agenda.

For the purposes of facilitating orderly meetings, persons who wish to speak during public comment, or with respect to any agenda item, must first be recognized by the Chairperson and are requested to fill out a speaker card and deliver it to the Clerk before the Board considers the agenda item on which they desire to speak. Speakers are encouraged to provide their names for the record but will not be required to do so as a condition of speaking.

The Chairperson may limit speakers making defamatory or profane remarks, or who use abusive or threatening language, or who engage in any other disorderly conduct that willfully disrupts, disturbs or otherwise impedes the orderly conduct of any meeting, including unnecessary repetition of issues and points already raised by previous speakers. As a general matter, speakers are encouraged to direct the comments to the Chairperson and the Board as a whole and not to any particular Board member or staff member.

#### **Section 7: Order of Business**

Staff may develop templates and other guidance to assist Successor Agencies in submitting items to the Board for placement on the meeting agendas.

The Chairperson shall work with Staff in setting each meeting's agenda. Staff shall add items to a meeting's agenda at the direction of the Chairperson or at the request of at least three Board Members.

**ARTICLE IV - CONFLICT OF INTEREST AND ETHICS TRAINING**

All Board members are subject to the provisions of California Government Code Title 9, Chapter 7 relative to Conflicts of Interest and must file a Statement of Economic Interests as required by the law. Board members must also complete ethics training every two years as required by California Government Code Title 5, Division 2, Part 1, Chapter 2, Article 2.4 and AB 1234.

**ARTICLE VI – AMENDMENTS**

These Bylaws may be amended upon an affirmative vote by a majority of the total membership of the Board, but no such amendment shall be adopted unless at least seven (7) days written notice thereof has previously been given to all members of the Board. Notice of the amendment shall identify the section or sections of these Bylaws proposed to be amended. The thirteen Successor Agencies shall be notified of any amendments to these Bylaws.

**ARTICLE VII – SEVERABILITY**

If any section of these bylaws are inconsistent with law, such section is severable and the rest of the bylaws remain in effect.

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# San Mateo County Countywide Oversight Board

Date: September 14 , 2018 Agenda Item 7

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: First Amendment to the Purchase and Sale Agreement Between the South San Francisco Successor Agency and SSF Miller Cypress Phase 2 LLC

## **Background and Discussion**

The attached is intended to provide the Board an overview of the appraisal and sale price methods for one of the assets of the former South San Francisco Redevelopment Agency (216 Miller Avenue property).

The attachments were prepared by the City of South San Francisco staff. Nell Selander, Economic & Community Development Deputy Director of the City of South San Francisco will be presenting to the Board.

## **Recommendation**

This item is for information and discussion purposes only. No action required of the Board.

## **Fiscal Impact**

None

## **Attachments**

Staff Report – Sares Regis Purchase & Sale Agreement Amendment  
Attachment 1 – Sares Regis Purchase & Sale Agreement (PSA)  
Attachment 2 – Sares Regis 216 Miller Price Offer

**San Mateo County  
Countywide Oversight Board**

Date: September 14, 2018

To: San Mateo County Countywide Oversight Board

From: Nell Selander, Economic and Community Development Deputy Director

Subject: First Amendment to the Purchase and Sale Agreement between the South San Francisco Successor Agency and SSF Miller/Cypress Phase 2, LLC amending the sale price of 216 Miller Avenue to \$1,118,538

Former RDA: South San Francisco

**Background**

On February 23, 2016, the Oversight Board to the South San Francisco Redevelopment Agency (“Oversight Board”) adopted Resolution 04-2016 that approved the sale of six sites from the South San Francisco Successor Agency (“Agency”) for \$4,000,000 to Sares Regis Group of Northern California. Escrow closed and the properties transferred to the developer in December of the same year. For Phase I of the project, two of the sites, Parcels A and D, were entitled for 260 market rate rental apartments, Parcel B was used as a parking lot, and Parcel C was entitled for 12 townhomes.

Under the original Purchase and Sale Agreement (“PSA”), see Attachment 1, it was contemplated that Parcel C (216 Miller Avenue) could be part of a second phase of development, either as a 12-townhome project or as part of a larger land assemblage. As a result, Parcel C was not included in the \$4 million sale price in 2016, but instead would be assigned a supplemental purchase price at a later date. Currently, Sares Regis has decided to proceed with the property assemblage option, instead of the 12-townhome project, for the development of Parcel C.

Under the approved and executed PSA, an appraisal was required to determine the supplemental purchase price of Parcel C. The relevant section of the PSA appears below.

2.3 Supplemental Purchase Price for Parcel C. If the Buyer constructs Parcel C (whether as (i) a 12 unit town home development consistent with the Project Approvals (“12 Unit Project”) or (ii) as part of a revised development under the potential Land Assembly Option defined in Section 5.6), the additional land value payable to the Seller for Parcel C will be determined either by (X) a residual land value appraisal for Parcel C or, at Seller’s discretion, (Y) on a comparison sales based appraisal both of which will be prepared by a certified appraiser mutually selected by the Seller and Buyer within sixty (60) days of the date Buyer provides written notice of either its intent to pursue the Revised Parcel C Entitlements its intent to abandon the Revised Parcel C Entitlements and proceed with construction of the 12 Unit Project (“**Supplemental Purchase Price**”). In the event that the parties do not agree on an appraiser, the Seller shall identify three certified appraisers with experience appraising properties in San Mateo County and each Party shall strike one

appraiser and the remaining appraiser shall be retained to conduct the appraisal. The costs of the appraisal shall be shared equally between the Seller and Buyer. Buyer shall pay Seller the Supplemental Purchase Price prior to the earlier of ninety (90) days after completion of the appraisal or issuance of the first building permit by the City for Parcel C. This provision shall not apply if Buyer re-conveys Parcel C to Seller pursuant to Section 5.6(e)(v).

## **Discussion**

### Appraisal and Price Offer

Pursuant to Section 2.3 of the PSA, the Agency and Sares Regis mutually selected Vathana Duong of Colliers International Valuation and Advisory Services to conduct the appraisal. The appraisal valued Parcel C at \$3,700,000. The appraisal methodology looked at comparable sales, as well as the residual land value of an assumed 195-unit development (Sares Regis is currently pursuing entitlements for a 195-unit development on the land assemblage that includes Parcel C) to determine an unentitled land value for the property. Finally, costs associated with soil remediation and liquefiable soil abatement were deducted to arrive at a reconciled “as-is” value.

Sares Regis has taken issue with the appraised value of Parcel C. They outline their concerns in the attached Offer Letter, see Attachment 2. Sares Regis has offered \$1,118,538 for Parcel C, stating the cost of assembling the larger development site affects their ability to offer more for the property and justifying their offer by estimating a price for the property if sold as a stand-alone site.

The appraisal, in testing the value of Parcel C to determine its highest and best use, determined that if developed alone, rather than as part of the larger land assemblage, Parcel C could accommodate just 49 units. As part of the land assemblage, it can accommodate 72 units. Using the appraised, reconciled, “as-is” value of Parcel C, \$66,000, the loss in value of the stand-alone, rather than assembled site, is roughly \$1.5 million (loss in value =  $(72-49) \times \$66,000$ ). Sares Regis further argues that there is a construction cost premium for developing smaller sites, as efficiencies are lost. They estimate this cost, and associated loss in value, at \$1.3 million. These calculations are summarized in Section 1 of the attached Offer Letter.

In a separate analysis of the stand-alone development option for Parcel C, staff determined the realistic price offer the Agency could expect to receive would be approximately \$1.5 million. This was determined by taking the appraised residual land value of each unit, \$57,928, multiplying it by the number of units that can feasibly be built on the property, 49, reducing the total amount by the cost of remediation, roughly \$1.06 million, and calculating the present value of the expected sale price (5% discount rate over three years).

Finally, Agency staff evaluated the property tax implications over the next ten years of selling Parcel C to Sares Regis for \$1.1 million versus selling the property three years from now as a stand-alone site. If Sares Regis’ offer is accepted, the taxing entities could expect to begin receiving new, higher property taxes on the 195-unit development three years from now. Whereas, going back out to bid, selecting a new developer, and proceeding through the Exclusive Negotiating Right Agreement process to arrive at a Purchase and Sale Agreement, followed by construction of the project, would delay new, property tax payments on the 49-unit development until five years from now. Agency staff conservatively estimates that the property tax revenue the

taxing entities could expect to receive over ten years following the completion of construction to be \$9,094,625 if Parcel C is sold to Sares Regis and just \$2,285,316 if it is sold as a stand-alone site.

**Table 1:** Property tax revenue (Stand Alone Site vs. the 195 unit assemblage)

	195 Units Value: \$90m		Stand-alone site Value: \$22m	
	Annual	10 year projection	Annual	10 year projection
SSFUSD (43.9%)	\$399,254	\$3,992,540	\$102,332	\$1,023,319
SMC (25.7%)	\$233,732	\$2,337,318	\$59,907	\$599,073
SSF (16.7%)	\$151,880	\$1,518,802	\$38,928	\$389,281
SMC CCD (7.3%)	\$66,391	\$663,908	\$17,016	\$170,165
Other	\$58,206	\$582,056	\$10,348	\$103,479
<b>TOTAL</b>	<b>\$909,462</b>	<b>\$9,094,625</b>	<b>\$228,532</b>	<b>\$2,285,316</b>

Although Sares Regis' \$1,118,538 offer is below the \$3,700,000 appraised value, it does result in a larger land assemblage, resulting in higher property tax payments. Additionally, it allows the project to move forward, if entitled, to begin construction in the near term. The alternative is proceeding through a lengthy disposition process with a new developer, who may not be able to recreate the land assemblage necessary for a larger development. Before the sale is finalized, the Oversight Board must also approve the final sales price.

### Conclusion

Sares Regis has provided a best and final price offer of \$1,118,538, which is below the final appraised value of \$3,700,000. Because Sares Regis' offer allows for a larger development to move forward, which will produce more property tax revenue in the short and long term than selling Parcel C as a stand-alone development site, it is recommended that the Oversight Board adopt a resolution approving the first amendment to the Purchase and Sale Agreement with Miller/Cypress SSF, LLC amending the sale price of 216 Miller Avenue to \$1,118,538.

### Attachments:

1. South San Francisco Successor Agency and Miller Cypress SSF, LLC – Purchase and Sale Agreement
2. Sares Regis 216 Miller Offer Letter (July 26, 2018)

## PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (“this **Agreement**”) is made and entered into as of February 23, 2016 (the “**Date of Agreement**”), by and between the South San Francisco Successor Agency, a public agency (“**Seller**” or “**Agency**”) and Miller Cypress SSF, LLC, (“**Buyer**”), which is the date this Agreement was approved by the South San Francisco Oversight Board (“**Oversight Board**”). Seller and Buyer are each individually referred to herein as a “**Party**” and, collectively, as the “**Parties.**”

### RECITALS

A. WHEREAS, Seller is the owner of certain real property located in the City of South San Francisco, County of San Mateo, California, known as County Assessor’s Parcel Numbers 012-317-110 (401 Airport Boulevard)(“**Parcel A.1**”), 012-317-100 (411 Airport Boulevard) (“**Parcel A.2**”), 012-317-090 (421 Airport Boulevard) (“**Parcel A.3**”), 012-318-030 (315 Airport Boulevard) (“**Parcel D**”), 012-314-100 (405 Cypress Avenue) (“**Parcel B**”), and 012-314-220 (216 Miller Avenue parking lot) (“**Parcel C**”), each as more particularly described in Exhibit A attached hereto and incorporated herein by this reference. Parcel A.1, Parcel A.2 and Parcel A.3 are collectively, “**Parcel A.**” Parcel A, Parcel B, Parcel C, and Parcel D are collectively the “**Property.**” The Buyer has also entered a separate and private purchase and sale agreement to acquire a property located at 309 Airport Boulevard from an unrelated third party adjacent to Parcel D (“**Parcel D Prime**”).

B. WHEREAS, on June 29, 2011 the legislature of the State of California adopted Assembly Bill x1 26 (“**AB 26**”), which amended provisions of the Redevelopment Law, which together with the California Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, which upheld AB 26 (together with AB 1484 and SB 107, the “**Dissolution Law**”), the South San Francisco Redevelopment Agency was dissolved on February 1, 2012.

C. WHEREAS, in August, 2014, the Agency and Buyer entered into an Exclusive Negotiation Rights Agreement (“**ENRA**”) that established a mutual understanding among the City, Agency, and the Buyer regarding the potential development of the Property.

D. WHEREAS, pursuant to the Dissolution Law, the Agency prepared a Long Range Property Management Plan (“**LRPMP**”), which the Oversight Board to the Former South San Francisco Redevelopment Agency (“**Oversight Board**”) approved on May 21, 2015, and the Department of Finance (“**DOF**”) approved on October 1, 2015.

E. WHEREAS, the LRPMP includes development plans for the Property, which are consistent with this Agreement.

F. WHEREAS, consistent with the approved LRPMP, and subject to the terms of this Agreement, Seller is interested in selling the Property to Buyer contingent upon Buyer paying the Purchase Price required in Section 2.2 and obtaining land use entitlements from the City of South San Francisco (“**City**”), and if such entitlements are granted, and requiring the

Buyer to construct (a) 260 multi-family residential rental units on Parcel A, Parcel D and Parcel D Prime, (b) 12 townhomes on Parcel C (or as Project may be revised for Parcel C as provided in this Agreement), and (c) 25 guest parking spaces on Parcel B (“Project”).

G. WHEREAS, on January 28, 2015, the City Council (i) certified an Environmental Impact Report (“EIR”) (State Clearinghouse number 2013102001) in accordance with the provisions of the California Environmental Quality Act, (Public Resources Code, §§ 21000, et seq., (“CEQA”) and CEQA Guidelines, which analyzed the potential environmental impacts of the development of the Downtown Station Area Specific Plan (the “DSASP”), and (ii) approved the DSASP which includes the Property and Parcel D Prime.

H. WHEREAS, on January 28, 2015, the City Council also adopted a Statement of Overriding Considerations (“SOC”) in accordance with the provisions of CEQA and CEQA Guidelines, which carefully considered each significant and unavoidable impact identified in the EIR and found that the significant environmental impacts are acceptable in light of the DSASP’s economic, legal, social, technological and other benefits and City Council found the Project consistent with the DSASP.

I. WHEREAS, on February 10, 2016 by Resolution Nos. 16-2016 and 17-2016, and the City Council (i) adopted an Environmental Consistency Analysis for the Project prepared by the City and certified that the Project would not result in any new significant environmental effects or a substantial increase in the severity of any previously identified effects beyond those disclosed and analyzed in the DSASP EIR certified by City Council, or require any new mitigation measures (“**Environmental Consistency Analysis**”), (2) approved the following entitlements for the Project Conditional Use Permit (“UP”) 15-0027, Design Review (“DR”) 15-0032, Waiver and Modification (“WM”) 15-0001, and Parking Exemption (“PE”) 15-0004, and (ii) introduced Ordinance No. 1512-2016 approving a Development Agreement (“DA”) 15-0003 (collectively, the “**Project Approvals**”). On February 24, 2016, by City Council adopted Ordinance No. 1512-2016 approving the DA.

J. WHEREAS, in compliance with Section 6.10 of the DA between the City and Buyer, the Buyer has agreed to pay prevailing wages pursuant to Labor Code Section 1720 *et seq.* for the Project. In addition, Buyer has stated in public its intent to use union labor for the construction of the Project.

K. WHEREAS, pursuant to Health and Safety Code Section 34181(a)(1), the Seller on February 10, 2016 and the Oversight Board on February 23, 2016 held duly noticed public meetings to consider the sale of the Property to the Buyer pursuant to this Agreement.

L. WHEREAS, pursuant to Resolution No. 03-2106 dated February 10, 2016, the Seller found that the sale of the Property is consistent with the disposition provisions of the LRPMP and recommended that the Oversight Board approve this Agreement.

M. WHEREAS, pursuant to Resolution No. 04-2016 dated February 23, 2016, the Oversight Board found that (i) the sale of the Property is consistent with the disposition provisions of the LRPMP and (ii) pursuant to Health and Safety Code Sections 34179(h)(1)(D) and 34195(f), as a transfer of governmental property pursuant to the approved LRPMP, the

Oversight Board is not required to submit approval of this Agreement to DOF for approval and approved this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by the parties, Seller and Buyer hereby agree as follows:

1. **INCORPORATION OF RECITALS AND EXHIBITS.** The Recitals set forth above and the Exhibits attached to this Agreement are each incorporated into the body of this Agreement as if set forth in full.

2. **PURCHASE AND SALE.**

2.1 **Agreement to Buy and Sell.** Subject to the terms and conditions set forth herein, Seller agrees to sell the Property to Buyer, and Buyer hereby agrees to acquire the Property from Seller.

2.2 **Purchase Price.** The purchase price for the Property to be paid by Buyer to Seller (the "**Purchase Price**") is Four Million and 00/100 Dollars (\$4,000,000). The Purchase Price shall be paid in cash at the Closing.

2.3 **Supplemental Purchase Price for Parcel C.** If the Buyer constructs Parcel C (whether as (i) a 12 unit town home development consistent with the Project Approvals ("**12 Unit Project**") or (ii) as part of a revised development under the potential Land Assembly Option defined in Section 5.6), the additional land value payable to the Seller for Parcel C will be determined either by (X) a residual land value appraisal for Parcel C or, at Seller's discretion, (Y) on a comparison sales based appraisal. Such appraisal will be prepared by a certified appraiser mutually selected by the Seller and Buyer within sixty (60) days of the date Buyer provides written notice of either its intent to pursue the Revised Parcel C Entitlements its intent to abandon the Revised Parcel C Entitlements and proceed with construction of the 12 Unit Project ("**Supplemental Purchase Price**"). In the event that the parties do not agree on an appraiser, the Seller shall identify three certified appraisers with experience appraising properties in San Mateo County and each Party shall strike one appraiser and the remaining appraiser shall be retained to conduct the appraisal. The costs of the appraisal shall be shared equally between the Seller and Buyer. Buyer shall pay Seller the Supplemental Purchase Price prior to the earlier of ninety (90) days after completion of the appraisal or issuance of the first building permit by the City for Parcel C. This provision shall not apply if Buyer re-conveys Parcel C to Seller pursuant to Section 5.6(e)(v).

3. **ESCROW.**

3.1 **Escrow Account.** Seller has opened an interest-bearing escrow account (the "**Escrow**") maintained by First American Title Insurance Company at the address noted in Section 13.8 (the "**Escrow Holder**"), with interest accruing to the benefit of Buyer. Escrow Holder shall perform all escrow and title services in connection with this Agreement.

3.2 Opening of Escrow. Within ten (10) business days after the Effective Date, the Parties will deposit into Escrow the fully executed Agreement, or executed counterparts thereto. The date such fully executed Agreement is received by Escrow Holder will be deemed the “**Opening of Escrow.**”

3.3 Buyer’s Deposit. Upon the Opening of Escrow, the Buyer shall deposit two hundred thousand dollars (\$200,000) in Escrow (“**Buyer’s Initial Deposit**”). The Buyer’s Initial Deposit shall be non-refundable. Unless Buyer has delivered written notice to Seller terminating this Agreement in accordance with Section 3.4 below, then upon expiration of Buyer’s Due Diligence Contingency Period, as set forth in Section 5.2 below, Buyer shall deposit an additional two hundred thousand dollars in Escrow (“**Buyer’s Second Deposit**”). In the event of a failure to Close based on any of the following Buyer’s Conditions to Closing, the Buyer shall be entitled to a refund of the Buyer’s Second Deposit: 5.2(b), 5.2(c), 5.2(e), 5.2(l), and 5.2(m).

3.4 Satisfaction of Due Diligence Contingency. Buyer shall have the right, in its sole discretion, to terminate this Agreement if Buyer disapproves of its inspection of and due diligence pertaining to the Property as set forth in Section 5.2 (a) prior to the expiration of the Due Diligence Period (also as defined in Section 5.2(a) below). Buyer hereby agrees to provide written notice to Seller prior to the expiration of the Due Diligence Period if Buyer disapproves any due diligence items and to identify with reasonable specificity such disapproval. Upon provision of such notice to Seller, this Agreement shall terminate, and, except as provided in Section 5.2(a), all amounts deposited by Buyer into escrow (except the expended ENRA Deposit, the Buyer’s Initial Deposit and the ENRA Extension Deposit as provided in Section 3.5 below), together with interest thereon, if any, will be returned to Buyer, and neither Party shall have any further rights or obligations under this Agreement except those which expressly survive the termination hereof. If Buyer fails to notify Seller in writing of the disapproval of any due diligence items, it will be conclusively presumed that Buyer has approved all such items, matters or documents and this Agreement shall continue in full force and effect.

3.5 Application of Prior ENRA Deposit. Pursuant to Section 5 of the ENRA, Buyer has already submitted directly to Seller a deposit in the amount of Fifty Thousand Dollars (\$50,000) to cover the actual costs that the Seller has incurred and will incur in furtherance of this Agreement (“**ENRA Deposit**”), and an additional Twenty Five Thousand (\$25,000) Dollars related to the ENRA extension (“**ENRA Extension Deposit**”). Seller has deposited the ENRA Deposit and the ENRA Extension Deposit in an interest bearing account and any interest, when received by Seller, will become part of the ENRA Deposit. On or before expiration of this Agreement, the Seller may, draw on the ENRA Deposit to reimburse the Seller’s cost for third-party assistance and staff time in the negotiations for and preparation of this Agreement. Upon Closing, the Seller will apply any unused portion of the ENRA Deposit to the Purchase Price. In the event that Buyer terminates this Agreement in accordance with Section 3.4 above, Buyer shall only be entitled to the unused portion of the ENRA Deposit and the Seller shall be entitled to the ENRA Extension Deposit.

3.6 Environmental Remediation Regulatory Approval Successor Agency Assistance. At Closing, the Buyer agrees to take title of the Property in AS IS WHERE IS condition with no environmental remediation work required by or indemnities from the Seller or the City. Seller, at Buyer’s expense, agrees to cooperate with Buyer to obtain regulatory approval of the necessary

environmental work for the Property (including but not limited to the California Land Reuse and Revitalization Act) to be suitable for unrestricted residential use consistent with the uses proposed in the Project Approvals prior to and as a Buyer condition to Closing. Buyer will then manage and complete the remediation work necessary to make the Property suitable for unrestricted residential use consistent with the uses proposed in the Project Approvals after Closing. After Closing, Seller shall have no further obligations with respect to environmental and/or natural hazards remediation costs (except in the event Parcel C is re-conveyed to the Seller pursuant to the applicable provisions of Section 5.6).

#### 4. PROPERTY DISCLOSURE REQUIREMENTS.

4.1 Condition of Title/Preliminary Title Report. Buyer hereby approves the following exceptions which shall be referred to herein as the “**Pre-Approved Exceptions**”: (a) the lien of any non-delinquent property taxes and assessments (which, if any exist, shall be prorated by the Title Company at Closing); (b) the Memorandum of Agreement, (c) the covenants, conditions and restrictions set forth in the Grant Deed, (d) standard printed exceptions in the Preliminary Report; and (e) the exceptions shown on Exhibit C attached hereto. Within five (5) business days of Opening of Escrow, Escrow Holder will deliver an updated Preliminary Title Report for the Property (the “**Preliminary Report**”) to Buyer. Buyer will have ten (10) business days from receipt to review the Preliminary Report and deliver to Seller a written notice indicating any disapproved exceptions (“**Disapproved Exceptions**”). The Pre-Approved Exceptions and any other exceptions otherwise accepted by Buyer as provided herein are hereinafter referred to as the “**Condition of Title.**” Subject to the Seller’s covenant in Section 6.1(b) to neither cause nor voluntarily permit, any new lien, encumbrance or any other matter that changes the condition of title to the Property, if any exceptions other than the Pre-Approved Exceptions are reported by the Title Company, then any such new exception shall be Disapproved Exceptions unless the new exceptions (i) arise from the acts or omissions of Buyer, or (ii) are consented to or waived in writing by Buyer in its sole discretion. The Seller agrees that the “Required Disapproved Exceptions” set forth on Exhibit C are critical to the Project and agrees that if such Required Disapproved Exceptions are not removed by date that the Seller’s Conditions to Closing and Buyer’s Conditions to Closing are otherwise satisfied (or waived by Buyer), then the Buyer shall have the right, in its sole discretion, to terminate this Agreement and the Buyer shall right to full refund of the Buyer’s Second Deposit.

4.2 Environmental and Natural Hazards Disclosure. California Health & Safety Code section 25359.7 requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of hazardous substances are located on or beneath the real property to provide written notice of same to the buyer of real property. Other applicable laws require Seller to provide certain disclosures regarding natural hazards affecting the Property. Seller warrants that as of the Date of Agreement, it has provided to Buyer all reports of potential hazardous substances located on or beneath the Property that Seller possesses. Seller further agrees to make all necessary disclosures required by law.

## **5. CLOSING, PAYMENT OF PURCHASE PRICE AND POST CLOSING OBLIGATIONS OF BUYER.**

5.1 **Closing.** The closing (the “**Closing**” or “**Close of Escrow**”) will occur for the Property including Parcels A, B, C and D no later than the date set forth in Section 5.6(b), unless such date for Closing is extended by Force Majeure Delay or as provided on in Sections 5.6.1, 5.6.2 or 5.6.3 herein (“**Closing Date**”). In addition to the extensions of the Closing Date in Section 5.6.1, 5.6.2 and 5.6.3, the Closing Date shall be extended where a Party’s Conditions to Closing under Section 5.2 (Buyer) and 5.3 (Seller) have not been satisfied as a result of a Force Majeure Event.

5.2 **Buyer’s Conditions to Closing.** Buyer’s obligation to purchase the Property is subject to the satisfaction of each and all of the following conditions precedent (“**Buyer Conditions Precedent**”) or Buyer’s written waiver thereof (each in Buyer’s sole discretion) on or before the Closing Date:

(a) **Due Diligence.** Buyer has approved the condition of the Property in Buyer’s sole and absolute discretion. Consistent with Section 3.6 above Buyer acknowledges the existence of Underground Storage Tanks on Parcels A and D and lead on Parcels B and C, as evidenced in the Phase I Environmental Site Assessment, Airport Boulevard Properties, South San Francisco, California dated January 2016 prepared by WEST Environmental Services and Technology (“**Environmental Report**”) prepared for Buyer and Buyer agrees that the existence of such conditions as described in the Environmental Report shall not be the sole grounds upon which Buyer denies approval of the condition of the Property under Section 3.4 above. Buyer will have forty-five (45) calendar days from Opening of Escrow (the “**Due Diligence Period**”) to complete physical inspections of the Property and due diligence related to the purchase of the Property. Seller shall provide to Buyer copies of all reasonably available and known documents relating to the ownership and operation of the Property, including but not limited to plans, permits and reports (environmental, structural, mechanical, engineering and land surveys) that Seller has in its possession not later than two (2) business days following the execution and delivery of this Agreement. All physical access to the Property must be coordinated with Seller’s representative and subject to Section 13.17.

(b) **No Default by Seller or City.** Seller is not in default and has performed all obligations to be performed by Seller pursuant to this Agreement, and the City is not in default under the Development Agreement.

(c) **Representations and Warranties.** Seller’s representations and warranties herein are true and correct in all material respects as of the Closing Date.

(d) **Title Policy.** The Title Company shall, upon payment of Title Company’s regularly scheduled premium, be irrevocably committed to issue an ALTA Extended Title Policy to Buyer upon recordation of the Grant Deed and effective as of the Closing Date, insuring title to Buyer in the full amount of the Purchase Price and subject only to the Pre-Approved Exceptions or the Condition of Title.

(e) Absence of Proceedings. There shall be an absence of any condemnation, environmental or other pending governmental or any type of administrative or legal proceedings with respect to the Property or this Agreement which would materially and adversely affect Buyer's intended uses of the Property or the value of the Property.

(f) No Material Adverse Change. There shall not have occurred between the Date of Agreement and the Closing a material adverse change to the physical condition of the Property.

(g) Financing Commitments. Buyer shall have financing commitments that are not materially different than Buyer's financing term sheet as of the Date of Agreement that is sufficient for the acquisition of the Property and construction of 260 residential rental units on Parcels A, Parcel D and Parcel D Prime for the Project and Buyer's construction loan, if any, shall have closed or shall be ready to close concurrently with the Closing.

(h) Project Approvals. The Project Approvals shall be final and non-appealable, and if any appeals, legal challenges, requests for rehearing, or referenda have been filed or instituted, such appeals, legal challenges, requests for rehearing, or referenda shall have been fully and finally resolved in a manner acceptable to Buyer in its sole and absolute discretion and such that no further appeals, legal challenges, requests for rehearing, or referenda are possible.

(i) Permits. Subject to payment of the applicable fees, the City shall be ready and willing to issue the ministerial demolition, grading, foundation permit and building permit(s) necessary for the Buyer to meet its obligations in Section 5.6(b)(1) and Section 5.6(c)(i) and (c)(ii).

(j) No Leases or Parties in Possession. Seller shall have demonstrated the ability to deliver fee title to the Property to Buyer free and clear of any tenants, lessees, licensees or any third party occupants or parties in possession.

(k) Remediation Plan Approval. Buyer shall, in the Buyer's reasonable business judgment, have obtained regulatory approval of the necessary environmental work for the Property (including but not limited to the California Land Reuse and Revitalization Act) to be suitable for unrestricted residential use consistent with the uses proposed in the Project Approvals and that such regulatory approval would not cause or result in a material adverse delay in the time to commence or construct the Project, a substantial increase (defined as an increase of \$100,000) in the costs assumptions for the Project in the pro forma previously provided by Buyer related to environmental conditions as of the Date of Agreement, or a material adverse impact to the Project or the use of the Project.

(l) Compliance with Dissolution Law. Seller shall have complied with all requirements and obtained any and all approvals required under the Dissolution Law with respect to Closing.

(m) Execution and Delivery of Documents by Seller. Seller shall have executed and acknowledged the Grant Deed and Memorandum of Agreement, and Seller shall

have executed (and, where appropriate, acknowledged) and delivered into escrow all other documents that Seller is required to deliver into escrow pursuant to Section 5.5.1(a).

5.3 Seller's Conditions to Closing. Seller's obligation to sell the Property is subject to the satisfaction of each and all of the following conditions precedent ("**Seller Conditions Precedent**") or Seller's written waiver thereof (each in Seller's sole discretion) on or before the Closing Date:

(a) No Default by Buyer or City. Buyer is not in default and has performed all obligations to be performed by Buyer pursuant to this Agreement, and neither the Buyer or City is in default under the Development Agreement.

(b) Development Agreement. The City Council approves a Development Agreement with the Buyer in a form substantially similar to the Development Agreement attached hereto as Exhibit D, and such Development Agreement is executed and will be recorded concurrently with the Close of Escrow as provided in Section 5.5.

(c) Representations and Warranties. Buyer's representations and warranties set forth herein are true and correct in all material respects as of the Closing Date.

(d) Buyer's Financing Commitments. Buyer has provided Seller written confirmation, acceptable to Seller, which approval shall not be unreasonably withheld, that Buyer has obtained financing commitments for the acquisition and construction financing for the acquisition of the Property and the construction of 260 residential rental units on Parcel A, Parcel D and Parcel D Prime.

(e) Permits. The Buyer shall have submitted applications to the City pursuant to Section 5.6(a), and subject to payment of the applicable fees, the City shall be ready and willing to issue the ministerial demolition, grading and foundation permit(s) necessary for the Buyer to Commence of Construction as defined in Section 5.6(c)(i) and (ii).

(f) Compliance with Dissolution Law. Seller shall have complied with all requirements and obtained any and all approvals required under the Dissolution Law with respect to Closing.

(g) Execution and Delivery of Documents by Buyer. Buyer shall have executed and acknowledged the Grant Deed and Memorandum of Agreement, and Buyer shall have executed (and, where appropriate, acknowledged) and delivered into escrow all other documents that Buyer is required to deliver into escrow pursuant to Section 5.5.1(b).

(h) Delivery of Funds. Buyer shall have delivered through escrow the Purchase Price and such other funds, including escrow costs, recording fees and other closing costs as are necessary to comply with Buyer's obligations under this Agreement.

5.4 Conveyance of Title. Seller will deliver marketable fee simple title to Buyer at the Closing, subject only to the Condition of Title pursuant to Section 4.1. The Property will be conveyed by Seller to Buyer in an "as is" condition, with no warranty, express or implied, by Seller as to the physical condition including, but not limited to, the soil, its geology, or the

presence of known or unknown faults or Hazardous Materials or hazardous waste (as defined by Section 12); provided, however, that the foregoing shall not relieve Seller from disclosure of any such conditions of which Seller has actual knowledge or its obligation to cooperate with Buyer pursuant to Section 2.6.

## 5.5 Closing.

5.5.1 Delivery of Documents and Closing Funds. At or prior to Closing, Seller and Buyer shall each deposit such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the conveyance of the Property in accordance with the terms hereof, including but not limited to the following:

(a) Deliveries by Seller. At or before Closing, Seller shall deposit the following into escrow:

A. one (1) original executed and acknowledged Grant Deed substantially in the form attached hereto as Exhibit B (“**Grant Deed**”);

B. one (1) original executed and acknowledged Memorandum of Agreement, substantially in the form attached hereto as Exhibit D (“**Memorandum of Agreement**”);

C. one (1) duly executed non-foreign certification for the Property in accordance with the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended; and

D. one (1) duly executed California Form 593-W Certificate for the Property or comparable non-foreign person affidavit to satisfy the requirements of California Revenue and Taxation Code Section 18805(b) and 26131.

(b) Deliveries by Buyer. At or prior to Closing, Buyer shall deposit the following into escrow:

A. immediately available funds in the amount, which together with the Buyer’s Deposit plus interest thereon, if any, is equal to an amount necessary to consummate the Closing, including the Purchase Price, escrow and Title Policy costs set forth in Section 5.5.5;

B. one (1) original executed and acknowledged Grant Deed;

C. one (1) original executed and acknowledged Memorandum of Agreement; and

D. one (1) original executed Preliminary Change of Ownership Report for the Property.

E. one (1) fully executed Development Agreement in a form substantially similar to the Development Agreement attached hereto as Exhibit D.

5.5.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Seller and Buyer with respect to the conveyance of the Property to Buyer, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties shall use reasonable good faith efforts to close the escrow for the conveyance of the Property in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and each Party will cancel its own policies, if any, as of the Closing. All funds received in the escrow shall be deposited in interest-bearing accounts for the benefit of the depositing Party in any state or national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such accounts. If, in the opinion of either Party, it is necessary or convenient in order to accomplish the Closing, such Party may provide supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The Closing shall take place as set forth in Section 5.5.4 below. Escrow Agent is instructed to release Seller's and Buyer's escrow closing statements to the respective parties.

5.5.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge Buyer for the premium of the Title Policy, including any endorsements requested by Buyer.

(b) Pay and charge Buyer for escrow fees, charges, and costs as provided in Section 5.5.5.

(c) Disburse to Seller the Purchase Price, less Seller's share of any escrow fees, costs and expenses, and record the Grant Deed when both the Buyer Conditions Precedent and Seller Conditions Precedent have been fulfilled or waived in writing by Buyer and Seller, as applicable. Immediately following recordation of the Grant Deed, Escrow Agent shall record the Memorandum of Agreement, Development Agreement and all other recordable documents delivered into escrow for the Closing.

(d) Do such other actions as necessary, including obtaining and issuing the Title Policy, to fulfill its obligations under this Agreement.

(e) Direct Seller and Buyer to execute and deliver any instrument, affidavit, and statement, and to perform any act, reasonably necessary to comply with the provisions of FIRPTA, if applicable, and any similar state act and regulations promulgated thereunder.

(f) Prepare and file with all appropriate governmental or taxing authorities uniform settlement statements, closing statements, tax withholding forms including IRS 1099-S forms, and be responsible for withholding taxes, if any such forms are provided for or required by law.

5.5.4 Closing. The escrow for conveyance of the Property shall close ("**Close of Escrow**") within thirty (30) days after the satisfaction, or waiver by the appropriate Party, of all of the Buyer Conditions Precedent and all of the Seller Conditions Precedent. For purposes of this Agreement, the "Closing" shall mean the time and day the Grant Deed is recorded with the San Mateo County recorder.

5.5.5 Closing Costs. Buyer will pay all escrow fees (including the costs of preparing documents and instruments), and recording fees. Buyer will also pay title insurance, title report costs and all transfer taxes. Seller will pay all governmental conveyance fees, where applicable.

5.5.6 Pro-Rations. At the Close of Escrow, the Escrow Agent shall make the following prorations: (i) property taxes and assessments will be prorated as of the close of escrow based upon the most recent tax bill available, including any property taxes which may be assessed after the close of escrow but which pertain to the period prior to the transfer of title to the Property to Buyer, regardless of when or to whom notice thereof is delivered; and (ii) any bond or assessment (other than assessments allocable to the period of time prior to Close of Escrow) that constitutes a lien on the Property at the close of escrow will be assumed by Buyer. Seller does not pay ad valorem taxes.

5.6 Buyer's Post Closing Obligations. Subject to Force Majeure Delay as set forth in Section 7.4 and the extensions provided in Sections 5.6.1, 5.6.2, and 5.6.3, as applicable, Buyer shall complete the following in the time set forth below.

Deadline	Buyer Post-Closing Obligation
<b>Prior to June 30, 2016</b>	5.6 (a) Buyer shall prepare and submit complete construction documents including building permit submittal documents which satisfy all submission requirements for 260 multi-family residential rental units approved as in the Project Approvals. Seller's exclusive remedies for a Buyer Default for this Section 5.6(a) are (1) termination of the Agreement under Section 7.3 and (2) liquidated damages under Section 7.2.2.
<b>Prior to December 31, 2016</b>	<p>5.6 (b) Buyer shall:</p> <ul style="list-style-type: none"> <li>(i) Obtain demolition and foundation permits for Parcels A, B and D and D Prime, as applicable consistent with the Project Approvals.</li> <li>(ii) Close escrow on Parcels A, B, C and D pursuant to Section 5.1.</li> <li>(iii) Buyer to either (A) prepare and submit to the City Manager Buyer's land assembly and proposed development options for Buyer's potential acquisition of some or all properties on the north side of Miller Avenue between Parcels B and C ("<b>Land Assembly Option</b>"), or (B) submit written notice of intent not to proceed with the Land Assembly Option.</li> </ul> <p>Seller's exclusive remedies for a Buyer Default for Section 5.6(b)(i) and (ii) are (1) termination of the Agreement under Section 7.3 and (2) liquidated damages under Section 7.2.2. Buyer shall not be in Default under Section 5.6(b)(iii), but Seller shall withhold conveyance of Parcel C from Closing if Buyer either does not submit</p>

Deadline	Buyer Post-Closing Obligation
	<p>a timely written notice to proceed with the Land Assembly Option or if Buyer submits a notice of intent not to proceed with the Land Assembly Option. If Parcel C is not conveyed to Seller, Buyer shall also assign all of its rights in the land use entitlements, the development, engineering, construction and building plans (“<b>Parcel C Plans</b>”) to the Seller, or Seller’s designee, and shall deliver a complete set of the Parcel C Plans to the Seller, or designated recipient within the City.</p>
<p><b>Prior to March 31, 2017</b></p>	<p>5.6(c) The Buyer shall:</p> <p>(i) Commence and complete demolition of existing structures on the Parcel A, Parcel D and Parcel D Prime. The existing parking lot on Parcel B is intended to be used for construction staging so will not be subject to demolition and commencement of construction of the replacement parking lot until near completion of construction on Parcel A, Parcel D and Parcel D Prime.</p> <p>(ii) Commence Construction of 260 multi-family residential rental units approved as part of City issued permits consistent with the Project Approvals on Parcels A, B and D and Parcel D Prime. “<b>Commence Construction</b>” shall be deemed to have occurred when Buyer has obtained grading and foundation permits and has commenced work on the grading and foundations for Parcels A and D.</p> <p>(iii) If Buyer has submitted a notice to proceed with the Land Assembly Option then either (i) file complete application, pursuant to City land use application requirements, for revised land use entitlements for Parcel C including adjacent land provided that Buyer has acquired or has an enforceable option to acquire all properties adjacent to the north side of Miller Avenue that are located between Parcels B and C (“<b>Revised Parcel C Entitlements Application</b>”), or (ii) submit written notice of intent not to proceed with the Revised Parcel C Entitlements Application. The Revised Parcel C Entitlements Application shall be subject to any applicable CEQA requirements and all applicable City land use entitlementment processes.</p> <p>Seller’s exclusive remedies for a Buyer Default for Section 5.6(c)(i) and (ii) is specific performance under this Agreement.</p> <p>Buyer shall not be in Default under Section 5.6(c)(iii), but Seller has the right to cause the Buyer to re-convey of Parcel C if Buyer either does not submit a timely written notice to proceed with the Revised Parcel C Entitlements Application or if Buyer submits a notice of</p>

Deadline	Buyer Post-Closing Obligation
	<p>intent not to proceed with the Revised Parcel C Entitlements Application. If Parcel C is re-conveyed to Seller, Buyer shall also assign all of its rights in the Parcel C Plans to the Seller, or Seller's designee, and shall deliver a complete set of the Parcel C Plans to the Seller, or designated recipient within the City. In the event Buyer submits a notice of intent not to proceed, Seller and Buyer agree to take all actions necessary to re-convey Parcel C to the Seller and Seller shall accept re-conveyance of Parcel C and the Parcel C Plans.</p>
<p><b>Prior to March 31, 2018</b></p>	<p>5.6 (d)</p> <p>(i) If Buyer has submitted a notice to proceed with the Land Assembly Option and a notice to proceed with the Revised Parcel C Entitlements Application, then the Buyer shall either (A) provide written confirmation to the Seller that Buyer has acquired or has an enforceable option to acquire, on terms that are acceptable to Buyer in sole discretion the property subject to the Land Assembly Option (the written confirmation shall include either a copy of the purchase or option agreement or written confirmation from the sellers of the properties that Buyer has an enforceable option to acquire the properties), or (B) provide written notice of intent to abandon its Land Assembly Option.</p> <p>(ii) If the Buyer has not delivered a notice of intent to abandon its Land Assembly Option, then Buyer shall diligently pursue and take all actions necessary for the City to conduct all required public hearings and consider the Revised Parcel C Entitlements.</p> <p>Buyer shall not be in Default under Section 5.6(d)(i) and (i), but Seller has the right to cause the Buyer to re-convey of Parcel C if Buyer either does proceed as provided under Section 5.6(d)(i) or (ii). If Parcel C is re-conveyed to Seller, Buyer shall also assign all of its rights in the Parcel C Plans to the Seller, or Seller's designee, and shall deliver a complete set of the Parcel C Plans to the Seller, or designated recipient within South San Francisco. In the event Buyer submits a notice of intent not to proceed, Seller and Buyer agree to take all actions necessary to re-convey Parcel C to the Seller and Seller shall accept re-conveyance of Parcel C and the Parcel C Plans.</p>
<p><b>Prior to March 31, 2019</b></p>	<p>5.6 (e) The Buyer shall:</p> <p>(i) Substantially Complete development of the 260 multi-family residential rental properties on Parcel A, Parcel D and Parcel D Prime. As used herein "<b>Substantially Complete</b>" or "<b>Substantial Completion</b>" shall be deemed to have occurred when (i) Buyer has provided written evidence to the City Manager that eighty five (85)</p>

Deadline	Buyer Post-Closing Obligation
	<p>percent of the contract price for the construction of the 260 multi-family residential rental units (including all change orders and all amounts due and payable to the contractor under the construction contract for work performed but being held as retention by Buyer under the terms of the construction contract) has been expended, (ii) all exterior building improvements and all interior building improvements are complete with the exception of finish work defined as flooring, counters, countertops, appliances, finish mechanical, electrical, plumbing, and carpentry, paint, landscaping, and interior of elevators, and (iii) the City Manager determines, in his or her reasonable discretion that the life safety systems, including but not limited to all required sprinkler systems, within the applicable portion have been installed and are fully functional.</p> <p>(ii) open a leasing center for the 260 multi-family residential rental units on the Property or within the Downtown Station Area Specific Plan Area.</p> <p>(iii) Complete construction and obtain a certificate of occupancy for the parking lot improvements required for Parcel B, provided that if Buyer has obtained Revised Parcel C Entitlements and those land use entitlements modify development on Parcel B, then Buyer shall develop Parcel B pursuant to the Revised Parcel C Entitlements.</p> <p>(iv) Commence Construction of development of twelve townhomes approved consistent with the Project Approvals, or if Revised Parcel C Entitlements have been approved by the City then Commence Construction of the project approved as part of the Revised Parcel C Entitlements. <b>“Commence Construction”</b> shall be deemed to have occurred when Buyer has obtained grading and foundation permits and has commenced work on the grading and foundations.</p> <p>(v) If Buyer has not commenced construction as required in subsection (iv) above, and if Buyer has obtained Revised Parcel C Entitlements and has provided written confirmation that Buyer has acquired or has an enforceable option to acquire the property as set forth in Section 5.6(d)(i) above, Buyer upon payment of \$100,000 to the Seller prior to the Commence Construction deadline may extend the deadline to Commence Construction on Parcel C for one year.</p> <p>Seller’s exclusive remedies for a Buyer Default for Section 5.6(e)(i), (ii) and (iii) is specific performance under this Agreement. Buyer shall not be in Default under Section 5.6(e)(iv), but Seller has the right to cause the Buyer to re-convey Parcel C if Buyer does not timely</p>

Deadline	Buyer Post-Closing Obligation
	Commence Construction on Parcel C. If Parcel C is re-conveyed to Seller, Buyer shall also assign all of its rights in the Parcel C Plans to the Seller, or Seller's designee, and shall deliver a complete set of the Parcel C Plans to the Seller, or designated recipient within the City and Seller and Buyer agree to take all actions necessary to re-convey Parcel C to the Seller and Seller shall accept re-conveyance of Parcel C and the Parcel C Plans.

5.6.1 Seller's Extension: The deadlines set forth in Section 5.6, subsections (a) through (e) shall each be subject to a ninety (90) day extension, provided (1) that the Buyer submits a written request for an extension prior to the deadline which shall include the rationale for the request and summary of the actions Buyer has taken to satisfy the obligation prior to the deadline and (2) the extension request is approved by the Executive Director or South San Francisco City Manager, which such approval shall not be unreasonably withheld.

5.6.2 Buyer's Extension. The deadlines set forth in Section 5.6 (a) shall be subject to a maximum of two extensions of 30 days (no more than 60 days for 5.6(a)) and a maximum of four extensions of 30 days (no more than 120 days for 5.6(b)) upon written notice to Seller and Buyer's payment to Seller of \$25,000 for each such 30-day extension.

5.6.3 City Review: The deadlines set forth in Section 5.6, subsections (b), (c) and (e)(iv) are each contingent upon the City reviewing and providing comments or approving the grading and building plans submitted by Buyer within twenty one (21) days of submission of complete grading or building plans. This 21 day period shall commence anew each time that Buyer submits revised plans in response to City comments on the prior version of the grading or building plans. Buyer shall be solely responsible for submitting complete grading or building plans that satisfy all code and City requirements. Buyer shall be responsible for payment of all required City building permit fees including costs for City to retain contract plan check services. In the event that City review exceeds 21 days, the deadline set forth herein shall be extended one day for each day the City review exceeds 21 days.

5.6.4 Community Enhancements Payments. In the event that Buyer fails to pay the City when due any portion of the Community Enhancements Payment as set forth in Section 2.4 of Exhibit C to the DA between Buyer and City, Buyer shall, upon written notice from Seller and upon completion of a thirty (30) day cure period, pay Seller the amount payable under Section 2.4 of Exhibit C the DA not previously paid to City by the Buyer.

5.6.5 Allocation of Net Proceeds to Taxing Entities. Upon disbursement to Seller of the Purchase Price, Seller will remit the Net Unrestricted Proceeds (defined below) to the San Mateo County Auditor-Controller for distribution to the taxing entities. This obligation survives Closing.

For purposes of this Agreement, "**Net Unrestricted Proceeds**" means the sale proceeds received by the Seller/City for the sale of the Property, less: (i) costs incurred by the Seller for expenses

incurred in connection with the management and disposition of the Property, including reasonable and actual costs incurred for property management, maintenance, insurance, marketing, appraisals, brokers' fees, escrow, closing costs, survey, attorneys' and consultants' fees, and other reasonable costs incurred, including reasonable compensation for Agency staff performing functions associated with the management, maintenance and disposition of the Property provided that Agency shall first apply any revenue generated from license or lease agreements (of less than one year) received by the City to offset the management, insurance and maintenance costs of the Property, and (ii) any proceeds of sale that are restricted by virtue of the source of funds (e.g. grant funds or the proceeds of bonds) that were used for the original acquisition of the Property. The Seller shall deliver to the taxing entities an accounting of all such costs, expenses and restricted proceeds.

## **6. REPRESENTATIONS, WARRANTIES AND COVENANTS.**

6.1 Seller's Representations, Warranties and Covenants. In addition to the representations, warranties and covenants of Seller contained in other sections of this Agreement, Seller hereby represents, warrants and covenants to Buyer that the statements below in this Section 6.1 are each true and correct as of the Closing Date provided however, if to Seller's actual knowledge any such statement becomes untrue prior to Closing, Seller will notify Buyer in writing and Buyer will have three (3) business days thereafter to determine if Buyer wishes to proceed with Closing. If Buyer determines it does not wish to proceed, then the terms of Section 7.3 will apply.

(a) Authority. Seller is a public agency, lawfully formed, in existence and in good standing under the laws of the State of California. Seller has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement. This Agreement has been duly executed by Seller, and upon delivery to and execution by Buyer is a valid and binding agreement of Seller.

(b) Encumbrances. Other than the Mural License Agreement related to the mural "Transporting Oneself" located at 415 Airport Boulevard and the exceptions set forth in the Preliminary Title Report, Seller has not alienated, encumbered, transferred, mortgaged, assigned, pledged, or otherwise conveyed its interest in the Property or any portion thereof, nor entered into any agreement to do so, and there are no liens, encumbrances, mortgages, covenants, conditions, reservations, restrictions, easements or other matters affecting the Property, except as disclosed in the Preliminary Report. Seller shall not, directly or indirectly, alienate, encumber, transfer, mortgage, assign, pledge, or otherwise convey its interest prior to the Close of Escrow, as long as this Agreement is in force. Seller shall cooperate with Buyer, at no out of pocket cost to the Seller, to comply with the requirements of the Project Approvals Planning Condition of Approval No. 9 that the Parties acknowledge is required to be satisfied prior to the issuance of a demolition or building permit for the Project.

(c) No Right of Possession. Other than the Mural License Agreement related to the mural "Transporting Oneself" located at 415 Airport Boulevard, there are no agreements, including any leases, licenses and occupancy agreements, affecting the Property. There are no agreements which will be binding on the Buyer or the Property after the Close of Escrow. Other than the utility easements set forth on the Preliminary Title Report, no person or entity other than Seller has the right to use, occupy, or possess the Property or any portion thereof. Seller will not enter into any lease or other agreement affecting the Property or any portion thereof without the written consent of Buyer.

(d) No Conflict. Seller's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Seller is a party or by which Seller is bound.

(e) No Litigation or Other Proceeding. To Seller's current actual knowledge, no litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Seller to perform its obligations under this Agreement, or that would adversely affect the Property.

(f) No Seller Bankruptcy. Seller is not the subject of any bankruptcy proceeding, and no general assignment or general arrangement for the benefit of creditors or the appointment of a trustee or receiver to take possession of all or substantially all of Seller's assets has been made.

(g) Condition of Property. Seller has no notice of any pending or threatened action or proceeding arising out of the condition of the Property or any alleged violation of any Environmental Laws. Except as otherwise disclosed by City and provided in Section 3.6, to Seller's actual current knowledge, the Property is in compliance with all Environmental Laws. The Seller will not make or allow any material adverse change to the condition of the Property.

The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Seller contained in this Agreement are conditions precedent to Buyer's obligation to proceed with the Closing hereunder. The foregoing representations and warranties shall not be deemed merged into the deed upon closing and shall survive the Close of Escrow until the satisfaction of the Buyer's Post-Closing Obligations under Section 5.6 and shall survive any earlier expiration or termination of this Agreement for a period of twelve (12) months.

6.2 Buyer's Representations and Warranties. In addition to the representations, warranties and covenants of Buyer contained in other sections of this Agreement, Buyer hereby represents, warrants and covenants to Seller that the statements below in this Section 6.2 are each true as of the Date of Agreement, and, if to Buyer's actual knowledge any such statement becomes untrue prior to Closing, Buyer shall so notify Seller in writing and Seller shall have at least three (3) business days thereafter to determine if Seller wishes to proceed with Closing. If Seller determines it does not wish to proceed, then the terms of Section 7.2 will apply.

(a) Authority. Buyer is a limited liability company. Buyer has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement. This Agreement has been duly executed by Buyer, and upon delivery to and execution by Seller shall be a valid and binding agreement of Buyer.

(b) No Bankruptcy. Buyer is not bankrupt or insolvent under any applicable federal or state standard, has not filed for protection or relief under any applicable bankruptcy or creditor protection statute, and has not been threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute.

The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Buyer contained in this Agreement are conditions precedent to Seller's obligation to proceed with the Closing hereunder. The foregoing representations and warranties shall survive the Closing and continue until satisfaction of the Buyer's Post-Closing Obligations under Section 5.6.

## 7. DEFAULT, REMEDIES, TERMINATION.

7.1 Default Remedies - General. Failure by either Party to perform any action or covenant required by this Agreement within sixty (60) days following receipt of written Notice from the other Party specifying the failure shall constitute a "Default" under this Agreement; provided, however, that if the failure to perform cannot be reasonably cured within such sixty (60) day period, a Party shall be allowed additional time as is reasonably necessary to cure the failure so long as such Party commences to cure the failure within the sixty (60) day period and thereafter diligently prosecutes the cure to completion. Subject to the limitations of Section 7.2 below, any default by the Buyer under the Development Agreement which is not cured following notice and expiration of any applicable cure periods thereunder shall also constitute a Default under this Agreement, and upon occurrence of such Default and without any right to further notice or additional cure period, the Seller shall have all remedies available to it under this Agreement, including the right to terminate this Agreement as set forth in Section 7.3 below.

### 7.2 Legal Actions.

7.2.1 Institution of Legal Actions and Remedies. Upon the occurrence of a Default under this Agreement, the non-defaulting Party shall have the right to institute any action at law or in equity to cure, correct, prevent or remedy such Default, subject to the express limitations on remedies provided in this Section 7.2.1. Neither Party shall have the right to recover any punitive, consequential, or special damages. Such legal actions must be instituted in the Superior Court of the County of San Mateo, State of California, or in the Federal District Court for the Northern District of the State of California.

7.2.1.1 Default by Buyer; Seller's Remedies. The Seller's remedies shall be expressly limited as follows:

a. Pre-Closing. Upon the occurrence of a Default by Buyer that occurs before Closing under Section 5.2, Section 5.5, Section 5.6(a), 5.6 (b)(1) and (b)(ii), and Section 6.2, the Seller's remedies shall be limited to (i) liquidated damages pursuant to Section 7.2.2 and (ii) termination of this Agreement pursuant to Section 7.3.

b. Post-Closing. Upon the occurrence of a Default by Buyer that occurs after Closing under Section 5.6 (b), 5.6(c), 5.6(d) and 5.6(e), the Seller's remedies shall be limited to the remedies expressly provided with respect to each obligation set forth in Sections under each of Section 5.6 (b), 5.6(c), 5.6(d) and 5.6(e), as applicable.

7.2.1.2 Default by Seller; Buyer's Remedies. Upon the occurrence of a Default by Seller under this Agreement, Buyer's remedies shall be limited to obtaining specific performance or injunctive relief, or terminating this Agreement.

7.2.2 Liquidated Damages. SUBJECT TO NOTICE AND EXPIRATION OF APPLICABLE CURE PERIODS AND ANY PERMITTED EXTENSIONS OF TIME AS PROVIDED IN THIS AGREEMENT, IF IN THE EVENT OF A BUYER DEFAULT AS SET FORTH IN 7.2.1.1, THE SELLER WILL SUFFER DAMAGES AND THAT IT IS IMPRACTICABLE AND INFEASIBLE TO FIX THE ACTUAL AMOUNT OF SUCH DAMAGES. THEREFORE, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, IN THE EVENT OF A CLOSING DEFAULT, BUYER, WITHIN THIRTY (30) DAYS FOLLOWING SELLER'S WRITTEN DEMAND THEREFOR, SHALL TURN OVER ALL REPORTS AND PLANS IN THE BUYER'S ACTUAL OR CONSTRUCTIVE POSSESSION THAT HAVE BEEN PREPARED BY AND FOR BUYER RELATED TO THE PROJECT AND THE PROPERTY (WITH THE EXCEPTION OF BUYER'S INTELLECTUAL PROPERTY, CONFIDENTIAL FINANCIAL INFORMATION, AND ANY INFORMATION SUBJECT TO LEGAL PRIVILEGE) (THE "MATERIALS.") THE BUYER'S INITIAL DEPOSIT, AND WHERE APPLICABLE UNDER THIS AGREEMENT, BUYER'S SECOND DEPOSIT, AND MATERIALS SHALL SERVE AS LIQUIDATED DAMAGES TO THE SELLER FOR A DEFAULT SPECIFIED IN SECTION 7.2.1.1(a). THE VALUE OF THE BUYER'S INITIAL DEPOSIT, AND WHERE APPLICABLE BUYER'S SECOND DEPOSIT, AND MATERIALS CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES THAT THE SELLER WOULD INCUR IN THE EVENT OF A CLOSING DEFAULT. RETENTION OF THE BUYER'S INITIAL DEPOSIT, AND WHERE APPLICABLE BUYER'S SECOND DEPOSIT, AND MATERIALS SHALL BE THE SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER IN THE EVENT OF A DEFAULT A DEFAULT SPECIFIED IN SECTION 7.2.1.1(a), AND THE SELLER WAIVES ANY AND ALL RIGHT TO SEEK OTHER RIGHTS OR REMEDIES AGAINST BUYER, INCLUDING WITHOUT LIMITATION, SPECIFIC PERFORMANCE. THE LIQUIDATED DAMAGES PROVIDED FOR HEREIN IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF SECTIONS 3275 OR 3369 OF THE CALIFORNIA CIVIL CODE, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO THE SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. SELLER WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. BY PLACING ITS INITIALS BELOW, BUYER AND SELLER SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE, THE REASONABLENESS OF THE AMOUNT OF LIQUIDATED DAMAGES AGREED UPON, AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

INITIALS: CMR

ML

SELLER

BUYER

7.2.3 Acceptance of Service of Process. In the event that any legal action is commenced by Buyer against Seller, service of process on Seller shall be made by personal service upon the Executive Director at the address provided in Section 13.8 or in such other manner as may be provided by law. In the event that any legal action is commenced by Seller against Buyer, service of process on Buyer shall be made by personal service upon W-K Ventures, Inc., a California corporation, Buyer's registered agent for service of process in California, at 901 Mariner's Island Boulevard, 7th Floor, San Mateo, CA 94404 or in such other manner as may be provided by law.

7.3 Termination. In addition to termination upon satisfaction of all material terms of this Agreement, this Agreement may be terminated by the Party for whom a condition is intended to benefit: (i) if there is an uncured Default, after notice from the Party not in default and expiration of all cure periods, (ii) if there is a failure of an express Buyer Condition Precedent or Seller Condition Precedent (which is not waived by the Party whom the condition benefits) by timely notice from the Party whom the condition benefits, (iii) a representation or warranty of a Party becomes untrue prior to Closing under Section 6.1 or 6.2 (which is not waived by the Party whom the condition benefits), (iv) upon mutual written consent of the Parties, each in its sole discretion. Upon termination, the Parties will also cooperate to record a notice of termination.

7.4 Force Majeure Delay. All obligations in this Agreement shall not be deemed to be in default, all performance and other dates specified in those sections shall be extended, where delays are due to: war; insurrection; strikes and labor disputes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; litigation and arbitration, including court delays; legal challenges to this Agreement, legal challenges to the Project Approvals, or legal challenges to any other approval required from any public agency other than the City for the Project, or any initiatives or referenda regarding the same; environmental conditions, pre-existing or discovered, delaying the construction or development of the Property or any portion thereof; unusually severe weather but only to the extent that such weather or its effects (including, without limitation, dry out time) result in delays that cumulatively exceed thirty (30) days for every winter season occurring after commencement of construction of the Project; acts or omissions of the other Party; or acts or failures to act of any public or governmental agency or entity (except that acts or failures to act of Seller shall not excuse performance by Seller); moratorium; any delay caused by compliance with the requirements of Project Approval Planning Condition of Approval 9 or the termination of the Mural License Agreement related to the mural "Transporting Oneself" located at 415 Airport Boulevard, so long as the Buyer is acting diligently and in good faith; or a Severe Economic Recession (each a "**Force Majeure Delay**"). An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within sixty (60) days of the commencement of the cause. If notice is sent after such sixty (60) day period, then the extension shall commence to run no sooner than sixty (60) days prior to the giving of such notice. Buyer's inability or failure to obtain financing or otherwise timely satisfy shall not be deemed to be a cause outside the reasonable control of the Buyer and shall not be the basis for an excused delay unless such inability, failure or delay is a direct result of a

Severe Economic Recession. “**Severe Economic Recession**” means a decline in the monetary value of all finished goods and services produced in the United States, as measured by initial quarterly estimates of United States Gross Domestic Product (“**GDP**”) published by the United States Department of Commerce Bureau of Economic Analysis (and not subsequent monthly revisions), lasting more than four (4) consecutive calendar quarters. Any quarter of flat or positive GDP growth shall end the period of such Severe Economic Recession.

8. **BROKERS**. Seller represents that no real estate broker has been retained by Seller in the sale of the Property or the negotiation of this Agreement. With the exception of a broker agreement with Roger Stuhlmuller, Buyer represents that no real estate broker has been retained by Buyer in the procurement of the Property or negotiation of this Agreement. Buyer shall be solely responsible for payment of any broker fee to Roger Stuhlmuller. Buyer and Seller shall indemnify, hold harmless and defend the other Party from any and all claims, actions and liability for any breach of the preceding sentence, and any commission, finder’s fee, or similar charges arising out the other Party’s conduct.

9. **ASSIGNMENT**. Prior to satisfactory completion of the Buyer’s Post Closing Obligations under Section 5.6, neither Seller nor Buyer may assign its rights or delegate its duties under this Agreement, except for Buyer Permitted Transfers as defined below, without (i) the express written consent of the other Party, which consent will not be unreasonably withheld or delayed and (ii) a concurrent assignment of the Development Agreement in accordance with Section 8.1 of the Development Agreement. If Buyer proposes an assignment, Buyer will seek Seller’s prior written consent to any transfer, which consent will not be unreasonably withheld or delayed. Seller may refuse to give consent only if, in light of the proposed transferee’s reputation and financial resources, such transferee would not, in Seller’s reasonable opinion, be able to perform the obligations proposed to be assumed by such transferee. Such determination will be made by the Executive Director of the Agency and will be appealable by Buyer to the Board of the Successor Agency. Notwithstanding any other provision of this Agreement to the contrary, each of following transfers are permitted and shall not require Seller consent under this Section 9 (each a “**Buyer Permitted Transfer**”):

- (a) Any transfer for financing purposes to secure the funds necessary for construction and/or permanent financing of the Project;
- (b) An assignment of this Agreement to an Affiliate of Buyer;
- (c) The sale of one or more of the completed residential units to an occupant thereof;
- (d) Transfers of common area to a homeowners or property owners association; or
- (e) Dedications and grants of easements and rights of way required in accordance with the Project Approvals.

For the purposes of this Section 9, “**Affiliate of Buyer**” means an entity or person that is directly or indirectly controlling, controlled by, or under common control with Buyer. For the purposes of this definition, “**control**” means the possession, direct or indirect, of the power to direct or

cause the direction of the management and policies of an entity or a person, whether through the ownership of voting securities, by contract, or otherwise, and the terms “controlling” and “controlled” have the meanings correlative to the foregoing. No permitted assignment of any of the rights or obligations under this Agreement shall result in a novation or in any other way release the assignor from its obligations under this Agreement unless a release is provided in the form of assignment and assumption agreement approved by the reviewing Party.

**10. ENVIRONMENTAL INDEMNITY.** Effective upon Close of Escrow, and subject to Section 3.6, to the fullest extent allowed by law, Buyer agrees to unconditionally and fully indemnify, protect, defend (with counsel satisfactory to Buyer in Buyer’s sole discretion), and hold Seller and the City, and their respective elected and appointed officers, officials, employees, and agents, (“**Seller Indemnified Parties**”) harmless from and against any and all claims (including without limitation third party claims for personal injury, real or personal property damage, or damages to natural resources), actions, administrative proceedings (including without limitation both formal and informal proceedings), judgments, damages, punitive damages, penalties, fines, costs (including without limitation any and all costs relating to investigation, assessment, analysis or clean-up of the Property), liabilities (including without limitation sums paid in settlements of claims), interest, or losses, including reasonable attorneys’ and paralegals’ fees and expenses (including without limitation any such fees and expenses incurred in enforcing this Agreement or collecting any sums due hereunder), together with all other costs and expenses of any kind or nature (collectively, the “**Claims**”) that arise directly or indirectly from or in connection with the presence, suspected presence, release, or suspected release, of any Hazardous Materials in, on or under the Property or to the extent emanating from the Property, in or into the air, soil, soil gas, groundwater, or surface water at, on, about, around, above, under or within the Property, or any portion thereof that are existing as of the Close of Escrow or are caused to exist during the period of ownership of the Property by Buyer, except those Costs that arise solely as a result of actions by Seller, the City (including their consultants and contractors) or Seller Indemnified Parties. Upon receipt of any Claim, the Seller Indemnified Parties shall promptly notify and tender such Claim to the Buyer. Any failure to timely tender such Claim to Buyer to allow Buyer to defend such Claim shall be deemed a waiver of such Seller Indemnified Party’s rights under this Section 10. Buyer shall resolve such Claim in its sole and absolute discretion so long as the Seller Indemnified Party is not subject to any costs or liability. The indemnification provided pursuant to this Section shall specifically apply to and include claims or actions brought by or on behalf of employees of Buyer or any of its predecessors in interest and Buyer hereby expressly waives any immunity to which Buyer may otherwise be entitled under any industrial or worker’s compensation laws. The indemnification provided pursuant to this Section shall include, without limitation, all loss or damage sustained by the Seller due to any Hazardous Materials: (a) that are present or suspected by a governmental agency having jurisdiction to be present in the Property or in the air, soil, soil gas, groundwater, or surface water at, on, about, above, under, or within the Property (or any portion thereof) or to have emanated from the Property, or (b) to the extent emanating from the Property that migrate, flow, percolate, diffuse, or in any way move onto, into, or under the air, soil, soil gas, groundwater, or surface water at, on, about, around, above, under, or within the Property (or any portion thereof) after the date of this Agreement as a result of Seller’s activities on the Property prior to Close of Escrow. The obligations of this Section 10 shall not apply to Parcel C if Parcel C is re-conveyed to the City pursuant to Section 5.6(c), except to the extent that Hazardous Materials have been placed on Parcel C by Buyer or its agents, contractors or consultants. The provisions of this Section 10

shall survive the termination of this Agreement and the Close of Escrow. If Buyer purchases an environmental pollution legal liability policy for the Property, the policy shall include the City and Agency as additional insureds.

11. **RELEASE BY BUYER.** Effective upon the Close of Escrow, Buyer waives, releases, remises, acquits and forever discharges Seller and the City, and its officers, directors, board members, managers, employees and agents, and any other person acting on behalf of Seller from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses and compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Buyer now has or which may arise in the future on account of or in any way arising from or in connection with the physical condition of the Property or any law or regulation applicable thereto including, without limiting the generality of the foregoing, any federal, state or local law, ordinance or regulation pertaining to Hazardous Materials. This Section 11 shall not apply to the City for any portion of the Property that is, after Closing, dedicated for public use (e.g. public sidewalks) and is under the direct management and maintenance of the City. This Section 11 shall survive the termination of this Agreement and the Close of Escrow.

BUYER ACKNOWLEDGES THAT BUYER IS FAMILIAR WITH SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

BY INITIALING BELOW, BUYER EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH RESPECT TO THE FOREGOING RELEASE:

Buyer's initials: MRM

12. **HAZARDOUS MATERIALS; DEFINITIONS.**

12.1 **Hazardous Materials.** As used in this Agreement, "**Hazardous Materials**" means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Environmental Laws (defined below) as a "hazardous substance", "hazardous material", "hazardous waste", "extremely hazardous waste", "infectious waste", "toxic substance", "toxic pollutant", or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The term "Hazardous Materials" shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas usable as fuel, perchlorate, and methyl tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in the Environmental Laws.

12.2 **Environmental Laws.** As used in this Agreement, "**Environmental Laws**" means any and all federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations or directives, or any other requirements of

governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Materials, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Oil Pollution Act (33 U.S.C. § 2701 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq.*), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 *et seq.*), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, *et seq.*), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 *et seq.*), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq.*), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 *et seq.*), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 *et seq.*).

### 13. MISCELLANEOUS.

13.1 Attorneys' Fees. If any Party employs counsel to enforce or interpret this Agreement, including the commencement of any legal proceeding whatsoever (including insolvency, bankruptcy, arbitration, mediation, declaratory relief or other litigation), the prevailing Party shall be entitled to recover its reasonable attorneys' fees and court costs (including the service of process, filing fees, court and court reporter costs, investigative fees, expert witness fees, and the costs of any bonds, whether taxable or not) and shall include the right to recover such fees and costs incurred in any appeal or efforts to collect or otherwise enforce any judgment in its favor in addition to any other remedy it may obtain or be awarded. Any judgment or final order issued in any legal proceeding shall include reimbursement for all such attorneys' fees and costs. In any legal proceeding, the "prevailing party" shall mean the Party determined by the court to most nearly prevail and not necessarily the Party in whose favor a judgment is rendered.

13.2 Interpretation. This Agreement has been negotiated at arm's length and each party has been represented by independent legal counsel in this transaction and this Agreement has been reviewed and revised by counsel to each of the Parties. Accordingly, each Party hereby waives any benefit under any rule of law (including Section 1654 of the California Civil Code) or legal decision that would require interpretation of any ambiguities in this Agreement against the drafting Party.

13.3 Survival. All indemnities, covenants, representations and warranties contained in Section 5.6, 5.6.1, 6.1, Section 6.2, Section 10, and Section 11 of this Agreement shall survive Close of Escrow as expressly provided in each such section.

13.4 Successors. Except as provided to the contrary in this Agreement, this Agreement shall be binding on and inure to the benefit of the Parties and their successors and assigns.

13.5 Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

13.6 Integrated Agreement; Modifications. This Agreement contains all the agreements of the Parties concerning the subject hereof any cannot be amended or modified except by a written instrument executed and delivered by the parties. There are no representations, agreements, arrangements or understandings, either oral or written, between or among the parties hereto relating to the subject matter of this Agreement that are not fully expressed herein. In addition there are no representations, agreements, arrangements or understandings, either oral or written, between or among the Parties upon which any Party is relying upon in entering this Agreement that are not fully expressed herein.

13.7 Severability. If any term or provision of this Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Agreement, any such provision shall not be affected by the legality, enforceability, or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions of this section, then the stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision this is in keeping with the intent of the Parties as expressed herein.

13.8 Notices. Any delivery of this Agreement, notice, modification of this Agreement, collateral or additional agreement, demand, disclosure, request, consent, approval, waiver, declaration or other communication that either Party desires or is required to give to the other Party or any other person shall be in writing. Any such communication may be served personally, or by nationally recognized overnight delivery service (i.e., Federal Express) which provides a receipt of delivery, or sent by prepaid, first class mail, return receipt requested to the Party's address as set forth below:

To Buyer:                   Sares-Regis Group of Northern California  
901 Mariner's Island Boulevard, 7th Floor  
San Mateo, CA 94404  
Attention: Ken Busch and Mark Kroll  
Telephone: (650) 377-5805  
Email: [kbusch@srgnc.com](mailto:kbusch@srgnc.com)

with a copy to:           Holland & Knight LLP  
50 California Street, Suite 2500  
San Francisco, CA 94109  
Attn: Tamsen Plume  
Telephone: (415) 743-6900  
Fax: (415) 743-6910  
Email: [tamsen.plume@hklaw.com](mailto:tamsen.plume@hklaw.com)

To Seller: South San Francisco Successor Agency  
400 Grand Avenue  
South San Francisco, CA 94080  
Attn: Executive Director  
Tel (650) 877-8501  
Fax (650) 829-6609  
Email: [Mike.Futrell@ssf.net](mailto:Mike.Futrell@ssf.net)

with a copy to: Meyers Nave  
575 Market Street, Suite 2080  
San Francisco, CA 94105  
Attn: Jason Rosenberg  
Tel (415) 421-3711  
Fax (415) 421-3767

If to Escrow Holder: First American Title Insurance Company  
1737 North First St., Suite 500  
San Jose, CA 95112  
Attn: Carol Herrera  
Tel: Tel: (408) 451-7829  
Fax: (408) 451-7836  
Email: [CMHerrera@firstam.com](mailto:CMHerrera@firstam.com)

Any such communication shall be deemed effective upon personal delivery or on the date of first refusal to accept delivery as reflected on the receipt of delivery or return receipt, as applicable. Any Party may change its address by notice to the other Party. Each Party shall make an ordinary, good faith effort to ensure that it will accept or receive notices that are given in accordance with this section and that any person to be given notice actually receives such notice.

13.9 Time. Time is of the essence to the performance of each and every obligation under this Agreement.

13.10 Days of Week. If any date for exercise of any right, giving of any notice, or performance of any provision of this Agreement falls on a Saturday, Sunday or holiday, the time for performance will be extended to 5:00 p.m. on the next business day.

13.11 Reasonable Consent and Approval. Except as otherwise provided in this Agreement, whenever a Party is required or permitted to give its consent or approval under this Agreement, such consent or approval shall not be unreasonably withheld or delayed. If a Party is required or permitted to give its consent or approval in its sole and absolute discretion or if such consent or approval may be unreasonably withheld, such consent or approval may be unreasonably withheld but shall not be unreasonably delayed.

13.12 Cooperation and Further Assurances. Each Party agrees to cooperate with the other in this transaction and, in that regard, shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

13.13 Waivers. Any waiver by any Party shall be in writing and shall not be construed as a continuing waiver. No waiver will be implied from any delay or failure to take action on account of any default by any Party. Consent by any Party to any act or omission by another Party shall not be construed to be consent to any other subsequent act or omission or to waive the requirement for consent to be obtained in any future or other instance.

13.14 Signatures/Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any one of such completely executed counterparts shall be sufficient proof of this Agreement.

13.15 Date and Delivery of Agreement. Notwithstanding anything to the contrary contained in this Agreement, the parties intend that this Agreement shall be deemed effective, and delivered for all purposes under this Agreement, and for the calculation of any statutory time periods based on the date an agreement between parties is effective, executed, or delivered, as of the Effective Date.

13.16 Representation on Authority of Parties. Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

13.17 Access to Property. Prior to the Closing, Seller shall cooperate to enable representatives of Buyer to obtain the right of access to all portions of the Property for the purposes of implementing this Agreement. Buyer agrees to provide written notice to Seller at least twenty four (24) hours prior to undertaking any studies or work upon the Property. Buyer shall indemnify, defend, protect and hold Seller and Seller Parties harmless from any Claims arising out of the acts, omissions, negligence or willful misconduct of Buyer or its employees, agents, contractors, subcontractors or representatives (each a "**Buyer Party**" and, collectively, the "**Buyer Parties**") in connection with such studies and investigations, except for Claims arising from or related to any pre-existing condition on or of the Property or Claims to the extent caused by the active negligence or willful misconduct of Seller or its employees, agents, contractors or representatives. In addition, in the event Buyer or any Buyer Party causes any damage to any portion of the Property, Buyer shall promptly restore the Property as nearly as possible to the physical condition existing immediately prior to Buyer's entry onto the Property.

13.18 Memorandum of Agreement. A Memorandum of Agreement in substantially the form of Exhibit E attached hereto and incorporated herein by this reference shall be executed and recorded against the Property immediately following recordation of the Grant Deed.

13.19 Relationship Between Seller and Buyer. It is hereby acknowledged that the relationship between Seller and Buyer is not that of a partnership or joint venture and that Seller and Buyer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the exhibits hereto, Seller shall have no

rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project.

13.20 Seller Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by Seller, the Executive Officer of the Agency or his or her designee is authorized to act on behalf of Seller.

13.21 Estoppel Certificates. A Party may, at any time during the term of this Agreement, and from time to time, deliver written notice to another Party requesting such Party to certify in writing that, to the knowledge of the certifying Party, (i) this Agreement is in full force and effect and a binding obligation of the Parties, (ii) this Agreement has not been amended or modified either orally or in writing, or if amended; identifying the amendments, (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults, and (iv) any other information reasonably requested. The requesting Party shall be responsible for all reasonable costs incurred by the Party from which such certification is requested and shall reimburse such costs within thirty (30) days of receiving the certifying Party's request for reimbursement. The Party receiving a request hereunder shall execute and return such certificate or give a written, detailed response explaining why it will not do so within twenty (20) days following the receipt thereof. The failure of either Party to provide the requested certificate within such twenty (20) day period shall constitute a confirmation that this Agreement is in full force and effect and no modification or default exists. Seller acknowledges that a certificate hereunder may be relied upon by transferees and mortgagees.

13.22 Mortgagee Protection. After Close of Escrow, no violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Buyer to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, of this Agreement whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

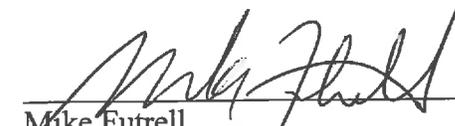
13.23 Effective Date. This Agreement shall be deemed effective upon the last to occur of all of the following: (i) this Agreement is signed by the Parties, and (ii) the Project Approvals shall have been approved by the City and shall be effective, (iii) the applicable statute of limitations period under CEQA for all of the Project Approvals shall have concluded with no challenge having been filed or, if any legal challenges is filed or instituted, such legal challenge shall have been fully and finally resolved in a manner acceptable to the Parties, each in its reasonable discretion, and such that no further legal challenge under CEQA is possible.

***SIGNATURES ON FOLLOWING PAGES***

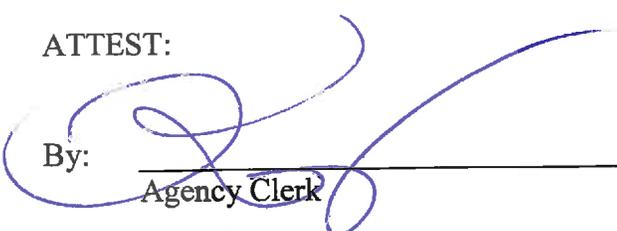
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**SELLER:**

**SOUTH SAN FRANCISCO  
SUCCESSOR AGENCY**

By:   
Mike Futrell  
Executive Director

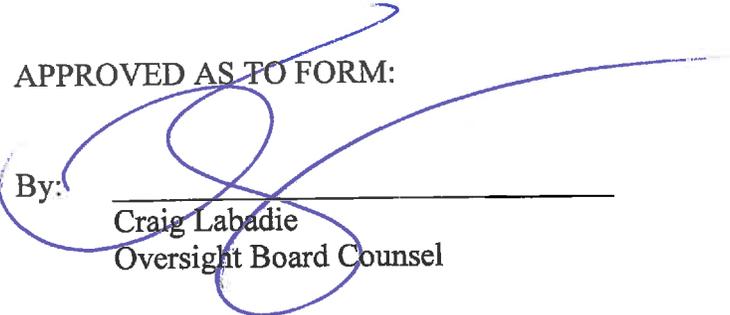
**ATTEST:**

By:   
Agency Clerk

**APPROVED AS TO FORM:**

By:   
Jason Rosenberg  
Agency Counsel

**APPROVED AS TO FORM:**

By:   
Craig Labadie  
Oversight Board Counsel

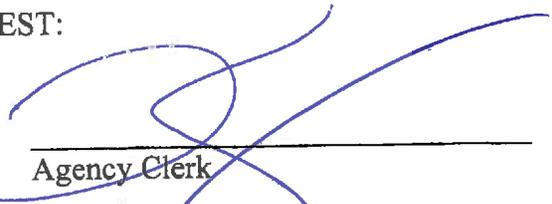
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**SELLER:**

**SOUTH SAN FRANCISCO  
SUCCESSOR AGENCY**

By:   
Mike Futrell  
Executive Director

**ATTEST:**

By:   
Agency Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Jason Rosenberg  
Agency Counsel

**APPROVED AS TO FORM:**

By:   
Craig Labadie  
Oversight Board Counsel

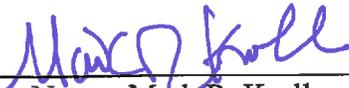
**BUYER:**

**MILLER CYPRESS SSF, LLC**

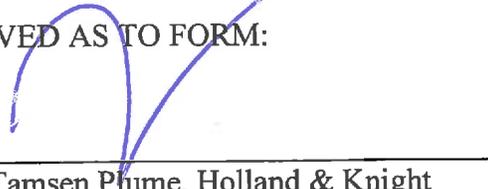
a Delaware limited liability company

By: SRGNC Miller Cypress SSF, LLC,  
a Delaware limited liability company,

By: SRGNC MF, LLC,  
a Delaware limited liability company,

By:   
Name: Mark R. Kroll  
Title: President

**APPROVED AS TO FORM:**

By:   
Tamsen Plume, Holland & Knight  
Counsel for Buyer

## **LIST OF EXHIBITS**

- |           |                                 |
|-----------|---------------------------------|
| Exhibit A | Legal Description               |
| Exhibit B | Form of Grant Deed              |
| Exhibit C | Pre-Approved Exceptions         |
| Exhibit D | Form of Development Agreement   |
| Exhibit E | Form of Memorandum of Agreement |

**EXHIBIT A**

**LEGAL DESCRIPTION**

REAL PROPERTY IN THE CITY OF SOUTH SAN FRANCISCO, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL ONE:

LOTS 7, 8, 9, 10, 11 AND 12 IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

APN: 012-318-080 JPN: 012-031-318-03A and 012-031-318-07A

PARCEL TWO:

LOTS 13, 14 AND THE SOUTHERLY 22 FEET, FRONT AND REAR MEASUREMENTS OF LOT 15, IN BLOCK 148, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO COUNTY, CALIFORNIA PLAT NO. 1", FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

PARCEL THREE:

PORTION OF LOTS 15 AND 16 IN BLOCK 148, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO COUNTY, CALIFORNIA PLAT NO. 1", FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF AIRPORT BOULEVARD (ORIGINALLY SAN BRUNO ROAD AND FORMERLY BAYSHORE BOULEVARD) AT ITS INTERSECTION WITH THE LINE DIVIDING SAID LOTS 15 AND 16, AS SAID LOTS AND BOULEVARD ARE SHOWN ON THE ABOVE MENTIONED MAP; THENCE SOUTH 22° 14' 50" WEST, 3.02 FEET, ALONG SAID LINE OF AIRPORT BOULEVARD, TO A POINT IN A LINE DISTANT 3 FEET MEASURED AT RIGHT ANGLES SOUTHWESTERLY FROM SAID DIVIDING LINE; THENCE NORTH 74° 27' WEST, ALONG SAID PARALLEL LINE, 60 FEET; THENCE NORTH 22° 14' 50" EAST, 28.19 FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF LOT 16; THENCE SOUTH 74° 27' EAST, 60 FEET, ALONG SAID LINE OF LOT 16 TO SAID NORTHWESTERLY LINE OF AIRPORT BOULEVARD; THENCE SOUTH 22° 14' 50"

WEST, ALONG SAID LINE, 25.17 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING ALL OIL, GAS AND OTHER HYDROCARBONS; NON-HYDROCARBON GASES OR GASEOUS SUBSTANCES; ALL OTHER MINERALS OF WHATSOEVER NATURE, WITHOUT REGARD TO SIMILARITY TO THE ABOVE MENTIONED SUBSTANCES; AND ALL SUBSTANCES THAT MAY BE PRODUCED THEREWITH FROM THE PROPERTY.

ALSO EXCEPTING ALL GEOTHERMAL RESOURCES, EMBRACING; INDIGENOUS STEAM, HOT WATER AND HOT BRINES; STEAM AND OTHER GASES, HOT WATER AND HOT BRINES RESULTING FROM WATER, GAS OR OTHER FLUIDS ARTIFICIALLY INTRODUCED INTO SUBSURFACE FORMATIONS; HEAT OR OTHER ASSOCIATED ENERGY FOUND BENEATH THE SURFACE OF THE EARTH; AND BYPRODUCTS OF ANY OF THE FOREGOING SUCH AS MINERALS (EXCLUSIVE OF OIL OR HYDROCARBON GAS THAT CAN BE SEPARATELY PRODUCED) WHICH ARE FOUND IN SOLUTION OR ASSOCIATION WITH OR DERIVED FROM ANY OF THE FOREGOING.

ALSO EXCEPTING THE SOLE AND EXCLUSIVE RIGHT FROM TIME TO TIME TO BORE OR DRILL AND MAINTAIN WELLS AND OTHER WORKS INTO AND THROUGH THE PROPERTY AND ADJOINING STREETS, ROADS AND HIGHWAYS BELOW A DEPTH OF FIVE HUNDRED (500) FEET FROM THE SURFACE THEREOF FOR THE PURPOSE OF EXPLORING FOR AND PRODUCING ENERGY RESOURCES: THE RIGHT TO PRODUCTS, INJECT, STORE AND REMOVE FROM AND THROUGH SAID BORES, WELLS OR WORKS, OIL, GAS, WATER, AND OTHER SUBSTANCES OF WHATEVER NATURE, INCLUDING THE RIGHT TO PERFORM BELOW SAID DEPTH ANY AND ALL OPERATIONS DEEMED BY GRANTOR NECESSARY OR CONVENIENT FOR THE EXERCISE OF SUCH RIGHTS.

THE RIGHTS HEREINABOVE EXCEPTED AND RESERVED TO GRANTOR DO NOT INCLUDE AND DO NOT EXCEPT OR RESERVE TO GRANTOR ANY RIGHT OF GRANTOR TO USE THE SURFACE OF THE PROPERTY OR THE FIRST FIVE HUNDRED (500) FEET BELOW SAID SURFACE OR TO CONDUCT ANY OPERATIONS THEREON OR THEREIN. UNLESS HEREINAFTER SPECIFICALLY EXCEPTED AND RESERVED, ALL RIGHTS AND INTERESTS IN THE SURFACE OF THE PROPERTY ARE HEREBY CONVEYED.

AS THE ABOVE EXCEPTING WERE RESERVED IN THE DEED FROM CHEVRON U.S.A., INC., A CORPORATION IN THE DEED RECORDED MARCH 8, 1988 AS INSTRUMENT NO. 88027407.

APN: 012-317-110 JPN: 012-031-317-07A AND 012-031-317-08A

PARCEL FOUR:

NORTHERLY 3 FEET OF LOT 15, AND ALL OF LOT 16, IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

EXCEPTING THEREFROM THE LANDS DESCRIBED IN THE DEED FROM RHODA L. RAUDEBAUGH, TRUSTEE TO LEONARD M. ROWE AND WIFE, DATED JUNE 24, 1948, AND RECORDED JULY 09, 1948, IN BOOK 1548 OF OFFICIAL RECORDS OF SAN MATEO COUNTY, AT PAGE 554 (40420-H).

PARCEL FIVE:

LOTS 17 AND 18, IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

APN: 012-317-100 JPN: 012-031-317-10A

PARCEL SIX:

LOTS 19, 20, 21, 22, 23 AND 24, IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO, SAN MATEO COUNTY, CALIFORNIA PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

APN: 012-317-090 JPN: 012-031-317-09A

PARCEL SEVEN:

LOT 1 IN BLOCK 138, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO, SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

APN: 012-314-100 JPN: 012-031-314-10A

PARCEL EIGHT:

THE EASTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 5, BLOCK 138, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO CO. CAL. PLAT NO. 1", WHICH MAP WAS FILED IN THE OFFICE OF THE

RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

PARCEL NINE:

THE WESTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 5, BLOCK 138, AND THE EASTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 6, BLOCK 138, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO CO. CAL. PLAT NO. 1", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

PARCEL TEN:

THE EASTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 7 AND THE WESTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 6 IN BLOCK 138, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO CO. CAL. PLAT NO. 1", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

**EXHIBIT B**

**FORM OF GRANT DEED**

**Recording Requested by**

**and when Recorded, return to:**

EXEMPT FROM RECORDING FEES PER  
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**GRANT DEED**

For valuable consideration, receipt of which is hereby acknowledged, South San Francisco Successor Agency, a public agency, (the "**Grantor**") hereby grants to Miller Cypress SSF, LLC, (the "**Grantee**") all that real property located in the City of South San Francisco, County of San Mateo, State of California at \_\_\_\_\_, designated as San Mateo County Assessor's Parcel Nos. \_\_\_\_\_ and more particularly described in Exhibit A attached hereto and incorporated in this grant deed ("**Grant Deed**") by this reference.

1. Development Agreement. The Property is conveyed subject to the LRPMP and that certain Development Agreement dated as of \_\_\_\_\_, entered into by and between Grantee and the City of South San Francisco, a public body, corporate and politic, acting to carry out the LRPMP (the "**Development Agreement**").

2. Use Restrictions. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Property shall be used and developed solely for purposes consistent with the requirements of the City of South San Francisco General Plan, as it presently exists or may be amended.

3. Nondiscrimination. Grantee shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Grantee covenants for itself and all persons claiming under or through it, and this Grant Deed is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Grantee or any person claiming under or through Grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or

occupancy of tenants, lessees, subtenants, sub lessees or vendees in, of, or for the Property or part thereof.

All deeds, leases or contracts made or entered into by Grantee, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

“(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In Leases, the following language shall appear:

“(1) The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub lessees, subtenants, or vendees in the property herein leased.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and

subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(c) In Contracts, the following language shall appear:

“There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sub lessees or vendees of the land.”

4. Term of Restrictions. The covenants contained in Section 1 and Section 2 regarding use of the Property shall remain in effect until the date which is the expiration date of the Development Agreement. The covenants against discrimination contained in Sections 3 shall remain in effect in perpetuity.

5. Mortgagee Protection. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the Development Agreement; provided, however, that any successor of Grantee to the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

6. Binding On Successors. The covenants contained in Sections 2 and 3 of this Grant Deed, without regard to technical or legal classification or designation specified in this Grant Deed or otherwise, shall to the fullest extent permitted by law and equity, be binding upon Grantee and any successor in interest to the Property or any part thereof, for the benefit of Grantor, and its successors and assigns, for such period of time of applicable ownership, and such covenants shall run in favor of and be enforceable by the Grantor and its successors and assigns for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. In the event of any breach of any of such covenants, the Grantor and its successors and assigns shall have the right to exercise all rights and remedies available under law or in equity to enforce the curing of such breach.

7. Enforcement. The Grantor shall have the right to institute such actions or proceedings as it may deem desirable to enforce the provisions set forth herein. Any delay by the Grantor in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights hereunder shall not operate as a waiver of or limitation on such rights, nor operate to deprive Grantor of such rights, nor shall any waiver made by the Grantor with respect to any specific default by the Grantee, its successors and assigns, be considered or treated as a waiver of

Grantor's rights with respect to any other default by the Grantee, its successors and assigns, or with respect to the particular default except to the extent specifically waived.

8. Amendment. Only the Grantor, its successors and assigns, and the Grantee and the successors and assigns of the Grantee in and to all or any part of the fee title to the Property shall have the right to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Grant Deed. For purposes of this Section, successors and assigns of the Grantee shall be defined to include only those parties who hold all or any part of the Property in fee title, and not to include a tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under deed of trust, or any other person or entity having an interest less than a fee in the Property and Improvements.

9. Conflict. In the event there is a conflict between the provisions of this Grant Deed and the Agreement, it is the intent of the parties that the Agreement shall control.

10. Counterparts. This Grant Deed may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of \_\_\_\_\_, 2016.

**GRANTOR**

**SOUTH SAN FRANCISCO  
SUCCESSOR AGENCY**

By: \_\_\_\_\_  
Mike Futrell  
Executive Director

ATTEST:

By: \_\_\_\_\_  
Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Jason Rosenberg  
Agency Counsel

**GRANTEE:**

**FORM – DO NOT SIGN**

**MILLER CYPRESS SSF, LLC**  
a Delaware limited liability company

By: SRGNC Miller Cypress SSF, LLC,  
a Delaware limited liability company,

By: SRGNC MF, LLC,  
a Delaware limited liability company,

By: \_\_\_\_\_  
Name: Mark R. Kroll  
Title: President

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Tamsen Plume, Holland & Knight

Counsel for Buyer

**EXHIBIT A to Grant Deed**

(Attach legal description)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California                    )  
  ) ss.  
County of San Mateo                )

On \_\_\_\_\_, 20\_\_\_\_ before me, \_\_\_\_\_, a Notary Public, in and for said State and County, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
 ) ss.  
County of San Mateo )

On \_\_\_\_\_, 20\_\_ before me, \_\_\_\_\_, a Notary Public, in and for said State and County, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
NOTARY PUBLIC

**EXHIBIT C**

**PRE-APPROVED EXCEPTIONS**

**First American Title Company Preliminary Title Report dated May 19, 2015 Order  
Number NCS-677875-SC**

**Exceptions Nos: 1, 2, 3, 26, 31 and 32**

**Mural License Agreement referenced in Section 6.1**

**REQUIRED DISAPPROVED EXCEPTIONS**

**First American Title Company Preliminary Title Report dated May 19, 2015 Order  
Number NCS-677875-SC:**

**Exceptions Nos: 4 through 15, 17 through 25, and 27 through 30.**

**EXHIBIT D**

**FORM OF DEVELOPMENT AGREEMENT**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

City Clerk  
City of South San Francisco  
P.O. Box 711  
South San Francisco, CA 94083

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(Space Above This Line Reserved For Recorder's Use)

This instrument is exempt from recording fees pursuant to Government Code section 27383.

Documentary Transfer Tax is \$0.00 (exempt per Revenue & Taxation Code section 11922, Transfer to Municipality).

**DEVELOPMENT AGREEMENT  
BY AND BETWEEN  
CITY OF SOUTH SAN FRANCISCO  
AND  
MILLER CYPRESS SSF, LLC**

**309 AIRPORT BOULEVARD  
315 AIRPORT BOULEVARD  
401-421 AIRPORT BOULEVARD  
405 CYPRESS AVENUE  
216 MILLER AVENUE  
SOUTH SAN FRANCISCO, CALIFORNIA**

## DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (“**Agreement**”) is entered into as of \_\_\_\_\_, 2016 by and between Miller Cypress SSF, LLC, a Delaware limited liability company (“**Developer**”), and the City of South San Francisco (“**City**”), pursuant to California Government Code (“**Government Code**”) sections 65864 et seq. Miller Cypress SSF, LLC and the City are sometimes collectively referred to herein as “**Parties.**”

### RECITALS

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California enacted California Government Code sections 65864 et seq. (the “**Development Agreements Statute**”), which authorizes the City to enter into an agreement with any person having a legal or equitable interest in real property for the development of such property.

B. Pursuant to Government Code section 65865, City has adopted procedures and requirements for the consideration of development agreements (South San Francisco Municipal Code (“**SSFMC**”) Chapter 19.60). This Agreement has been processed, considered, and executed in accordance with such procedures and requirements.

C. Developer has, or will acquire pursuant to a purchase and sale agreement, a legal and/or equitable interest in certain real property located on six parcels in the downtown area of the City of South San Francisco, west of US 101 at 309 Airport Boulevard, 315 Airport Boulevard, 401 Airport Boulevard, 411 Airport Boulevard, 421 Airport Boulevard, 405 Cypress Avenue, and 216 Miller Avenue, in the central part of the Downtown Station Area Specific Plan District, and specifically within the Downtown Transit Core and Grand Avenue Core zoning sub-districts, consisting of 2.36 total acres with frontages on Airport Boulevard, Cypress Avenue, and Miller Avenue, and as more particularly described and depicted in **Exhibit A (“Project Site”)**.

D. The proposed Project (“**Project**”) consists of removal of existing buildings and construction at full build out of two (2) new seven-story multi-unit residential buildings, a private residential parking lot, and twelve (12) townhome units. The building at 401–421 Airport Boulevard will contain 160 apartment homes in five residential levels over two garage levels (up to 85 feet in height). The building at 309–315 Cypress Avenue will contain 100 apartment homes in five residential levels over two garage levels (up to 72 feet in height). A private residential parking lot will be built at 405 Cypress Avenue to support the apartment communities. After the two apartment buildings are complete and fully leased, twelve for-sale townhomes will be built at 216 Miller Avenue. The total proposed building area is approximately 300,000 square feet. A total of approximately 347 parking spaces will provide parking for the commercial and residential components of the project. Additionally, 26 short-term bicycle parking spaces and 73 secure bike rack spaces will be provided throughout the Project Site.

E. Development of the Project requires that the Developer obtain from the City the following land use entitlements: Conditional Use Permit; Design Review; Modification to

Private Storage and Building Height Zoning Standards; Parking Exemption to Reduce Provided Parking by 25%; and a Development Agreement. The entitlements listed in this Recital E are collectively referred to herein as the “**Project Approvals.**” The Project Approvals are shown in **Exhibit B.** The Project Site is located in the Downtown Transit Core (DTC) and Grand Avenue Core (GAC) Zoning Sub-Districts and the Conditional Use Permit, Design Review, Waiver and Modification, and Parking Exemption requests are in accordance with SSFMC Chapters 20.280, 20.330, 20.480, 20.490 & 20.510.

F. City has determined that the Project presents certain public benefits and opportunities which are advanced by City and Developer entering into this Agreement. This Agreement will, among other things, (1) reduce uncertainties in planning and provide for the orderly development of the Project; (2) provide needed residential development along the Airport Boulevard corridor; (3) mitigate any significant environmental impacts; (4) provide for and generate substantial revenues for the City in the form of one time and annual fees and exactions and other fiscal benefits; and (5) otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted.

G. In exchange for the benefits to City described in the preceding Recital, together with the other public benefits that will result from the development of the Project, Developer will receive by this Agreement assurance that it may proceed with the Project in accordance with the “**Applicable Law**” (defined in section 6.3 below), and therefore desires to enter into this Agreement.

H. On January 21, 2016, following a duly noticed public hearing, the Planning Commission adopted Resolution No. 2782-2016 recommending that the City Council approve this Agreement.

I. The City Council, after conducting a duly noticed public hearing, has found that this Agreement is consistent with the General Plan and Zoning Ordinance and has conducted all necessary proceedings in accordance with the City’s rules and regulations for the approval of this Agreement. In accordance with SSFMC section 19.60.120, the City Council, at a duly noticed public hearing, adopted Ordinance No. 1512-2016, approving and authorizing the execution of this Agreement.

**AGREEMENT**

NOW, THEREFORE, the Parties, pursuant to the authority contained in Government Code sections 65864 through 65869.5 and Chapter 19.60 of the South San Francisco Municipal Code and in consideration of the mutual covenants and agreements contained herein, agree as follows:

**ARTICLE 1  
DEFINITIONS**

**1.1 “Administrative Project Amendment”** shall have that meaning set forth in Section 7.1 of this Agreement.

1.2 “**Administrative Agreement Amendment**” shall have that meaning set forth in Section 7.2 of this Agreement.

1.3 “**Affiliate of Developer**” shall have that meaning set forth in Section 8.1 of this Agreement.

1.4 “**Agreement**” shall mean this Development Agreement.

1.5 “**Applicable Law**” shall have that meaning set forth in Section 6.3 of this Agreement.

1.6 “**Assessments**” shall have that meaning set forth in Exhibit C.

1.7 “**CEQA**” shall have that meaning set forth in Section 3.3 of this Agreement.

1.8 “**City**” shall mean the City of South San Francisco.

1.9 “**City Law**” shall have that meaning set forth in Section 6.5 of this Agreement.

1.10 “**Claims**” shall have that meaning set forth in Section 6.10 of this Agreement.

1.11 “**Control**” shall have that meaning set forth in Section 8.1 of this Agreement.

1.12 “**Controlled**” shall have that meaning set forth in Section 8.1 of this Agreement.

1.13 “**Controlling**” shall have that meaning set forth in Section 8.1 of this Agreement.

1.14 “**Deficiencies**” shall have that meaning set forth in Section 9.2 of this Agreement.

1.15 “**Developer**” shall mean Miller Cypress SSF, LLC.

1.16 “**Development Agreements Statute**” shall have that meaning set forth in Recital A of this Agreement.

1.17 “**Development Fees**” shall have that meaning set forth in Section 3.2 of this Agreement.

1.18 “**DSASP**” shall have that meaning set forth in Section 3.1 of this Agreement.

1.19 “**ECA**” shall have that meaning set forth in Section 3.3 of this Agreement.

1.20 “**Effective Date**” shall have that meaning set forth in Section 2.1 of this Agreement.

1.21 “**EIR**” shall have that meaning set forth in Section 3.1.

1.22 “**Force Majeure Delay**” shall have that meaning set forth in Section 10.3

1.23 “**GDP**” shall have that meaning set forth in Section 10.3

1.24 “**Indemnitees**” shall have that meaning set forth in Section 6.10 of this Agreement.

1.25 “**Judgment**” shall have that meaning set forth in Section 9.2 of this Agreement.

1.26 “**Parties**” shall mean the Developer and City, collectively.

1.27 “**Park In-Lieu Payment**” shall have that meaning set forth in Exhibit C.

1.28 “**Periodic Review**” shall have that meaning set forth in Section 10.5 of this Agreement.

1.29 “**Prevailing Wage Laws**” shall have that meaning set forth in Section 6.10 of this Agreement.

1.30 “**Project**” shall have that meaning set forth in Recital D of this Agreement.

1.31 “**Project Approvals**” shall have that meaning set forth in Recital E of this Agreement.

1.32 “**Project Site**” shall have that meaning set forth in Recital C of this Agreement.

1.33 “**Purchase and Sale Agreement and Joint Escrow Instructions Between South San Francisco Successor Agency and Miller Cypress SSF, LLC**” or “**PSA**” is defined as the “Purchase and Sale Agreement and Joint Escrow Instructions between the South San Francisco Successor Agency and Miller Cypress SSF, LLC dated February 23, 2016 and approved pursuant to South San Francisco Oversight Board Resolution No. 04-2016.

1.34 “**Severe Economic Recession**” shall have that meaning set forth in Section 10.3

1.35 “**SSFMC**” shall have the meaning set forth in Recital B of this Agreement.

1.36 “**Subsequent Approvals**” shall mean those certain other land use approvals, entitlements, and permits in addition to the Project Approvals that are necessary or desirable for the Project. In particular, for example, the parties contemplate that Developer may, at its election, seek approvals for the following: amendments of the Project Approvals, design review approvals, unless determined not required pursuant to the further provisions of this Agreement, improvement agreements, grading permits, building permits, lot line adjustments, sewer and water connection permits, certificates of occupancy, subdivision maps, rezonings, development agreements, use permits, sign permits and any amendments to, or repealing of, any of the foregoing.

1.37 “**Tax**” and “**Taxes**” shall not include any generally applicable City Business License Tax or locally imposed Sales Tax.

1.38 “**Term**” shall have that meaning set forth in Section 2.2 of this Agreement.

**ARTICLE 2  
EFFECTIVE DATE AND TERM**

**2.1 Effective Date.** This Agreement shall become effective upon the later of the date the ordinance approving this Agreement becomes effective or the date upon which the Purchase and Sale Agreement and Joint Escrow Instructions between the South San Francisco Successor Agency and Developer becomes effective. (“**Effective Date**”). In the event the PSA is not effective by March 31, 2016, this Agreement shall terminate and have no further force of effect unless the Developer and City Manager have mutually agreed in writing to extend the date.

**2.2 Term.** The term of this Agreement (“**Term**”) shall commence upon the Effective Date and continue for a period of ten (10) years.

**ARTICLE 3  
OBLIGATIONS OF DEVELOPER**

**3.1 Obligations of Developer Generally.** The Parties acknowledge and agree that the City’s agreement to perform and abide by the covenants and obligations of City set forth in this Agreement is a material consideration for Developer’s agreement to perform and abide by its long term covenants and obligations, as set forth herein. The parties acknowledge that many of Developer’s long term obligations set forth in this Agreement are in addition to Developer’s agreement to perform all the applicable mitigation measures identified in the Downtown Station Area Specific Plan (“**DSASP**”) Environmental Impact Report (“**EIR**”).

**3.2 City Fees.**

(a) Developer shall pay those processing, inspection and plan checking fees and charges required by the City for processing applications and requests for Subsequent Approvals under the applicable non-discriminatory regulations in effect at the time such applications and requests are submitted to the City.

(b) Consistent with the terms of the Agreement, City shall have the right to impose only such development fees (“**Development Fees**”) as have been adopted by City as of the Effective Date of this Agreement, or as to which City has initiated formal studies and proposals pursuant to City Council action, and which are identified in **Exhibit C**. This shall not prohibit City from imposing on Developer any fee or obligation that is imposed by a regional agency in accordance with state or federal obligations and required to be implemented by City. Development Fees shall be due upon issuance of building permits or certificates of occupancy for the Project, as may be required under the adopting ordinance for such Development Fees, except as otherwise provided under the Agreement or the Project Approvals.

**3.3 Mitigation Measures.** Developer shall comply with the Mitigation Measures identified and approved in the Downtown Station Area Plan EIR (see also the Environmental Consistency Analysis (“**ECA**”) for the Project), in accordance with the California Environmental Quality Act (“**CEQA**”) or other law.

**3.4 Compliance with Terms of the Purchase and Sale Agreement.** Developer shall comply with all terms of the Purchase and Sale Agreement and Joint Escrow Instructions Between South San Francisco Successor Agency and Miller Cypress SSF, LLC. A material default by Developer under the PSA shall be a material default under this Agreement. In the event the PSA is terminated under its terms prior to the transfer of real property to the Developer, this Agreement shall terminate and have no further force or effect.

**3.5 Electric Charging Stations.** Developer shall provide electric charging stations in a minimum of two percent of the total parking spaces provided in the parking garages constructed on Parcels A and D and shall also install all necessary conduit for 35 additional electric vehicle charging stations, with the final location of the installed stations and conduit subject to approval by the Chief Planner.

## ARTICLE 4 OBLIGATIONS OF CITY

**4.1 Obligations of City Generally.** The parties acknowledge and agree that Developer's agreement to perform and abide by its covenants and obligations set forth in this Agreement, including Developer's decision to process the siting of the Project in the City, is a material consideration for City's agreement to perform and abide by the long term covenants and obligations of City, as set forth herein.

**4.2 Protection of Vested Rights.** To the maximum extent permitted by law, City shall take any and all actions as may be necessary or appropriate to ensure that the vested rights provided by this Agreement can be enjoyed by Developer and to prevent any City Law, as defined above, from invalidating or prevailing over all or any part of this Agreement. City shall cooperate with Developer and shall undertake such actions as may be necessary to ensure this Agreement remains in full force and effect. Except as authorized in Section 6.9, City shall not support, adopt, or enact any City Law, or take any other action which would violate the express provisions or intent of the Project Approvals or the Subsequent Approvals.

**4.3 Availability of Public Services.** To the maximum extent permitted by law and consistent with its authority, City shall assist Developer in reserving such capacity for sewer and water services as may be necessary to serve the Project.

**4.4 Developer's Right to Rebuild.** City agrees that Developer may renovate or rebuild all or any part of the Project within the Term of this Agreement should it become necessary due to damage or destruction. Any such renovation or rebuilding shall be subject to the square footage and height limitations vested by this Agreement, and shall comply with the Project Approvals, the building codes existing at the time of such rebuilding or reconstruction, and the requirements of CEQA.

**4.5 Expedited Plan Check Process.** The City agrees to provide an expedited plan check process for the approval of Project drawings consistent with its existing practices for expedited plan checks. The City shall use reasonable efforts to provide such plan checks within 3 weeks of a submittal that meets the requirements of Section 5.2. The City acknowledges that the

City's timely processing of Subsequent Approvals and plan checks is essential to the Developer's ability to achieve the schedule under the PSA.

## **ARTICLE 5 COOPERATION - IMPLEMENTATION**

**5.1 Processing Application for Subsequent Approvals.** By approving the Project Approvals, City has made a final policy decision that the Project is in the best interests of the public health, safety and general welfare. Accordingly, City shall not use its discretionary authority in considering any application for a Subsequent Approval to change the policy decisions reflected by the Project Approvals or otherwise to prevent or delay development of the Project as set forth in the Project Approvals. Instead, the Subsequent Approvals shall be deemed to be tools to implement those final policy decisions.

**5.2 Timely Submittals By Developer.** Developer acknowledges that City cannot expedite processing Subsequent Approvals until Developer submits complete applications on a timely basis. Developer shall use its best efforts to (i) provide to City in a timely manner any and all documents, applications, plans, and other information necessary for City to carry out its obligations hereunder; and (ii) cause Developer's planners, engineers, and all other consultants to provide to City in a timely manner all such documents, applications, plans and other necessary required materials as set forth in the Applicable Law. It is the express intent of Developer and City to cooperate and diligently work to obtain any and all Subsequent Approvals.

**5.3 Timely Processing By City.** Upon submission by Developer of all appropriate applications and processing fees for any Subsequent Approval, City shall promptly and diligently commence and complete all steps necessary to act on the Subsequent Approval application including, without limitation: (i) providing at Developer's expense and subject to Developer's request and prior approval, reasonable overtime staff assistance and/or staff consultants for planning and processing of each Subsequent Approval application; (ii) if legally required, providing notice and holding public hearings; and (iii) acting on any such Subsequent Approval application. City shall ensure that adequate staff is available, and shall authorize overtime staff assistance as may be necessary, to timely process such Subsequent Approval application.

**5.4 Denial of Subsequent Approval Application.** The City may deny an application for a Subsequent Approval only if such application does not comply with the Agreement or Applicable Law (as defined below) or with any state or federal law, regulations, plans, or policies as set forth in Section 6.9.

**5.5 Other Government Permits.** At Developer's sole discretion and in accordance with Developer's construction schedule, Developer shall apply for such other permits and approvals as may be required by other governmental or quasi-governmental entities in connection with the development of, or the provision of services to, the Project. City shall cooperate with Developer in its efforts to obtain such permits and approvals and shall, from time to time, at the request of Developer, use its reasonable efforts to assist Developer to ensure the timely availability of such permits and approvals.

**5.6 Assessment Districts or Other Funding Mechanisms.**

(a) Existing Fees. The Parties understand and agree that as of the Effective Date the fees, exactions, and payments listed in **Exhibit C** are the only City fees and exactions. Except for those fees and exactions listed in **Exhibit C**, City is unaware of any pending efforts to initiate, or consider applications for new or increased fees, exactions, or assessments covering the Project Site, or any portion thereof.

(b) Future Fees, Taxes, and Assessments. City understands that long term assurances by City concerning fees, taxes and assessments were a material consideration for Developer agreeing to enter this Agreement and to pay long term fees, taxes and assessments described in this Agreement. City shall retain the ability to initiate or process applications for the formation of new assessment districts covering all or any portion of the Project Site. Notwithstanding the foregoing, Developer retains all its rights to oppose the formation or proposed assessment of any new assessment district or increased assessment. In the event an assessment district is lawfully formed to provide funding for services, improvements, maintenance or facilities which are substantially the same as those services, improvements, maintenance or facilities being funded by the fees or assessments to be paid by Developer under the Project Approvals or this Agreement, such fees or assessments to be paid by Developer shall be subject to reduction/credit in an amount equal to Developer's new or increased assessment under the assessment district. Alternatively, the new assessment district shall reduce/credit Developer's new assessment in an amount equal to such fees or assessments to be paid by Developer under the Project Approvals or this Agreement.

## **ARTICLE 6 STANDARDS, LAWS AND PROCEDURES GOVERNING THE PROJECT**

**6.1 Vested Right to Develop.** Developer shall have a vested right to develop the Project on the Project Site in accordance with the terms and conditions of this Agreement. Nothing in this section shall be deemed to eliminate or diminish the requirement of Developer to obtain any required Subsequent Approvals.

**6.2 Permitted Uses Vested by This Agreement.** The permitted uses of the Project Site; the density and intensity of use of the Project Site; the maximum height, bulk, and size of proposed buildings; provisions for reservation or dedication of land for public purposes and the location of public improvements; the general location of public utilities; and other terms and conditions of development applicable to the Project, shall be as set forth in the Project Approvals and, as and when they are issued (but not in limitation of any right to develop as set forth in the Project Approvals), the Subsequent Approvals, provided, however, that no further design review or other discretionary approvals or public hearings shall be required except for review of minor changes to the Project Approvals by the Chief Planner as provided in this Agreement.

Permitted uses for all Project parcels, with the exception of the parcel located at 309 Airport Boulevard, shall include, without limitation, those uses listed as "permitted" in the Downtown Transit Core zoning sub-district. Permitted uses for the parcel located at 309 Airport Boulevard shall include, without limitation those uses listed as "permitted" in the Grand Avenue Core zoning sub-district.

**6.3 Applicable Law.** The rules, regulations, official policies, standards and specifications applicable to the Project (the “**Applicable Law**”) shall be those set forth in this Agreement and the Project Approvals, and, with respect to matters not addressed by this Agreement or the Project Approvals, those rules, regulations, official policies, standards and specifications (including City ordinances and resolutions) governing permitted uses, building locations, timing of construction, densities, design, heights, fees, exactions, and taxes in force and effect on the Effective Date of this Agreement.

**6.4 Uniform Codes.** City may apply to the Project Site, at any time during the Term, then current Uniform Building Code and other uniform construction codes, and City’s then current design and construction standards for road and storm drain facilities, provided any such uniform code or standard has been adopted and uniformly applied by City on a citywide basis and provided that no such code or standard is adopted for the purpose of preventing or otherwise limiting construction of all or any part of the Project.

**6.5 No Conflicting Enactments.** Except as authorized in Section 6.9, City shall not impose on the Project (whether by action of the City Council or by initiative, referendum or other means) any ordinance, resolution, rule, regulation, standard, directive, condition or other measure (each individually, a “**City Law**”) that is in conflict with Applicable Law or this Agreement or that reduces the development rights or assurances provided by this Agreement. Without limiting the generality of the foregoing, any City Law shall be deemed to conflict with Applicable Law or this Agreement or reduce the development rights provided hereby if it would accomplish any of the following results, either by specific reference to the Project or as part of a general enactment which applies to or affects the Project:

- (a) Change any land use designation or permitted use of the Project Site;
- (b) Limit or control the availability of public utilities, services, or facilities, or any privileges or rights to public utilities, services, or facilities (for example, water rights, water connections or sewage capacity rights, sewer connections, etc.) for the Project;
- (c) Limit or control the location of buildings, structures, grading, or other improvements of the Project in a manner that is inconsistent with or more restrictive than the limitations included in the Project Approvals or the Subsequent Approvals (as and when they are issued);
- (d) Limit or control the rate, timing, phasing, or sequencing of the approval, development or construction of all or any part of the Project in any manner;
- (e) Result in Developer having to substantially delay construction of the Project or require the issuance of additional permits or approvals by the City other than those required by Applicable Law;
- (f) Establish, enact, increase, or impose against the Project or Project Site any fees, taxes (including without limitation general, special and excise taxes but excluding any increased local sales tax or increases city business license tax), assessments, liens or other monetary obligations (including generating demolition permit fees, encroachment permit and

grading permit fees) other than those specifically permitted by this Agreement or other connection fees imposed by third party utilities;

(g) Impose against the Project any condition, dedication or other exaction not specifically authorized by Applicable Law; or

(h) Limit the processing or procuring of applications and approvals of Subsequent Approvals.

#### **6.6 Initiatives and Referenda.**

(a) If any City Law is enacted or imposed by initiative or referendum, or by the City Council directly or indirectly in connection with any proposed initiative or referendum, which City Law would conflict with Applicable Law or this Agreement or reduce the development rights provided by this Agreement, such Law shall not apply to the Project.

(b) Except as authorized in Section 6.9, without limiting the generality of any of the foregoing, no moratorium or other limitation (whether relating to the rate, timing, phasing or sequencing of development) affecting subdivision maps, building permits or other entitlements to use that are approved or to be approved, issued or granted within the City, or portions of the City, shall apply to the Project.

(c) To the maximum extent permitted by law, City shall prevent any City Law from invalidating or prevailing over all or any part of this Agreement, and City shall cooperate with Developer and shall undertake such actions as may be necessary to ensure this Agreement remains in full force and effect.

(d) Developer reserves the right to challenge in court any City Law that would conflict with Applicable Law or this Agreement or reduce the development rights provided by this Agreement.

**6.7 Environmental Mitigation.** The parties understand that the DSASP EIR and the ECA were intended to be used in connection with each of the Project Approvals and Subsequent Approvals needed for the Project. Consistent with the CEQA policies and requirements applicable to the DSASP EIR and the ECA, City agrees to use the DSASP EIR and ECA in connection with the processing of any Subsequent Approval to the maximum extent allowed by law and not to impose on the Project any mitigation measures or conditions of approval other than those specifically imposed by the Project Approvals, ECA, and DSASP EIR, or specifically required by CEQA or other Applicable Law.

**6.8 Life of Subdivision Maps, Development Approvals, and Permits.** The term of any subdivision map or any other map, permit, rezoning, or other land use entitlement approved as a Project Approval or Subsequent Approval shall automatically be extended for the longer of the duration of this Agreement (including any extensions) or the term otherwise applicable to such Project Approval or Subsequent Approval if this Agreement is no longer in effect. The term

of this Agreement and any subdivision map or other Project Approval or Subsequent Approval shall not include any period of time during which a development moratorium (including, but not limited to, a water or sewer moratorium or water and sewer moratorium) or the actions of other public agencies that regulate land use, development or the provision of services to the land, prevents, prohibits or delays the construction of the Project or a lawsuit involving any such development approvals or permits is pending.

**6.9 State and Federal Law.** As provided in Government Code section 65869.5, this Agreement shall not preclude the application to the Project of changes in laws, regulations, plans or policies, to the extent that such changes are specifically mandated and required by changes in state or federal laws or regulations. Not in limitation of the foregoing, nothing in this Agreement shall preclude City from imposing on Developer any fee specifically mandated and required by state or federal laws and regulations.

**6.10 Prevailing Wage.** To the full extent required by all applicable state and federal laws, rules and regulations, Developer and its contractors and agents shall comply with California Labor Code Section 1720 et seq. and the regulations adopted pursuant thereto (“**Prevailing Wage Laws**”), and shall be responsible for carrying out the requirements of such provisions. If applicable, Developer shall submit to City a plan for monitoring payment of prevailing wages and shall implement such plan at Developer’s expense.

To the fullest extent permitted by law, Developer shall indemnify, defend (with counsel approved by City) and hold the City, and their respective elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the “**Indemnitees**”) harmless from and against all liability, loss, cost, expense (including without limitation attorneys’ fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively “**Claims**”) which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781), the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws, or any act or omission of Developer related to this Agreement with respect to the payment or requirement of payment of prevailing wages, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that the City does not and shall not waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by the City, or Developer’s deposit with the City of any of the insurance policies described in this Agreement. The provisions of this Section 6.10 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project. Developer’s indemnification obligations set forth in this section shall not apply to Claims arising solely from the gross negligence or willful misconduct of the Indemnitees.

**6.11 Timing and Review of Project Construction and Completion.**

(a) The Project consists of two phases. Phasing will occur in such a manner as to always preserve the potential for 272 residential units on the site during the term of the Agreement.

(i) Phase 1 shall include:

- Two seven-story residential buildings on Parcels A & D, with a minimum of 260 apartment units between them and two levels of parking garages in each building.
- A parking lot on Parcel B at 405 Cypress Avenue.
- All site improvements and design features as shown on the Project Approvals for Phase 1.

(ii) Phase 2 shall include:

- Twelve (12) for-sale townhomes at 216 Miller Avenue.
- All site improvements and design features as shown on the Project Approvals for Phase 2.

**6.12 No Housing Restrictions on Rental Residential Component.** City acknowledges and agrees that the residential component of the Project, other than the twelve townhomes, is proposed for, approved as, and will be constructed as market-rate rental housing. City represents and warrants that no inclusionary housing, occupancy limitation or control, and no rent control requirement applies to the Project so long as the residential component is comprised solely of rental housing. City covenants that it will not adopt or attempt to apply any such restrictions, requirements or controls to the Project, other than the twelve townhomes, so long as the residential component is solely comprised of rental housing.

## **ARTICLE 7 AMENDMENT**

**7.1** To the extent permitted by state and federal law, any Project Approval or Subsequent Approval may, from time to time, be amended or modified in the following manner:

(a) Administrative Project Amendments. Upon the written request of Developer for an amendment or modification to a Project Approval or Subsequent Approval, the Chief Planner or his/her designee shall determine: (i) whether the requested amendment or modification is minor when considered in light of the Project as a whole; and (ii) whether the requested amendment or modification is consistent with this Agreement and Applicable Law. If the Chief Planner or his/her designee finds that the proposed amendment or modification is minor, consistent with this Agreement and Applicable Law, and will result in no new significant impacts not addressed and mitigated in the ECA or DSASP EIR, the amendment shall be determined to be an “**Administrative Project Amendment**” and the Chief Planner or his designee may, except to the extent otherwise required by law, approve the Administrative Project Amendment without notice and public hearing. Without limiting the generality of the foregoing,

lot line adjustments, minor alterations in vehicle circulation patterns or vehicle access points, location of parking stalls on the site, number of required parking stalls if city development standards allow, substitutions of comparable landscaping for any landscaping shown on any final development plan or landscape plan, variations in the location of structures that do not substantially alter the design concepts of the Project, variations in the residential unit mix (number of one, two or three bedroom units), location or installation of utilities and other infrastructure connections or facilities that do not substantially alter the design concepts of the Project, and minor adjustments to the Project Site diagram or Project Site legal description shall be treated as Administrative Project Amendments.

(b) Non-Administrative Project Amendments. Any request by Developer for an amendment or modification to a Project Approval or Subsequent Approval which is determined not to be an Administrative Project Amendment as set forth above shall be subject to review, consideration and action pursuant to the Applicable Law and this Agreement.

**7.2 Amendment of this Agreement.** This Agreement may be amended from time to time, in whole or in part, by mutual written consent of the parties hereto or their successors in interest, as follows:

(a) Administrative Agreement Amendments. Any amendment to this Agreement which does not substantially affect (i) the Term of this Agreement, (ii) permitted uses of the Project Site, (iii) provisions for the reservation or dedication of land, (iv) conditions, terms, restrictions, or requirements for subsequent discretionary actions, (v) the density or intensity of use of the Project Site or the maximum height or size of proposed buildings or (vi) monetary contributions by Developer, shall be considered an “**Administrative Agreement Amendment**” and shall not, except to the extent otherwise required by law, require notice or public hearing before the parties may execute an amendment hereto. Such amendment may be approved by City resolution.

(b) Other Agreement Amendments. Any amendment to this Agreement other than an Administrative Agreement Amendment shall be subject to recommendation by the Planning Commission (by advisory resolution) and approval by the City Council (by ordinance) following a duly noticed public hearing before the Planning Commission and City Council, consistent with Government Code sections 65867 and 65867.5.

(c) Amendment Exemptions. No amendment of a Project Approval or Subsequent Approval, or a Subsequent Approval shall require an amendment to this Agreement. Instead, any such matter automatically shall be deemed to be incorporated into the Project and vested under this Agreement.

## ARTICLE 8 ASSIGNMENT, TRANSFER AND NOTICE

**8.1 Assignment and Transfer.** Developer may transfer or assign all or any portion of its interests, rights, or obligations under the Agreement and the Project approvals to third parties acquiring an interest or estate in the Project or any portion thereof including, without limitation, purchasers or lessees of lots, parcels, or facilities. Prior to the issuance of a certificate of

occupancy for all or any portion of the Property, Developer will seek City's prior written consent to any transfer, which consent will not be unreasonably withheld or delayed. City may refuse to give consent only if, in light of the proposed transferee's reputation and financial resources, such transferee would not, in City's reasonable opinion, be able to perform the obligations proposed to be assumed by such transferee. Such determination will be made by the City Manager and will be appealable by Developer to the City Council.

Notwithstanding any other provision of this Agreement to the contrary, each of following Transfers are permitted and shall not require City consent under this Section 8.1:

- (a) Any transfer for financing purposes to secure the funds necessary for construction and/or permanent financing of the Project;
- (b) An assignment of this Agreement to an Affiliate of Developer;
- (c) The sale of one or more of the completed residential units to an occupant thereof;
- (d) Transfers of common area to a homeowners or property owners association; or
- (e) Dedications and grants of easements and rights of way required in accordance with the Project Approvals.

For the purposes of this Section 8.1, "**Affiliate of Developer**" means an entity or person that is directly or indirectly controlling, controlled by, or under common control with Developer. For the purposes of this definition, "**control**" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity or a person, whether through the ownership of voting securities, by contract, or otherwise, and the terms "**controlling**" and "**controlled**" have the meanings correlative to the foregoing.

## ARTICLE 9

### COOPERATION IN THE EVENT OF LEGAL CHALLENGE

**9.1 Cooperation.** In the event of any administrative, legal, or equitable action or other proceeding instituted by any person not a party to the Agreement challenging the validity of any provision of the Agreement or any Project approval, the parties will cooperate in defending such action or proceeding. City shall promptly notify Developer of any such action against City. If City fails promptly to notify Developer of any legal action against City or if City fails to cooperate in the defense, Developer will not thereafter be responsible for City's defense. The parties will use best efforts to select mutually agreeable legal counsel to defend such action, and Developer will pay compensation for such legal counsel (including City Attorney time and overhead for the defense of such action), but will exclude other City staff overhead costs and normal day-to-day business expenses incurred by City. Developer's obligation to pay for legal counsel will extend to fees incurred on appeal. In the event City and Developer are unable to select mutually agreeable legal counsel to defend such action or proceeding, each party may select its own legal counsel and Developer will pay its and the City's legal fees and costs.

Developer shall reimburse the City for all reasonable court costs and attorneys' fees expended by the City in defense of any such action or other proceeding or payable to any prevailing plaintiff/petitioner.

**9.2 Reapproval.** If, as a result of any administrative, legal, or equitable action or other proceeding, all or any portion of the Agreement or the Project approvals are set aside or otherwise made ineffective by any judgment in such action or proceeding (“**Judgment**”), based on procedural, substantive or other deficiencies (“**Deficiencies**”), the parties will use their respective best efforts to sustain and reenact or readopt the Agreement, and/or the Project approvals, that the Deficiencies related to, unless the Parties mutually agree in writing to act otherwise:

(a) If any Judgment requires reconsideration or consideration by City of the Agreement or any Project approval, then the City will consider or reconsider that matter in a manner consistent with the intent of the Agreement and with Applicable Law. If any such Judgment invalidates or otherwise makes ineffective all or any portion of the Agreement or Project approval, then the parties will cooperate and will cure any Deficiencies identified in the Judgment or upon which the Judgment is based in a manner consistent with the intent of the Agreement and with Applicable Law. City will then consider readopting or reenacting the Agreement, or the Project approval, or any portion thereof, to which the Deficiencies related.

(b) Acting in a manner consistent with the intent of the Agreement includes, but is not limited to, recognizing that the parties intend that Developer may develop the Project as described in the Agreement, and adopting such ordinances, resolutions, and other enactments as are necessary to readopt or reenact all or any portion of the Agreement or Project approvals without contravening the Judgment.

## **ARTICLE 10 DEFAULT; REMEDIES; TERMINATION**

**10.1 Defaults.** Any failure by either party to perform any term or provision of the Agreement, which failure continues uncured for a period of thirty (30) days following written notice of such failure from the other party (unless such period is extended by mutual written consent), will constitute a default under the Agreement. Any notice given will specify the nature of the alleged failure and, where appropriate, the manner in which said failure satisfactorily may be cured. If the nature of the alleged failure is such that it cannot reasonably be cured within such 30-day period, then the commencement of the cure within such time period, and the diligent prosecution to completion of the cure thereafter, will be deemed to be a cure within such 30-day period. Upon the occurrence of a default under the Agreement, the non-defaulting party may institute legal proceedings to enforce the terms of the Agreement or, in the event of a material default, terminate the Agreement. If the default is cured, then no default will exist and the noticing party shall take no further action.

**10.2 Termination.** If City elects to consider terminating the Agreement due to a material default of Developer, then City will give a notice of intent to terminate the Agreement and the matter will be scheduled for consideration and review by the City Council at a duly noticed and conducted public hearing. Developer will have the right to offer written and oral

evidence prior to or at the time of said public hearings. If the City Council determines that a material default has occurred and is continuing, and elects to terminate the Agreement, City will give written notice of termination of the Agreement to Developer by certified mail and the Agreement will thereby be terminated sixty (60) days thereafter.

**10.3 Enforced Delay; Extension of Time of Performance.** Subject to the limitations set forth below, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays are due to: war; insurrection; strikes and labor disputes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation and arbitration, including court delays; legal challenges to this Agreement, the PSA, the Project Approvals, or any other approval required for the Project or any initiatives or referenda regarding the same; environmental conditions, pre-existing or discovered, delaying the construction or development of the Property or any portion thereof; unusually severe weather but only to the extent that such weather or its effects (including, without limitation, dry out time) result in delays that cumulatively exceed thirty (30) days for every winter season occurring after commencement of construction of the Project; acts or omissions of the other party; or acts or failures to act of any public or governmental agency or entity (except that acts or failures to act of City shall not excuse performance by City); moratorium; or a Severe Economic Recession (each a “**Force Majeure Delay**”). An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if Notice by the party claiming such extension is sent to the other party within sixty (60) days of the commencement of the cause. If Notice is sent after such sixty (60) day period, then the extension shall commence to run no sooner than sixty (60) days prior to the giving of such Notice. Times of performance under this Agreement may also be extended in writing by the mutual agreement of City and Developer. Developer’s inability or failure to obtain financing or otherwise timely satisfy shall not be deemed to be a cause outside the reasonable control of the Developer and shall not be the basis for an excused delay unless such inability, failure or delay is a direct result of a Severe Economic Recession. “**Severe Economic Recession**” means a decline in the monetary value of all finished goods and services produced in the United States, as measured by initial quarterly estimates of United States Gross Domestic Product (“**GDP**”) published by the United States Department of Commerce Bureau of Economic Analysis (and not subsequent monthly revisions), lasting more than four (4) consecutive calendar quarters. Any quarter of flat or positive GDP growth shall end the period of such Severe Economic Recession

**10.4 Legal Action.** Either party may institute legal action to cure, correct, or remedy any default, enforce any covenant or agreement in the Agreement, enjoin any threatened or attempted violation thereof, and enforce by specific performance the obligations and rights of the parties thereto. The sole and exclusive remedy for any default or violation of the Agreement will be specific performance. In any proceeding brought to enforce the Agreement, the prevailing party will be entitled to recover from the unsuccessful party all costs, expenses and reasonable attorney’s fees incurred by the prevailing party in the enforcement proceeding.

**10.5 Periodic Review.**

(a) Conducting the Periodic Review. Throughout the Term of this Agreement, at least once every twelve (12) months following the execution of this Agreement, City shall review the extent of good-faith compliance by Developer with the terms of this Agreement. This review (“**Periodic Review**”) shall be conducted by the Chief Planner or his/her designee and shall be limited in scope to compliance with the terms of this Agreement pursuant to Government Code section 65865.1.

(b) Notice. At least five (5) days prior to the Periodic Review, and in the manner prescribed in Section 11.9 of this Agreement, City shall deposit in the mail to Developer a copy of any staff reports and documents to be used or relied upon in conducting the review and, to the extent practical, related exhibits concerning Developer’s performance hereunder. Developer shall be permitted an opportunity to respond to City’s evaluation of Developer’s performance, either orally at a public hearing or in a written statement, at Developer’s election. Such response shall be made to the Chief Planner.

(c) Good Faith Compliance. During the Periodic Review, the Chief Planner shall review Developer’s good-faith compliance with the terms of this Agreement. At the conclusion of the Periodic Review, the Chief Planner shall make written findings and determinations, on the basis of substantial evidence, as to whether or not Developer has complied in good faith with the terms and conditions of this Agreement. The decision of the Chief Planner shall be appealable to the City Council. If the Chief Planner finds and determines that Developer has not complied with such terms and conditions, the Chief Planner may recommend to the City Council that it terminate or modify this Agreement by giving notice of its intention to do so, in the manner set forth in Government Code sections 65867 and 65868. The costs incurred by City in connection with the Periodic Review process described herein shall be borne by Developer.

(d) Failure to Properly Conduct Periodic Review. If City fails, during any calendar year, to either: (i) conduct the Periodic Review or (ii) notify Developer in writing of City’s determination, pursuant to a Periodic Review, as to Developer’s compliance with the terms of this Agreement and such failure remains uncured as of December 31 of any year during the term of this Agreement, such failure shall be conclusively deemed an approval by City of Developer’s compliance with the terms of this Agreement.

(e) Written Notice of Compliance. With respect to any year for which Developer has been determined or deemed to have complied with this Agreement, City shall, within thirty (30) days following request by Developer, provide Developer with a written notice of compliance, in recordable form, duly executed and acknowledged by City. Developer shall have the right, in Developer’s sole discretion, to record such notice of compliance.

**10.6 California Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of San Mateo County, California.

**10.7 Resolution of Disputes.** With regard to any dispute involving development of the Project, the resolution of which is not provided for by this Agreement or Applicable Law, Developer shall, at City’s request, meet with City. The parties to any such meetings shall attempt in good faith to resolve any such disputes. Nothing in this section shall in any way be interpreted

as requiring that Developer and City and/or City's designee reach agreement with regard to those matters being addressed, nor shall the outcome of these meetings be binding in any way on City or Developer unless expressly agreed to by the parties to such meetings.

**10.8 Attorneys' Fees.** In any legal action or other proceeding brought by either party to enforce or interpret a provision of this Agreement, the prevailing party is entitled to reasonable attorneys' fees and any other costs incurred in that proceeding in addition to any other relief to which it is entitled.

**10.9 Hold Harmless.** Developer shall hold City and its elected and appointed officers, agents, employees, and representatives harmless from claims, costs, and liabilities for any personal injury, death, or property damage which is a result of, or alleged to be the result of, the construction of the Project, or of operations performed under this Agreement by Developer or by Developer's contractors, subcontractors, agents or employees, whether such operations were performed by Developer or any of Developer's contractors, subcontractors, agents or employees. Nothing in this section shall be construed to mean that Developer shall hold City harmless from any claims of personal injury, death or property damage arising from, or alleged to arise from, any gross negligence or willful misconduct on the part of City, its elected and appointed representatives, offices, agents and employees.

## ARTICLE 11 MISCELLANEOUS

**11.1 Incorporation of Recitals and Introductory Paragraph.** The Recitals contained in this Agreement, and the introductory paragraph preceding the Recitals, are hereby incorporated into this Agreement as if fully set forth herein.

**11.2 No Agency.** It is specifically understood and agreed to by and between the parties hereto that: (i) the subject development is a private development; (ii) City has no interest or responsibilities for, or duty to, third parties concerning any improvements until such time, and only until such time, that City accepts the same pursuant to the provisions of this Agreement or in connection with the various Project Approvals or Subsequent Approvals; (iii) Developer shall have full power over and exclusive control of the Project herein described, subject only to the limitations and obligations of Developer under this Agreement, the Project Approvals, Subsequent Approvals, and Applicable Law; and (iv) City and Developer hereby renounce the existence of any form of agency relationship, joint venture or partnership between City and Developer and agree that nothing contained herein or in any document executed in connection herewith shall be construed as creating any such relationship between City and Developer.

**11.3 Enforceability.** City and Developer agree that unless this Agreement is amended or terminated pursuant to the provisions of this Agreement, this Agreement shall be enforceable by any party hereto notwithstanding any change hereafter enacted or adopted (whether by ordinance, resolution, initiative, or any other means) in any applicable general plan, specific plan, zoning ordinance, subdivision ordinance, or any other land use ordinance or building ordinance, resolution or other rule, regulation or policy adopted by City that changes, alters or amends the rules, regulations, and policies applicable to the development of the Project Site at the time of the approval of this Agreement as provided by Government Code section 65866.

**11.4 Severability.** If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a particular situation, is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect unless amended or modified by mutual consent of the parties. Notwithstanding the foregoing, if any material provision of this Agreement, or the application of such provision to a particular situation, is held to be invalid, void or unenforceable, either City or Developer may (in their sole and absolute discretion) terminate this Agreement by providing written notice of such termination to the other party.

**11.5 Other Necessary Acts.** Each party shall execute and deliver to the other all such other further instruments and documents as may be reasonably necessary to carry out the Project Approvals, Subsequent Approvals and this Agreement and to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

**11.6 Construction.** Each reference in this Agreement or any of the Project Approvals or Subsequent Approvals shall be deemed to refer to the Agreement, Project Approval, or Subsequent Approval as it may be amended from time to time, whether or not the particular reference refers to such possible amendment. This Agreement has been reviewed and revised by legal counsel for both City and Developer, and no presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

**11.7 Other Miscellaneous Terms.** The singular shall include the plural; the masculine gender shall include the feminine; "shall" is mandatory; "may" is permissive. If there is more than one signer of this Agreement, the signer obligations are joint and several.

**11.8 Covenants Running with the Land.** All of the provisions contained in this Agreement shall be binding upon the parties and their respective heirs, successors and assigns, representatives, lessees, and all other persons acquiring all or a portion of the Project, or any interest therein, whether by operation of law or in any manner whatsoever. All of the provisions contained in this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to California law including, without limitation, Civil Code section 1468. Each covenant herein to act or refrain from acting is for the benefit of or a burden upon the Project, as appropriate, runs with the Project Site, and is binding upon the owner of all or a portion of the Project Site and each successive owner during its ownership of such property.

**11.9 Notices.** Any notice or communication required hereunder between City or Developer must be in writing, and may be given either personally, by telefacsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express or other similar courier promising overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day or on a Saturday, Sunday, or holiday shall be deemed to have been given and received on the next

normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of: (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any party hereto may at any time, by giving ten (10) days written notice to the other party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the parties at their addresses set forth below:

If to City, to: City of South San Francisco  
400 Grand Avenue  
Attn: City Manager  
South San Francisco, CA 94080  
Phone: (650) 877-8500  
Fax: (650) 829-6609

to: With a Copy Meyers, Nave, Riback, Silver & Wilson  
575 Market Street, Suite 2080  
San Francisco, CA 94105  
Attn: Jason S. Rosenberg, City Attorney  
Phone: (415) 421-3711  
Fax: (415) 421-3767

If Developer, to: to Miller Cypress SSF, LLC  
Sares-Regis Group of Northern California  
901 Mariners Island Blvd., 7th Floor  
Attn: Ken Busch  
San Mateo, CA 94404  
Phone: (650) 377-5805  
Email: kbusch@srgnc.com

to: With Copies Holland & Knight  
50 California Street, #2500  
San Francisco, CA 94111  
Attn: Tamsen Plume  
Phone: (415) 743-9461  
Email: tamsen.plume@hklaw.com

**11.10 Entire Agreement, Counterparts And Exhibits.** This Agreement is executed in two (2) duplicate counterparts; each of which is deemed to be an original. This Agreement consists of 22 pages and three (3) exhibits which constitute in full, the final and exclusive understanding and agreement of the parties and supersedes all negotiations or previous agreements of the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorities

of City and the Developer. The following exhibits are attached to this Agreement and incorporated herein for all purposes:

**Exhibit A:** Description and Diagram of Project Site

**Exhibit B:** List of Project Approvals

**Exhibit C:** Applicable Laws & City Fees, Exactions, and Payments

**11.11 Recordation Of Development Agreement.** Pursuant to Government Code section 65868.5, no later than ten (10) days after City enters into this Agreement, the City Clerk shall record an executed copy of this Agreement in the Official Records of the County of San Mateo.

IN WITNESS WHEREOF, this Agreement has been entered into by and between Developer and City as of the day and year first above written.

**CITY**

**CITY OF SOUTH SAN FRANCISCO,  
a municipal corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_  
City Manager

**ATTEST:**

By: \_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
City Attorney

**DEVELOPER**

**MILLER CYPRESS SSF, LLC,  
a Delaware limited liability company**

By: SRGNC Miller Cypress SSF, LLC,  
a Delaware limited liability company,

By: SRGNC MF, LLC,  
a Delaware limited liability company,

By: \_\_\_\_\_  
Name: Mark R. Kroll  
Title: President

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Tamsen Plume, Holland & Knight  
Counsel for Developer

Exhibit A

**Description and Diagram of Project Site**

REAL PROPERTY IN THE CITY OF SOUTH SAN FRANCISCO, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOTS 5 AND 6 IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO, SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 1, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 52.

APN: 012-318-040

PARCEL ONE:

LOTS 7, 8, 9, 10, 11 AND 12 IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

APN: 012-318-080 JPN: 012-031-318-03A and 012-031-318-07A

PARCEL TWO:

LOTS 13, 14 AND THE SOUTHERLY 22 FEET, FRONT AND REAR MEASUREMENTS OF LOT 15, IN BLOCK 148, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO COUNTY, CALIFORNIA PLAT NO. 1", FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

PARCEL THREE:

PORTION OF LOTS 15 AND 16 IN BLOCK 148, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO COUNTY, CALIFORNIA PLAT NO. 1", FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF AIRPORT BOULEVARD (ORIGINALLY SAN BRUNO ROAD AND FORMERLY BAYSHORE BOULEVARD) AT ITS INTERSECTION WITH THE LINE DIVIDING SAID LOTS 15 AND 16, AS SAID LOTS AND BOULEVARD ARE SHOWN ON THE ABOVE MENTIONED

MAP; THENCE SOUTH 22° 14' 50" WEST, 3.02 FEET, ALONG SAID LINE OF AIRPORT BOULEVARD, TO A POINT IN A LINE DISTANT 3 FEET MEASURED AT RIGHT ANGLES SOUTHWESTERLY FROM SAID DIVIDING LINE; THENCE NORTH 74° 27' WEST, ALONG SAID PARALLEL LINE, 60 FEET; THENCE NORTH 22° 14' 50" EAST, 28.19 FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF LOT 16; THENCE SOUTH 74° 27' EAST, 60 FEET, ALONG SAID LINE OF LOT 16 TO SAID NORTHWESTERLY LINE OF AIRPORT BOULEVARD; THENCE SOUTH 22° 14' 50" WEST, ALONG SAID LINE, 25.17 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING ALL OIL, GAS AND OTHER HYDROCARBONS; NON-HYDROCARBON GASES OR GASEOUS SUBSTANCES; ALL OTHER MINERALS OF WHATSOEVER NATURE, WITHOUT REGARD TO SIMILARITY TO THE ABOVE MENTIONED SUBSTANCES; AND ALL SUBSTANCES THAT MAY BE PRODUCED THEREWITH FROM THE PROPERTY.

ALSO EXCEPTING ALL GEOTHERMAL RESOURCES, EMBRACING; INDIGENOUS STEAM, HOT WATER AND HOT BRINES; STEAM AND OTHER GASES, HOT WATER AND HOT BRINES RESULTING FROM WATER, GAS OR OTHER FLUIDS ARTIFICIALLY INTRODUCED INTO SUBSURFACE FORMATIONS; HEAT OR OTHER ASSOCIATED ENERGY FOUND BENEATH THE SURFACE OF THE EARTH; AND BYPRODUCTS OF ANY OF THE FOREGOING SUCH AS MINERALS (EXCLUSIVE OF OIL OR HYDROCARBON GAS THAT CAN BE SEPARATELY PRODUCED) WHICH ARE FOUND IN SOLUTION OR ASSOCIATION WITH OR DERIVED FROM ANY OF THE FOREGOING.

ALSO EXCEPTING THE SOLE AND EXCLUSIVE RIGHT FROM TIME TO TIME TO BORE OR DRILL AND MAINTAIN WELLS AND OTHER WORKS INTO AND THROUGH THE PROPERTY AND ADJOINING STREETS, ROADS AND HIGHWAYS BELOW A DEPTH OF FIVE HUNDRED (500) FEET FROM THE SURFACE THEREOF FOR THE PURPOSE OF EXPLORING FOR AND PRODUCING ENERGY RESOURCES: THE RIGHT TO PRODUCTS, INJECT, STORE AND REMOVE FROM AND THROUGH SAID BORES, WELLS OR WORKS, OIL, GAS, WATER, AND OTHER SUBSTANCES OF WHATEVER NATURE, INCLUDING THE RIGHT TO PERFORM BELOW SAID DEPTH ANY AND ALL OPERATIONS DEEMED BY GRANTOR NECESSARY OR CONVENIENT FOR THE EXERCISE OF SUCH RIGHTS.

THE RIGHTS HEREINABOVE EXCEPTED AND RESERVED TO GRANTOR DO NOT INCLUDE AND DO NOT EXCEPT OR RESERVE TO GRANTOR ANY RIGHT OF GRANTOR TO USE THE SURFACE OF THE PROPERTY OR THE FIRST FIVE HUNDRED (500) FEET BELOW SAID SURFACE OR TO CONDUCT ANY OPERATIONS THEREON OR THEREIN. UNLESS HEREINAFTER SPECIFICALLY EXCEPTED AND RESERVED, ALL RIGHTS AND INTERESTS IN THE SURFACE OF THE PROPERTY ARE HEREBY CONVEYED.

AS THE ABOVE EXCEPTING WERE RESERVED IN THE DEED FROM CHEVRON U.S.A., INC., A CORPORATION IN THE DEED RECORDED MARCH 8, 1988 AS INSTRUMENT NO. 88027407.

APN: 012-317-110 JPN: 012-031-317-07A AND 012-031-317-08A

PARCEL FOUR:

NORTHERLY 3 FEET OF LOT 15, AND ALL OF LOT 16, IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

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PARCEL FIVE:

LOTS 17 AND 18, IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

APN: 012-317-100 JPN: 012-031-317-10A

PARCEL SIX:

LOTS 19, 20, 21, 22, 23 AND 24, IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO, SAN MATEO COUNTY, CALIFORNIA PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

APN: 012-317-090 JPN: 012-031-317-09A

PARCEL SEVEN:

LOT 1 IN BLOCK 138, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO, SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

APN: 012-314-100 JPN: 012-031-314-10A

PARCEL EIGHT:

THE EASTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 5, BLOCK 138, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO CO. CAL. PLAT NO. 1", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

PARCEL NINE:

THE WESTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 5, BLOCK 138, AND THE EASTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 6, BLOCK 138, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO CO. CAL. PLAT NO. 1", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

PARCEL TEN:

THE EASTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 7 AND THE WESTERLY 25 FEET, FRONT AND REAR MEASUREMENTS OF LOT 6 IN BLOCK 138, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO CO. CAL. PLAT NO. 1", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

T:\918-SARES REGIS\918-026 Ford Properties\Survey\Master Survey Drawings\Boundary Drawings\PLATT-FORD PROPERTIES.dwg 2-16-18 03:49:49 PM PEUSINGER



AIRPORT BLVD.

MILLER AVE.

GRAND AVE.

CYPRESS AVE.



**LEGEND**

- (X)** PARCEL
- 112-317-110 ASSESSOR'S PARCEL NUMBER
- 13 LOTS PER BOOK 2 MAPS 52

**PARCELS**

PARCEL A.1	012-317-110	401 AIRPORT BLVD.
PARCEL A.2	012-317-100	411 AIRPORT BLVD.
PARCEL A.3	012-317-090	421 AIRPORT BLVD.
PARCEL B	012-314-100	405 CYPRESS AVE.
PARCEL C	012-314-220	216 MILLER AVE.
PARCEL D	012-318-080	315 AIRPORT BLVD.
PARCEL D PRIME	012-318-040	309 AIRPORT BLVD.

**WILSEY ■ HAM**

3130 La Selva Street, Suite 100, San Mateo, CA 94403  
 Phone 650-349-2151 Fax 650-345-4921

PROJECT NUMBER: 818-026	SARES REGIS FORD PROPERTIES	DATE:03/16/16
<b>EXHIBIT</b>		NOT TO SCALE
		SHEET 1 OF 1

**Exhibit B:**

**List of Project Approvals**

- Environmental Consistency Analysis approved by the City Council on February 10, 2016 by Resolution No. 02-2016.
- Conditional Use Permit (15-0027) approved by the City Council on February 10, 2016 by Resolution No. 17-2016.
- Design Review (15-0032) approved by the City Council on February 10, 2016 by Resolution No. 17-2016.
- Waiver and Modification regarding Height (15-0001) approved by the City Council on February 10, 2016 by Resolution No. 17-2016.
- Parking Exemption (15-0004) approved by the City Council on February 10, 2016 by Resolution No. 17-2016
- Development Agreement (15-0003) approved by the City Council on February 24, 2016 by Ordinance No. 1512-2016.

## Exhibit C

### **Applicable Laws & City Fees, Exactions, and Payments**

#### CURRENT SOUTH SAN FRANCISCO LAWS

Developer shall comply with the following City regulations and provisions applicable to the Property as of the Effective Date (except as modified by this Agreement and the Project Approvals).

- 1.1. South San Francisco General Plan. The Developer will develop the Project in a manner consistent with the objectives, policies, general land uses and programs specified in the South San Francisco General Plan, as adopted on October 13, 1999 and as amended from time to time.
- 1.2. Downtown Station Area Specific Plan. The Developer will develop the Project in a manner consistent with the objectives, policies, general land uses and programs specified in the South San Francisco Downtown Station Area Specific Plan, as adopted in January 2015.
- 1.3. Downtown Station Area Specific Plan Zoning District. The Developer shall construct the Project in a manner consistent with the Downtown Station Area Specific Plan Zoning District applicable to the Project as of the Effective Date (except as modified by this Agreement).
- 1.4. South San Francisco Municipal Code. The Developer shall construct the Project in a manner consistent with the South San Francisco Municipal Code provisions, as applicable to the Project as of the Effective Date (except as modified by this Agreement).

#### FEES, EXACTIONS, & PAYMENTS

Subject to the terms of Section 5.6(b) of this Agreement, Developer agrees that Developer shall be responsible for the payment of the following fees, charges, exactions, taxes, and assessments (collectively, "Assessments"). From time to time, the City may update, revise, or change its Assessments. Further, nothing herein shall be construed to relieve the Property from common benefit assessments levied against it and similarly situated properties by the City pursuant to and in accordance with any statutory procedure for the assessment of property to pay for infrastructure and/or services that benefit the Property. Except as indicated below, the amount paid for a particular Assessment, shall be the amount owed, based on the calculation or formula in place at the time payment is due, as specified below.

- 2.1. Administrative/Processing Fees. The Developer shall pay the applicable application, processing, administrative, legal and inspection fees and charges, as currently adopted pursuant to City's Master Fee Schedule and required by the City for processing of land use entitlements, including without limitation, General Plan amendments, zoning changes, precise plans, development agreements, conditional use permits, variances, transportation demand management plans, tentative

subdivision maps, parcel maps, lot line adjustments, general plan maintenance fee, demolition permits, and building permits.

2.2. Impact Fees (Existing Fees). Except as modified below and as set forth in Section 3.2(b) of this Agreement, the following existing impact fees shall be paid for net new square footage at the rates and at the times prescribed in the resolution(s) or ordinance(s) adopting and implementing the fees.

- (a) Child Care Impact Fee. (SSFMC Chapter 20.310; Ordinance 1432-2001).
- (b) Public Safety Impact Fee. (Resolution 97-2012) Prior to receiving a building permit for the Project, the Developer shall pay the Public Safety Impact Fee, as set forth in Resolution No. 97-2012, adopted on December 10, 2012, to assist the City's Fire Department and Police Department with funding the acquisition and maintenance of Police and Fire Department vehicles, apparatus, equipment, and similar needs for the provision of public safety services.
- (c) Sewer Capacity Charge. (Resolution 39-2010) Prior to receiving a building permit for tenant improvements for the Project, the Developer shall pay the Sewer Capacity Charge, as set forth in Resolution No. 39-2010.
- (d) General Plan Maintenance Fee. (Resolution 74-2007).

### 2.3 User Fees.

- (a) Sewer Service Charges. (assessed as part of property tax bill)
- (b) Stormwater Charges. (assessed as part of property tax bill)

### 2.4 Community Enhancement Payments.

- (a) Public Art Commitment. Developer agrees to (i) either install public art as part of the Project worth a minimum of \$25,000 or, if such public art is not installed by the certificate of occupancy, then (ii) pay twenty-five thousand dollars (\$25,000.00) to the City in order to support the development of public art in the City.
- (b) Community Benefit Payment. At issuance of the first building permit, Developer agrees to pay five hundred thousand dollars (\$500,000.00) to the City to support increased pedestrian connectivity to the South San Francisco Caltrain station.
- (c) Park In-Lieu Payment. Developer agrees to pay ten thousand dollars (\$10,000.00) per residential unit constructed, to the City, in order to support the development of parks and open space areas in the City ("**Park In-Lieu Payment**"). Developer agrees to pay this fee for all of each

parcel's residential units prior to issuance of the first certificate of occupancy for such parcel. For example, the Park In-Lieu Payment for all units on Parcel A shall be paid at the issuance of the first certificate of occupancy for Parcel A.

- 2.5 Business License Tax Modifications. In the event that the City's business license tax is modified and duly approved by voters, and any subsequent tax modifications become applicable to the properties on the Project during the term of this Agreement, Developer shall be responsible to pay the applicable business license tax amounts, as modified.

2629387.1

**EXHIBIT E**

**FORM OF MEMORANDUM OF AGREEMENT**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

City Clerk  
City of South San Francisco  
P.O. Box 711  
South San Francisco, CA 94083

---

(Space Above This Line Reserved For Recorder's Use)

This instrument is exempt from recording fees pursuant to Government Code section 27383.

### NOTICE OF AGREEMENT

This Notice of Agreement (this "Notice"), dated as of \_\_\_\_\_, 2016, is entered into by and between the South San Francisco Successor Agency, a public agency ("Seller" or "Agency") and Miller Cypress SSF, LLC, ("Buyer").

A. On \_\_\_\_\_, 2016, Seller and Buyer entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions ("PSA") with respect to real property owned by Seller, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference ("Property").

B. The PSA sets forth certain agreements made by the parties with respect to their the Property.

C. This Notice is prepared for the purpose of recordation only, and it in no way modifies the provisions of the PSA.

D. This Notice shall extend to and be binding upon the parties hereto and their legal representatives, heirs, successors, and assigns.

E. This Notice may be executed in counterparts, each of which is deemed to be an original, and all such counterparts constitute one and the same instrument.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, Seller and Buyer have executed this Notice as of the date first written above.

**SELLER:**

**SOUTH SAN FRANCISCO  
SUCCESSOR AGENCY**

By: \_\_\_\_\_  
Mike Futrell  
Executive Director

**ATTEST:**

By: \_\_\_\_\_  
Agency Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Jason Rosenberg  
Agency Counsel

**FORM – DO NOT SIGN**

**BUYER:**

**MILLER CYPRESS SSF, LLC**

a Delaware limited liability company

By: SRGNC Miller Cypress SSF, LLC,  
a Delaware limited liability company,

By: SRGNC MF, LLC,  
a Delaware limited liability company,

By: \_\_\_\_\_  
Name: Mark R. Kroll  
Title: President

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Tamsen Plume, Holland & Knight  
Counsel for Buyer

**FORM – DO NOT SIGN**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )

COUNTY OF \_\_\_\_\_)

On \_\_\_\_\_ before me \_\_\_\_\_  
(insert name and title of the officer) personally appeared \_\_\_\_\_,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )

COUNTY OF \_\_\_\_\_)

On \_\_\_\_\_ before me \_\_\_\_\_  
(insert name and title of the officer) personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A  
TO  
NOTICE OF AGREEMENT**

**LEGAL DESCRIPTION OF PROPERTY**

REAL PROPERTY IN THE CITY OF SOUTH SAN FRANCISCO, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

**PARCEL ONE:**

LOTS 7, 8, 9, 10, 11 AND 12 IN BLOCK 148, AS SHOWN ON THAT CERTAIN MAP ENTITLED "SOUTH SAN FRANCISCO SAN MATEO CO. CAL. PLAT NO. 1", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE(S) 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

APN: 012-318-080 JPN: 012-031-318-03A and 012-031-318-07A

**PARCEL TWO:**

LOTS 13, 14 AND THE SOUTHERLY 22 FEET, FRONT AND REAR MEASUREMENTS OF LOT 15, IN BLOCK 148, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO COUNTY, CALIFORNIA PLAT NO. 1", FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52.

**PARCEL THREE:**

PORTION OF LOTS 15 AND 16 IN BLOCK 148, AS DESIGNATED ON THE MAP ENTITLED, "SOUTH SAN FRANCISCO, SAN MATEO COUNTY, CALIFORNIA PLAT NO. 1", FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON MARCH 01, 1892 IN BOOK "B" OF MAPS AT PAGE 6, AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 52, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF AIRPORT BOULEVARD (ORIGINALLY SAN BRUNO ROAD AND FORMERLY BAYSHORE BOULEVARD) AT ITS INTERSECTION WITH THE LINE DIVIDING SAID LOTS 15 AND 16, AS SAID LOTS AND BOULEVARD ARE SHOWN ON THE ABOVE MENTIONED MAP; THENCE SOUTH 22° 14' 50" WEST, 3.02 FEET, ALONG SAID LINE OF AIRPORT BOULEVARD, TO A POINT IN A LINE DISTANT 3 FEET MEASURED AT RIGHT ANGLES SOUTHWESTERLY FROM SAID DIVIDING LINE; THENCE NORTH 74° 27' WEST, ALONG SAID PARALLEL LINE, 60 FEET; THENCE NORTH 22° 14' 50" EAST,

28.19 FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF LOT 16; THENCE SOUTH 74° 27' EAST, 60 FEET, ALONG SAID LINE OF LOT 16 TO SAID NORTHWESTERLY LINE OF AIRPORT BOULEVARD; THENCE SOUTH 22° 14' 50" WEST, ALONG SAID LINE, 25.17 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING ALL OIL, GAS AND OTHER HYDROCARBONS; NON-HYDROCARBON GASES OR GASEOUS SUBSTANCES; ALL OTHER MINERALS OF WHATSOEVER NATURE, WITHOUT REGARD TO SIMILARITY TO THE ABOVE MENTIONED SUBSTANCES; AND ALL SUBSTANCES THAT MAY BE PRODUCED THEREWITH FROM THE PROPERTY.

ALSO EXCEPTING ALL GEOTHERMAL RESOURCES, EMBRACING; INDIGENOUS STEAM, HOT WATER AND HOT BRINES; STEAM AND OTHER GASES, HOT WATER AND HOT BRINES RESULTING FROM WATER, GAS OR OTHER FLUIDS ARTIFICIALLY INTRODUCED INTO SUBSURFACE FORMATIONS; HEAT OR OTHER ASSOCIATED ENERGY FOUND BENEATH THE SURFACE OF THE EARTH; AND BYPRODUCTS OF ANY OF THE FOREGOING SUCH AS MINERALS (EXCLUSIVE OF OIL OR HYDROCARBON GAS THAT CAN BE SEPARATELY PRODUCED) WHICH ARE FOUND IN SOLUTION OR ASSOCIATION WITH OR DERIVED FROM ANY OF THE FOREGOING.

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APN: 012-317-110 JPN: 012-031-317-07A AND 012-031-317-08A

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APN: 012-317-100 JPN: 012-031-317-10A

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APN: 012-317-090 JPN: 012-031-317-09A

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APN: 012-314-100 JPN: 012-031-314-10A

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2629281.1

# SARES | REGIS

July 5, 2018

VIA E-MAIL

Julie Barnard  
Economic Development Coordinator  
City of South San Francisco  
PO Box 711  
South San Francisco, CA 94083

**RE: Proposed Valuation of 216 Miller Avenue at \$1,100,000**

Dear Julie,

Pursuant to our recent conversations and meetings, we have continued to work with the City and to provide input to the City for use in the appraisal of 216 Miller Avenue. We understand that we are all at the end of a process and that we must have a land value assigned to 216 Miller and for this reason, we are putting forward this price offer at a value of one million one hundred thousand dollars (\$1,100,000).

It is our belief that the appraisal analysis has a number of issues that we could continue to contest but for which we do not have time. These issues include the following:

- i. Most significantly, the appraisal's calculation of the "Marshall Valuation Method" proposes that the total replacement cost is equal to:

*(assumed direct costs) \* (a 25% allocation for indirect costs) \* (a 15% mark up for developer profit)*

We provided three direct cost estimates from outside general contractors which are presented on page 64 of the July 3 report which average \$103.5 million. From these estimates, the table concludes a cost for the overall project of approximately \$119M when in fact, that number was a result of only direct costs multiplied by 15%. It erroneously ignored the 25% allocation needed for indirect costs which would have driven the cost to \$148M and wiped out any and all land value.

- ii. Market rent increases from the May 1 to July 3 appraisal. The appraiser increased the one- and two-bedroom market rents by \$100 per month which caused a total increase of \$204,000 in project revenue. Such change is unexplained and unwarranted as there was no change to the data or commentary in the report. At the proposed 4% cap rate, this accounts for an increase in project value of \$5.1 million.

- iii. Addition of \$440,736 in Other Income from the May 1 to July 3 appraisal. The addition of such other income is unexplained. At the proposed 4% cap rate, this accounts for an increase in project value of \$11.0 million.
- iv. The use of a 4% reversion cap rate which we argue is lower than market.

Again, in the interest of moving this deal forward and furthering the causes of adding desperately needed housing and residents to downtown, we are offering \$1,100,000 for the value of the Property. If you have any questions regarding this offer, please call me at 650.377.5707.

Sincerely,  
Sares Regis Group of Northern California, LLC



Andrew G. Hudacek, Chief Investment Officer

# San Mateo County Countywide Oversight Board

Date: September 14 , 2018 Agenda Item 8

To: San Mateo County Countywide Oversight Board

From: Shirley Tourel, Assistant Controller

Subject: Report on Redevelopment Agency Dissolution Status Update – Daly City

## **Background and Discussion**

The San Mateo County Countywide Oversight Board (the “Board”) was created pursuant to Health and Safety Code (HSC) 34179(j) to provide guidance and oversight to the successor agencies who are tasked with winding down the affairs of redevelopment agencies (RDAs).

This item is intended to inform the Board of the remaining wind-down activities of the former Daly City Redevelopment Agency. The attachments to this memo were prepared by the Daly City Successor Agency and provide an overview of the remaining expenditures/obligations and disposition status of assets.

Tatum Mothershead, Director of Economic and Community Development for Daly City will be presenting to the Board.

## **Recommendation**

This item is for information and discussion purposes only. No action required of the Board.

## **Fiscal Impact**

None

## **Attachment**

Daly City RDA Dissolution - Successor Agency Staff Report

# San Mateo County Countywide Oversight Board

Date: September 14, 2018

To: San Mateo County Countywide Oversight Board

From: Rose Zimmerman, City Attorney, City of Daly City

Subject: Dissolution Status Report from the Successor Agency  
Former Redevelopment Agency for the City of Daly City

## Background

This agenda item summarizes the dissolution status of the former redevelopment agency (RDA). It includes a summary of the disposition of assets, remaining obligations, pending litigation, the status of the Last and Final Recognized Obligation Payment Schedule (ROPS), and any other items pertaining to the winding-down of the affairs of the former RDA.

## Discussion

### A. Disposition of Assets

At the time of RDA dissolution, the Successor Agency to the former Daly City Redevelopment Agency owned 10 properties. As required by the California Health and Safety Code Section 34191.5(c), the Agency prepared a Long Range Property Management Plan describing the status and disposition plans for each Agency-owned property. The Successor Agency submitted the Long -Range Property Management Plan (LRPMP) on May 29, 2015. On December 14, 2015, Department of Finance approved the Agency's Long-Term Property Management Plan (LRPMP). The Department's approval letter and LRPMP is attached as Attachment 1.

In the LRPMP, Agency properties could be used to fulfill enforceable obligations, retained for a governmental use, retained for future development, or sold. A spreadsheet listing all properties in the LRPMP, their designated use, status, and other relevant information are shown in Attachment 2. Below is a brief summary of the Agency's progress (property numbers referenced correspond to those listed in the LRPMP and Attachment 2).

A.1 No properties were designated in the LRPMP to fulfill enforceable obligations.

A.2 To date, five properties have been transferred to the City for governmental uses pursuant to the approved LRPMP (Nos. 1, 2, 3, 4, and 5).

A.3 Disposition has been completed for two properties. Property Number 9 was sold to Neil and Angie Hsu as-is. Property Number 10 was sold to Habitat for Humanity for the purpose of developing affordable ownership housing.

A.4 Disposition is in progress for three properties. Three properties (Nos. 6, 7, and 8) have Exclusive Negotiating Agreements executed and the development planning process has begun as well as the negotiation of Disposition and Development Agreement terms.

## **B. Outstanding Obligations**

On August 18, 2018, the Department of Finance approved the Last and Final ROPS, which establishes the outstanding obligations for the City Loan in the amount of \$37,648,000. The Successor Agency is not aware other outstanding obligations.

## **C. Litigation**

The Successor Agency is not aware of any matters currently in litigation. In the event that the Agency becomes aware of existing or potential litigation, the matters would be brought forward to the Oversight Board in Closed Session, as appropriate.

## **D. Last and Final ROPS**

The Successor Agency and Oversight Board approved and submitted the Last and Final ROPS on to the Department of Finance May 7, 2018. On August 18, 2018, the Department of finance approved the Last and Final ROPS. The approval letter from the Department of Finance and approved Last and Final ROPS is attached as Attachment 3 and 4.

## **E. Conclusion**

The Successor Agency looks forward to working with the Countywide Oversight Board to complete the disposition process for the remaining Agency properties.

## **Attachments**

1. Department of Finance Approved LRPMP – City of Daly City
2. RDA Dissolution Status Spreadsheet
3. Last and Final ROPS Submitted to Department of Finance – City of Daly City
4. Department of Finance Approved Last and Final ROPS – City of Daly City



December 14, 2015

Ms. Rose Zimmerman, City Attorney  
City of Daly City  
333 90<sup>th</sup> Street  
Daly City, CA 94015

Dear Ms. Zimmerman:

Subject: Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Daly City Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on May 29, 2015. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on December 5, 2014. Further, based on our review and application of the law, Finance is approving the Agency's use or disposition of all the properties listed in the LRPMP.

Finance notes the following minor corrections to Property No. 6 (2121 Junipero Serra Boulevard), but a revised LRPMP is not required. The LRPMP lists eleven Assessor's Parcel Numbers (APN) for Property No. 6; however, Finance determined:

- One of the eleven APNs was erroneously listed as 002-342-100. The correct APN is 002-342-160.
- A twelfth APN was erroneously excluded from Property No. 6. APN 002-362-330 was added as the twelfth APN for Property No. 6.

In accordance with HSC section 34191.4 (a), upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3 (a) the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

Ms. Rose Zimmerman  
December 14, 2015  
Page 2

Please direct inquiries to Wendy Griffe, Supervisor, or Jonathan Cox, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Lawrence Chiu, Director of Finance & Administrative Services, City of Daly City  
Mr. Juan Raigoza, Controller, San Mateo County

# **City of Daly City**



## **Long-Range Property Management Plan Prepared for the Daly City Successor Agency to the Redevelopment Agency**

**May 2015**

**Approved by the Daly City Successor Agency on April 13, 2015**

**Approved by the Daly City Oversight Board on April 20, 2015**

**Submitted to the Department of Finance on May 29, 2015**

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## Process for LRPMP Review

This LRPMP will be subject to the review and approval of the Daly City Successor Agency to the Redevelopment Agency (Successor Agency). The LRPMP must then be submitted to the Daly City Oversight Board and subsequently to the State Department of Finance (DOF), the latter occurring not later than six months following DOF issuance of a Finding of Completion to the Successor Agency. The Finding of Completion will provide DOF's acknowledgment of Successor Agency payments related to the recent Low and Moderate Income Housing Fund Due Diligence Review. If a LRPMP is not approved by DOF by January 1, 2015, provisions of the Health and Safety Code place authority for asset disposition with the Oversight Board. With adoption of the LRPMP, staff to the Successor Agency will assume responsibility for implementing the provisions of the Plan, and for providing periodic updates to the Agency and Oversight Board.

Additionally, the Successor Agency will be administering a Community Redevelopment Property Trust Fund, which will serve as a repository of former Redevelopment Agency properties. As discussed in this LRPMP, there are several properties with the Successor Agency intends to hold in the Community Redevelopment Property Trust Fund for future development. When Successor Agency properties are ultimately liquidated (sold), the proceeds from the sale will be distributed as property tax to the taxing entities, which include the City of Daly City, San Mateo County, Jefferson Union High School District, San Mateo Community College District, Bayshore Elementary School District and Bayshore Sanitary District.

## Contents of the LRPMP

The LRPMP is required to address a wide range of land development issues for each of the former Redevelopment Agency properties now under the purview of the Successor Agency. These issues include:

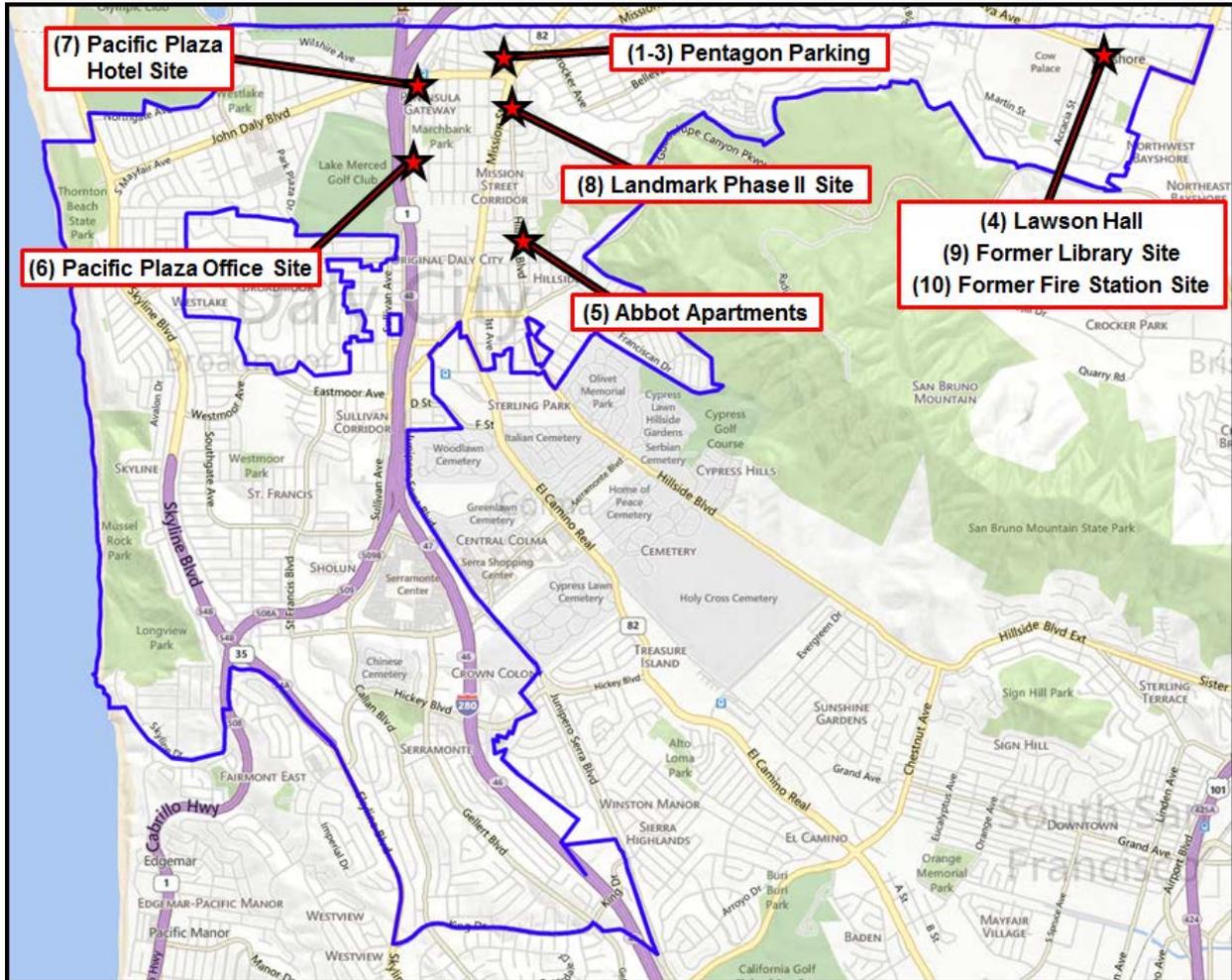
- An inventory of all Successor Agency properties.
- Purchase date and the original purpose of the land acquisition.
- Estimate of current value of the land and any on-site improvements, including results from any recent appraisals.
- Estimate of any revenue generation from the properties, if any.
- Environmental history for each site, focusing on possible environmental contamination.
- The potential for transit oriented development at the property, and achieving other planning objectives of City.
- History of the use of the properties, including any development proposals.
- Address the intended use or disposition of the properties. Options include:
  - Retention of the sites for governmental use.
  - Retention of the sites for future development.
  - Sale of the properties.
  - Identify if tied to any enforceable obligations.

## SUMMARY OF SUCCESSOR AGENCY PROPERTIES

The Successor Agency owns ten (10) properties, summarized in the following table.

#	Property	Location	Current Use	Proposed Disposition
1)	Pentagon Parking (1)	Hillcrest Dr & Mission Circle	Public parking	Retain the property for continued public use
2)	Pentagon Parking (2)	Mission St & Bepler St	Public Parking, Office Building	Retain the property for continued public use
3)	Pentagon Parking (3)	San Jose Ave & Bepler St	Public Parking	Retain the property for continued public use
4)	Lawson Hall	125 Accacia St	Community Center	Retain the property for continued public use
5)	Abbot Apartments	260 Abbot Ave	Apartments (Affordable Housing)	Retain the property for fulfillment of enforceable obligation, then retention for future development (consistent with current affordable housing use)
6)	Pacific Plaza – Office Site	Junipero Serra Blvd & Westlake Ave	Mixed Use Buildings, Parking	Retain the property for future development
7)	Pacific Plaza – Hotel Site	Junipero Serra Blvd & John Daly Blvd	Vacant	Retain the property for future development
8)	Landmark Phase II Mixed Use Site	6601 Mission St	Vacant	Retain the property for future development
9)	Geneva – Former Library Site	2960 Geneva Ave	Vacant Building (Former Library)	Dispose of the property with sale proceeds to be distributed to affected taxing entities
10)	Geneva – Former Fire Station Site	Geneva Ave & Schwerin St	Vacant (Former Fire Station Site)	Dispose of the property with sale proceeds to be distributed to affected taxing entities

**MAP OF SUCCESSOR AGENCY PROPERTIES**

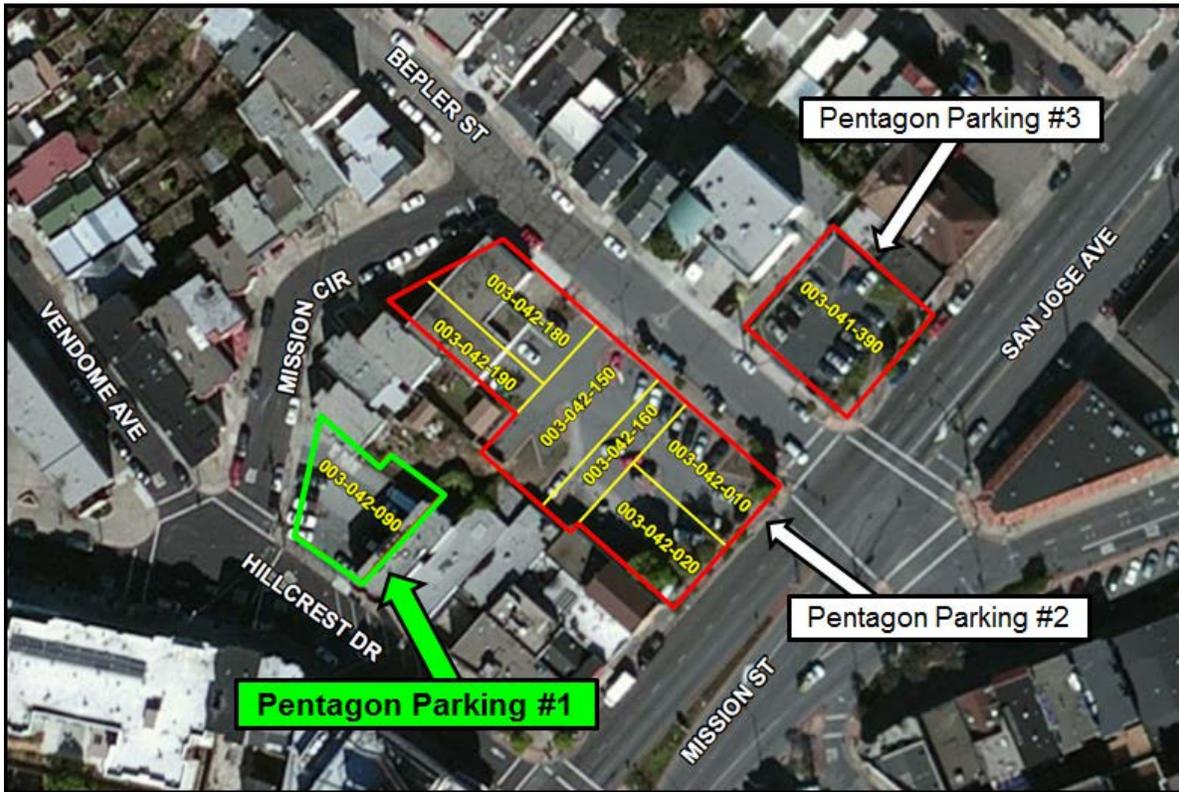


Source: ESRI (2014)

# **Daly City Successor Agency to the Redevelopment Agency**

## **Long Range Property Management Plan Properties**

**Property #1: Pentagon Parking #1**



## PARCEL DATA

Address	NEC Hillcrest/Mission Circle; 71 Mission Circle
Assessor's Parcel Number(s)	003-042-090
Property Size	4,903 sq ft (0.11 acres)
Zoning and General Plan Classifications	Commercial-Mixed Use (General Plan), Light Commercial, C-1 (Zoning)
Current Use of Property	Public parking lot.

## ACQUISITION & VALUATION INFORMATION

Date of Acquisition by RDA	1982
Purchase Price	\$405,000
Purpose of Acquisition	City (public) parking lot (12 spaces).
Estimate of Current Value	\$0
Method of Valuation	Income capitalization (revenue generated from property does not exceed related maintenance costs)

## EXISTING CONDITIONS & HISTORY OF DEVELOPMENT

Leases or Property Income, including contractual requirements	None.
Environmental Conditions	There are no known adverse environmental conditions affecting this property.
Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency	<p>The site holds potential for transit oriented development, given its location along a key City arterial roadway (Mission Street) at John Daly Boulevard, and is one-quarter west of the Daly City BART Station, with available public transit hubs by the site.</p> <p>Utilizing the site as a parking lot meets a number of the Agency's goals and objectives outlined in the Implementation Plan (adopted June 2011), including the improvement of parking availability in the Mission Street / Junipero Serra Boulevard Commercial Business District<sup>1</sup> and support of increased commerce on Mission Street and Junipero Serra Boulevard.<sup>2</sup></p>
History of Development Activities and Proposals	Public parking lot. Previous structure on site demolished early in 1980s.

<sup>1</sup> See adopted Implementation Plan pages 7,9,10,21,22,23 for discussion of parking availability improvement goals and objectives

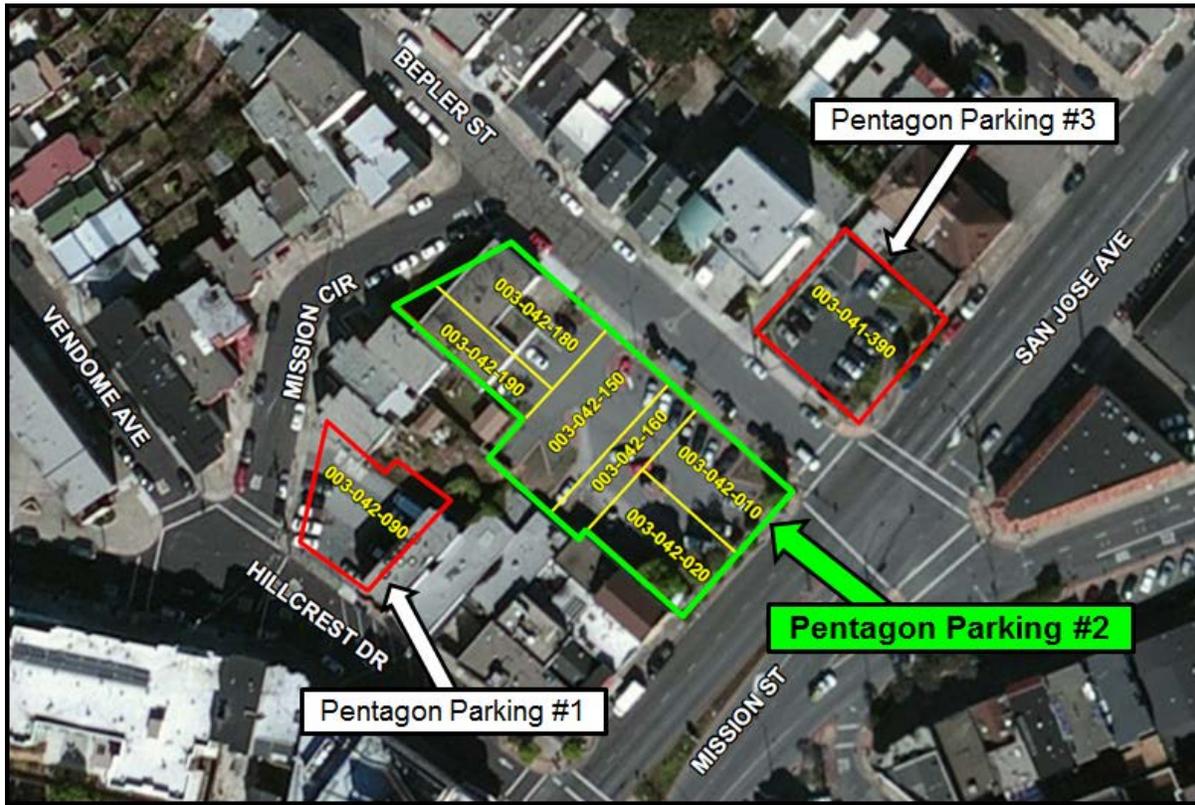
<sup>2</sup> See adopted Implementation Plan page 15 for discussion of increased commerce on Mission Street and Junipero Serra Boulevard

## DISPOSITION PLAN

**Staff recommends retaining the property for continued public use.**

Retention of the property by the City for government use is consistent with the goals in the approved City of Daly City Redevelopment Agency Implementation Plan. Health and Safety Code Section 34181(a) allows for the City to retain title to property constructed and used for governmental purpose such as roads, school buildings, parks, police and fire stations, libraries, **public parking lots** (proposed language in currently proposed budget trailer bill), and local agency administrative buildings to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

**Property #2: Pentagon Parking #2**





**PARCEL DATA**

Address	SWC Mission/Bepler, including 31 Bepler Street
Assessor’s Parcel Number(s)	003-042-010, -020, -150, -160, -180, -190
Property Size	22,909 sq ft (0.53 acres)
Zoning and General Plan Classifications	Commercial-Mixed Use (General Plan); Light Commercial, C-1 (Zoning) applies to portion of site fronting Mission Street; High Density Residential (HDR) applies to remainder of site.
Current Use of Property	Public parking lot (33 spaces). 31 Bepler Street contains a 1920s wood-frame commercial structure 3,625 sq ft in size, occupied by the Daly City Emergency Food Pantry.

**ACQUISITION & VALUATION INFORMATION**

Date of Acquisition by RDA	1976
Purchase Price	\$275,000
Purpose of Acquisition	Public parking lot; office use of existing structure.
Estimate of Current Value	\$0
Method of Valuation	Income capitalization (revenue generated from property does not exceed related maintenance costs)

## EXISTING CONDITIONS & HISTORY OF DEVELOPMENT

Leases or Property Income, including contractual requirements	No rental income from Food Pantry lease.
Environmental Conditions	There are no known adverse environmental conditions affecting this property.
Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency	<p>The site holds potential for transit oriented development, given its location along a key City arterial roadway (Mission Street) at John Daly Boulevard, and is one-quarter west of the Daly City BART Station, with available public transit hubs by the site.</p> <p>Utilizing the site as a parking lot meets a number of the Agency's goals and objectives outlined in the Implementation Plan (adopted June 2011), including the improvement of parking availability in the Mission Street / Junipero Serra Boulevard Commercial Business District<sup>3</sup> and support of increased commerce on Mission Street and Junipero Serra Boulevard.<sup>4</sup></p>
History of Development Activities and Proposals	Public parking lot.

## DISPOSITION PLAN

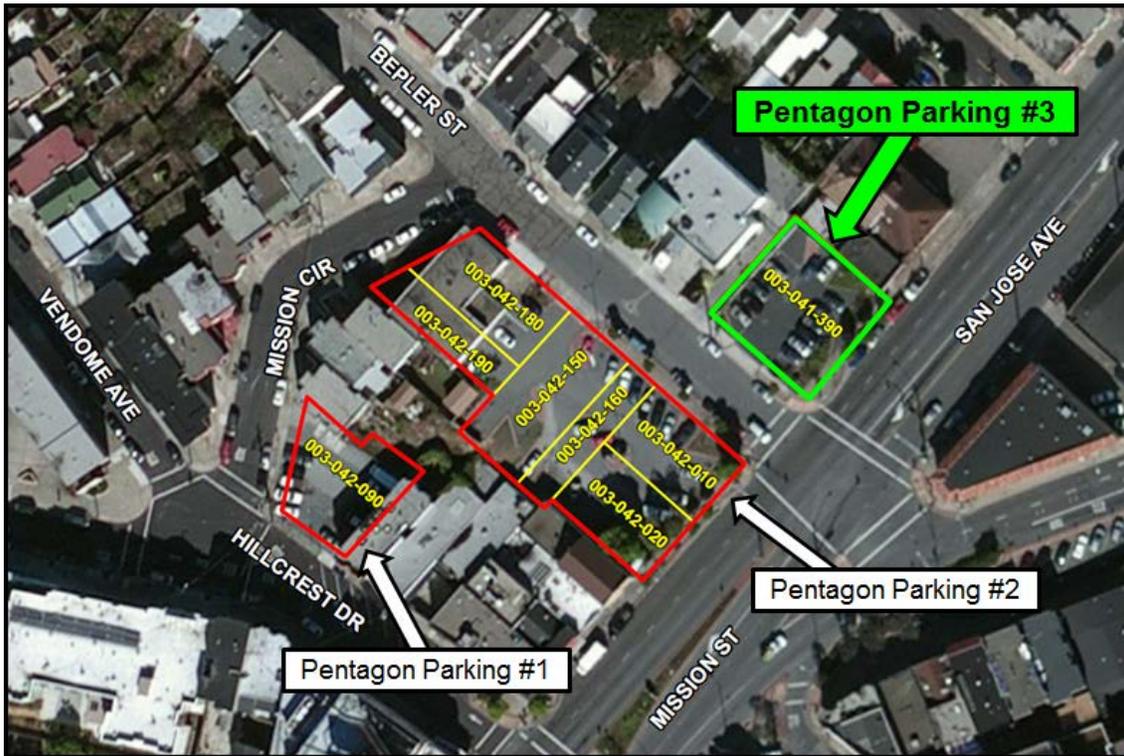
### Staff recommends retaining the property for continued public use.

Retention of the property by the City for government use is consistent with the goals in the approved City of Daly City Redevelopment Agency Implementation Plan. Health and Safety Code Section 34181(a) allows for the City to retain title to property constructed and used for governmental purpose such as roads, school buildings, parks, police and fire stations, libraries, **public parking lots** (proposed language in currently proposed budget trailer bill), and local agency administrative buildings to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

<sup>3</sup> See adopted Implementation Plan pages 7,9,10,21,22,23 for discussion of parking availability improvement goals and objectives

<sup>4</sup> See adopted Implementation Plan page 15 for discussion of increased commerce on Mission Street and Junipero Serra Boulevard

**Property #3: Pentagon Parking #3**



**PARCEL DATA**

Address	NWC San Jose Avenue/Bepler Street (3350 San Jose Avenue)
Assessor’s Parcel Number(s)	003-041-390
Property Size	5,945 sq ft (0.14 acres)
Zoning and General Plan Classifications	Commercial-Mixed Use (General Plan); Light Commercial, C-1 (Zoning)
Current Use of Property	Public parking lot (12 spaces).

**ACQUISITION & VALUATION INFORMATION**

Date of Acquisition by RDA	1980
Purchase Price	\$111,000
Purpose of Acquisition	Public parking lot.
Estimate of Current Value	\$0
Method of Valuation	Income capitalization (revenue generated from property does not exceed related maintenance costs)

**EXISTING CONDITIONS & HISTORY OF DEVELOPMENT**

Leases or Property Income, including contractual requirements	None.
Environmental Conditions	There are no known adverse environmental conditions affecting this property.
Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency	<p>The site holds potential for transit oriented development, given its location along a key City arterial roadway (Mission Street) at John Daly Boulevard, and is one-quarter west of the Daly City BART Station, with available public transit hubs by the site.</p> <p>Utilizing the site as a parking lot meets a number of the Agency’s goals and objectives outlined in the Implementation Plan (adopted June 2011), including the improvement of parking availability in the Mission Street / Junipero Serra Boulevard Commercial Business District<sup>5</sup> and support of increased commerce on Mission Street and Junipero Serra Boulevard.<sup>6</sup></p>
History of Development Activities and Proposals	Public parking lot.

<sup>5</sup> See adopted Implementation Plan pages 7,9,10,21,22,23 for discussion of parking availability improvement goals and objectives

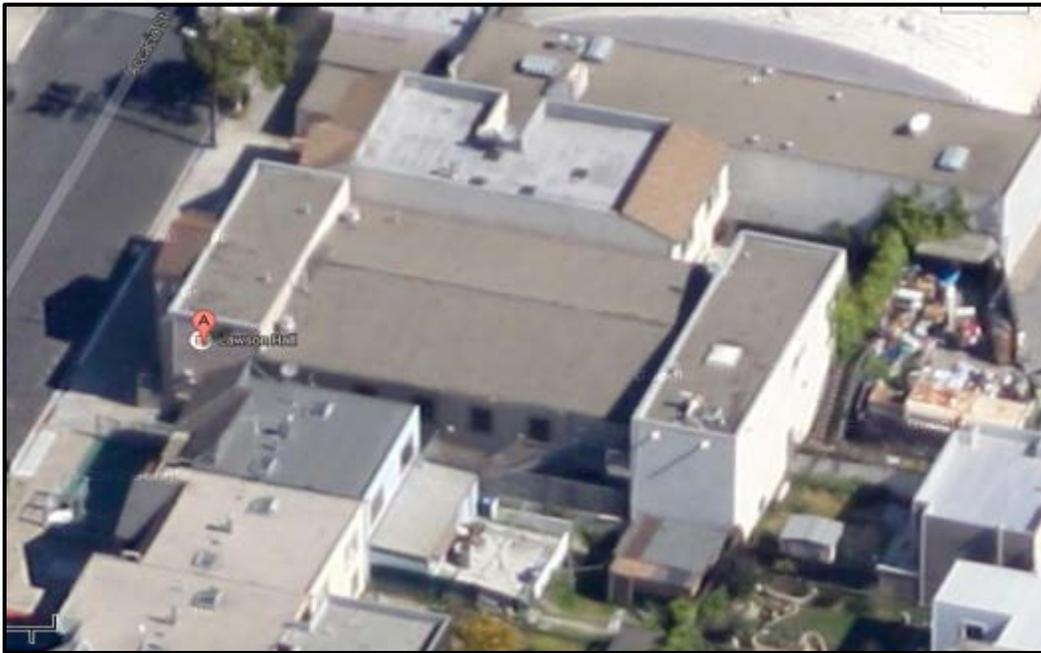
<sup>6</sup> See adopted Implementation Plan page 15 for discussion of increased commerce on Mission Street and Junipero Serra Boulevard

## DISPOSITION PLAN

**Staff recommends retaining the property for continued public use.**

Retention of the property by the City for government use is consistent with the goals in the approved City of Daly City Redevelopment Agency Implementation Plan. Health and Safety Code Section 34181(a) allows for the City to retain title to property constructed and used for governmental purpose such as roads, school buildings, parks, police and fire stations, libraries, **public parking lots** (proposed language in currently proposed budget trailer bill), and local agency administrative buildings to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

## Property #4: Lawson Hall



### PARCEL DATA

Address	125 Accacia Street
Assessor's Parcel Number(s)	005-123-170
Property Size	5,000 sq ft (0.11 acres)
Zoning and General Plan Classifications	Residential-Medium Low Density (General Plan); Single-Family Residential, R-1 (Zoning)

Current Use of Property	Public community center, used for holding community meetings, parties/celebrations, special events and classes. Original structure built in 1935. Building consists of 6,014 sq ft above-grade, plus 760 sq ft basement space. Small one bedroom, one bath apartment unit (caretaker's quarters) is within the community center.
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**ACQUISITION & VALUATION INFORMATION**

Date of Acquisition by RDA	2005
Purchase Price	\$750,000
Purpose of Acquisition	Public community center.
Estimate of Current Value	\$0
Method of Valuation	Income capitalization (revenue generated from property does not exceed related maintenance costs)

**EXISTING CONDITIONS & HISTORY OF DEVELOPMENT**

Leases or Property Income, including contractual requirements	City leases space for special events, as well as conducting community classes and recreation programs from the center.
Environmental Conditions	There are no known adverse environmental conditions affecting this property.
Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency	Site is not well-suited for transit oriented development. The property is not in proximity to a BART station, nor does site have key arterial or highway access.  Utilizing the site as a public community center helps to meet the community need for community classes and recreation programs. The facility has historically been offered for use on the Library and Recreation Services website ( <a href="#">HERE</a> ) with additional detail on rental fees on the Recreation Department website ( <a href="#">HERE</a> ).
History of Development Activities and Proposals	None.

**DISPOSITION PLAN**

**Staff recommends retaining the property for continued public use.**

Retention of the property by the City for government use is consistent with the goals in the approved City of Daly City Redevelopment Agency Implementation Plan. Health and Safety Code Section 34181(a) allows for the City to retain title to property constructed and used for governmental purpose such as roads, school buildings, parks, police and fire stations, libraries, and **local agency administrative buildings** to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

## Property #5: Abbot Avenue Apartments



### PARCEL DATA

Address	260 Abbot Avenue
Assessor's Parcel Number(s)	003-434-100
Property Size	2,500 sq ft (0.06 acres)
Zoning and General Plan Classifications	High Density Residential (General Plan); Multiple-Family Residential, R-3 (Zoning)
Current Use of Property	Site contains five, one-bedroom units. Operated as affordable housing by the City, with rents substantially below market rate to qualify Daly City households.

## ACQUISITION & VALUATION INFORMATION

Date of Acquisition by RDA	2007
Purchase Price	\$904,669
Purpose of Acquisition	Apartment building, providing affordable housing to qualifying Daly City residents.
Estimate of Current Value	\$362,250
Method of Valuation	Comparable Sales Evaluation (March 2015)

## EXISTING CONDITIONS & HISTORY OF DEVELOPMENT

Leases or Property Income, including contractual requirements	Collective rental income to City of \$4,250/month (\$51,000/year).  As of ROPS 14-115B filing, approximately \$1.17 million remains outstanding on the HELP loan enforceable obligation associated with this property. <b><u>Repayment of the HELP sinking loan fund appears on the DOF-approved ROPS.</u></b>
Environmental Conditions	There are no known adverse environmental conditions affecting this property.
Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency	Site is not well-suited for transit oriented development. The property is not in proximity to a BART station, nor does site have key arterial or highway access.  Utilizing the site for affordable housing meets a number of the Agency's goals and objectives outlined in the Implementation Plan (adopted June 2011), primarily the provision of affordable housing. <sup>7</sup>
History of Development Activities and Proposals	Original structure built in 1953 as an apartment building. City obtained a \$904,670 HELP (Housing Enabled by Local Partnerships) State Housing Finance Agency loan in 2007, which has a payoff date of 2017. The Redevelopment Agency utilized these monies to acquire the property.

## DISPOSITION PLAN

**Staff recommends use of the property by the Successor Agency for the fulfillment of enforceable obligations outlined above (repayment of HELP loan). After such time (estimated in 2017), the property is proposed for retention by the City for future development. Health and Safety Code Section 34191.5 (c) (2)(A) allows for the City to retain title to property for development that is included in an approved redevelopment plan. The future development of the property by the City is consistent with the approved Redevelopment Plan as noted above. The City intends to enter into compensation agreements with affected taxing entities for the subject property pursuant to Health and Safety Code section 34180 (f).**

<sup>7</sup> See adopted Implementation Plan pages 4,6,19,26-35,37-39, 41-43, 45 for discussion of affordable housing community needs and corresponding activities

**Property #6: Pacific Plaza – Phase III Office Site**





## PARCEL DATA

Address	2121 Junipero Serra Boulevard
Assessor's Parcel Number(s)	002-352-200; 002-352-240; 002-342-100; 002-352-160; 002-352-210; 002-352-220; 002-352-230; 002-352-250; 002-352-290; 002-352-310; 002-342-260
Property Size	+/-103,000 sf (2.36 acres)
Zoning and General Plan Classifications	Retail and Office (General Plan); PD-54 (Zoning)
Current Use of Property	Northern portion (about 38,000 sf) of site is paved and used for parking. Southerly portion (about 65,000 sf) is located south of Westlake Avenue and contains miscellaneous commercial and mixed use structures, one of which is currently occupied by the Philipino Bayanihan Resource Center (PBRC). The City also utilizes a portion of one building for records storage. Second floor not in habitable condition.

## ACQUISITION & VALUATION INFORMATION

Date of Acquisition by RDA	2003
Purchase Price	\$3,331,923
Purpose of Acquisition	Office development, with corollary parking structure construction.
Estimate of Current Value	\$2,270,750
Method of Valuation	Comparable Sales Evaluation (March 2015)

## EXISTING CONDITIONS & HISTORY OF DEVELOPMENT

Leases or Property Income, including contractual requirements	The City receives \$1/mo rent for the PBRC occupancy.
Environmental Conditions	The property was the subject of environmental remediation. Most recently, a 2009 Ground Water Protection Program (GPP) was reviewed and approved by the San Mateo County Health System Department, Ground Water Protection Program. This report analyzed concentrations of arsenic, chromium and vanadium in clearance samples gathered in 2007 on the southern parcels of this site. The results indicated that the remaining concentrations were within the range of naturally-occurring concentrations, and no further action was required. Similar testing of surface soils on the northern parcels has been requested by the County (personal communication with Jacob Madden, Hazardous Materials Specialist, August 2013) to ensure that concentrations of arsenic, mercury and cadmium are within acceptable, naturally-occurring levels or determine if "hot spot" removal of surface soils may be needed. This can be accomplished with a Soils Management Plan, to be filed with the County.

<p>Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency</p>	<p>Valuable site for transit oriented development due to proximity to Daly City BART Station (less than one-quarter mile to the north along Junipero Serra Boulevard) , property frontage Junipero Serra Boulevard (arterial street) and along I-280, combined with convenient local bus service.</p> <p>Development of office on the site is explicitly delineated<sup>8</sup> and meets a number of the Agency’s goals and objectives outlined in the Implementation Plan (adopted June 2011), including the creation of quality, living-wage jobs and support of increased commerce on Mission Street and Junipero Serra Boulevard.<sup>9</sup></p>
<p>History of Development Activities and Proposals</p>	<p>The site is Phase III of the Pacific Plaza project (approved under PD-54 and a Development and Disposition Agreement in 1999), with the initial two phases (20-screen movie theater, an initial office tower and two parking garages) built as part of Phase I and II. The Phase III office would consist of 270,000 sq ft of office development in an 8-story building and extension of the Phase I parking garage with an additional 780 spaces. The site is regulated by a Planned Development, and the Pacific Plaza project was addressed under a Development and Disposition Agreement (DDA), which applies to the remaining Office and parking garage phases of the project (including for reciprocal access and parking with Phase I development). The City has received several inquiries about the property in recent months to continue development based on the DDA.</p> <p>Final Design Review and Master Sign Plan applies.</p>

**RECOMMENDED DISPOSITION PLAN**

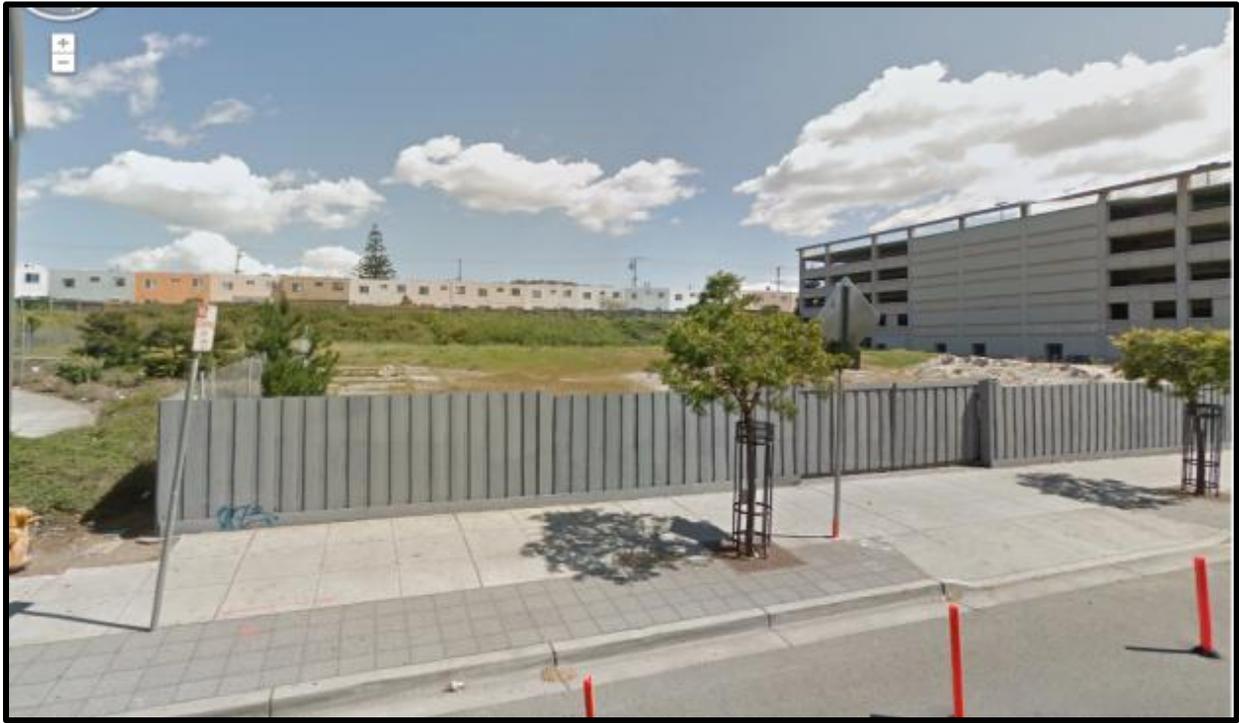
**Staff recommends retention of the property for future development, allowing for construction of the remaining Phase III of the Pacific Plaza development pursuant to the approved Planned Development and the Development and Disposition Agreement for the property.**

**Health and Safety Code Section 34191.5 (c) (2)(A) allows for the City to retain title to property for development that is included in an approved redevelopment plan. The future development of the property by the City is consistent with the approved Redevelopment Plan as noted above. The City intends to enter into compensation agreements with affected taxing entities for the subject property pursuant to Health and Safety Code section 34180 (f).**

<sup>8</sup> See adopted Implementation Plan pages 4,9,15-19 for explicit discussion of Pacific Plaza Project

<sup>9</sup> See adopted Implementation Plan page 15 for discussion of quality job creation and increased commerce on Mission Street and Junipero Serra Boulevard

**Property #7: Pacific Plaza – Hotel Site**



## PARCEL DATA

Address	East side, Junipero Serra Blvd, south of John Daly Blvd
Assessor's Parcel Number(s)	002-292-310
Property Size	55,012 sf (1.26 acres)
Zoning and General Plan Classifications	Retail and Office (General Plan); PD-54 (Zoning)
Current Use of Property	Site is undeveloped and unpaved, though occasionally used for City-approved temporary parking.

## ACQUISITION & VALUATION INFORMATION

Date of Acquisition by RDA	2003
Purchase Price	\$2,500,000
Purpose of Acquisition	Hotel and Conference Center development.
Estimate of Current Value	\$1,260,868
Method of Valuation	Comparable Sales Evaluation (March 2015)

## EXISTING CONDITIONS & HISTORY OF DEVELOPMENT

Leases or Property Income, including contractual requirements	None.
Environmental Conditions	There are no known adverse environmental conditions affecting this property.
Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency	<p>Valuable site for transit oriented development due to proximity to Daly City BART Station (adjoins BART parking lot to the north along Junipero Serra Boulevard) , property frontage Junipero Serra Boulevard (arterial street) and along I-280, combined with convenient local bus service.</p> <p>Development of hotel on the site is explicitly delineated<sup>10</sup> and meets a number of the Agency's goals and objectives outlined in the Implementation Plan (adopted June 2011), including the creation of quality, living-wage jobs and support of increased commerce on Mission Street and Junipero Serra Boulevard.<sup>11</sup></p>
History of Development Activities and Proposals	The site is the final phase of the Pacific Plaza project (approved under PD-54 and a Development and Disposition Agreement in 1999), with the two phases (20-screen movie theater, an initial office tower and two parking garages) built as part of Phase I and II. The final phase would consist of a 10-story hotel with parking garage for an additional 780 spaces. The site is regulated by the approved Planned

<sup>10</sup> See adopted Implementation Plan pages 4,9,15-19 for explicit discussion of Pacific Plaza Project

<sup>11</sup> See adopted Implementation Plan page 15 for discussion of quality job creation and increased commerce on Mission Street and Junipero Serra Boulevard

	<p>Development, and was approved under a Development and Disposition Agreement (DDA), which applies to the remaining Office and Hotel phases of the project, including for reciprocal access and parking with the Phase I development. The City has received several inquiries about the property in recent months to pursue development.</p> <p>Final Design Review and Master Sign Plan requirements apply to future development of the site.</p>
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**DISPOSITION PLAN**

**Staff recommends retention of the property for future development, allowing for construction of the remaining Hotel Site of the Pacific Plaza development pursuant to the approved Planned Development and the Development and Disposition Agreement for the property.**

**Health and Safety Code Section 34191.5 (c) (2)(A) allows for the City to retain title to property for development that is included in an approved redevelopment plan. The future development of the property by the City is consistent with the approved Redevelopment Plan as noted above. The City intends to enter into compensation agreements with affected taxing entities for the subject property pursuant to Health and Safety Code section 34180 (f).**

**Property #8: Landmark Plaza – Phase II Mixed Use Site**





#### PARCEL DATA

Address	6601 Mission Street
Assessor's Parcel Number(s)	003-224-100
Property Size	11,561 sf (0.27 acres); irregular-shaped lot at corner of Hillside Boulevard and Mission Street
Zoning and General Plan Classifications	Commercial-Mixed Use (General Plan); PD-59 (Zoning)
Current Use of Property	Site is undeveloped, though terms of applicable DDA identify planned interim public plaza use.

#### ACQUISITION & VALUATION INFORMATION

Date of Acquisition by RDA	1980
Purchase Price	\$478,883
Purpose of Acquisition	Office development, with corollary parking.
Estimate of Current Value	\$267,940
Method of Valuation	Comparable Sales Evaluation (March 2015)

#### EXISTING CONDITIONS & HISTORY OF DEVELOPMENT

Leases or Property Income, including contractual requirements	None.
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Environmental Conditions	There are no known adverse environmental conditions affecting this property.
Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency	<p>The site holds potential for transit oriented development, given its location along a key City arterial roadway (Mission Street) at John Daly Boulevard, and is one-quarter west of the Daly City BART Station, with available public transit hubs by the site.</p> <p>Development of office on the site is explicitly delineated<sup>12</sup> and meets a number of the Agency’s goals and objectives outlined in the Implementation Plan (adopted June 2011), including the creation of quality, living-wage jobs and support of increased commerce on Mission Street and Junipero Serra Boulevard.<sup>13</sup></p>
History of Development Activities and Proposals	<p>Planned Development PD-59 and a Development and Disposition Agreement (DDA) were entered into with developer and the RDA in 2005, with subsequent amendments through 2010. Phase I (95 residential units, including affordable rent-controlled units, plus ground-floor retail; garage parking) was completed in 2008; Phase II is pending for this corner, triangular-shaped parcel (approved for development of a seven-story office tower, ground-floor retail space and completion of additional parking on the Phase II site and within the existing parking garage constructed under Phase I development). The owner/operator of the adjoining 88 Hillside project, Equity Residential, has a first right of refusal for purchase of the property through 2103 under the terms of the DDA, and has expressed interest to staff in pursuing site development.</p> <p>The Phase II Property will be improved with approximately 65,500 net square feet of office, 9,000 square feet of retail space and 39 finished parking spaces and 142 unfinished parking spaces (in the adjoining parking garage).</p> <p>The developer will construct a plaza with general landscaping and other improvements on the Phase II site (Office/Retail Building site), as ‘temporary’ improvements until development occurs. These improvements will be of high architectural quality, shall be well landscaped, and shall be effectively and aesthetically designed.</p>

**DISPOSITION PLAN**

**Staff recommends retention of the property to allow for construction of the remaining Phase II of the Landmark development, pursuant to the approved Planned Development for the site and the active Development and Disposition Agreement.**

<sup>12</sup> See adopted Implementation Plan pages 9,15,17,40,43,44 for explicit discussion of Landmark Project

<sup>13</sup> See adopted Implementation Plan page 15 for discussion of quality job creation and increased commerce on Mission Street and Junipero Serra Boulevard

**Health and Safety Code Section 34191.5 (c) (2)(A) allows for the City to retain title to property for development that is included in an approved redevelopment plan. The future development of the property by the City is consistent with the approved Redevelopment Plan as noted above. The City intends to enter into compensation agreements with affected taxing entities for the subject property pursuant to Health and Safety Code section 34180 (f).**

**Property #9: Geneva Library Site**



**PARCEL DATA**

Address	2960 Geneva Avenue
Assessor's Parcel Number(s)	005-124-060
Property Size	5,000 sq ft (0.11 acres)
Zoning and General Plan Classifications	Commercial-Mixed Use (General Plan); Light Commercial, C-1 (Zoning)
Current Use of Property	Former library building; 1,831 sq ft wood frame construction of uncertain age. Building currently used by Daly City Police Department for records storage.

**ACQUISITION & VALUATION INFORMATION**

Date of Acquisition by RDA	2005
Purchase Price	\$260,000
Purpose of Acquisition	Public Library.
Estimate of Current Value	\$117,410
Method of Valuation	Comparable Sales Evaluation (March 2015)

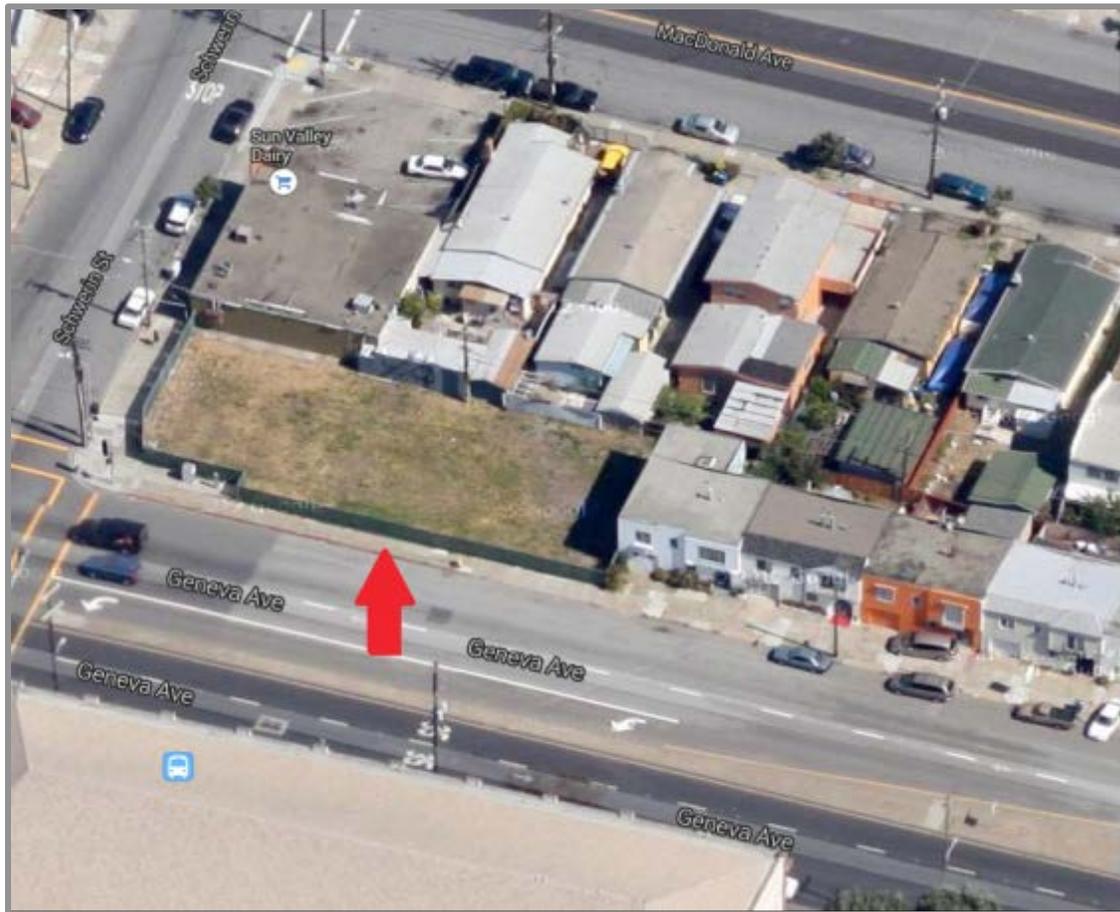
## EXISTING CONDITIONS & HISTORY OF DEVELOPMENT

Leases or Property Income, including contractual requirements	None.
Environmental Conditions	There are no known adverse environmental conditions affecting this property.
Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency	<p>The site is not well-suited for transit oriented development. The site is not in proximity to a BART station, though the site is located on Geneva Avenue, a key area arterial.</p> <p>Future sale and potential development on the site may meet a number of the Agency’s goals and objectives as outlined in approved Redevelopment Plan documentation, including the promotion of commercial development in areas identified as suitable in the City’s General Plan.</p>
History of Development Activities and Proposals	None.

## DISPOSITION PLAN

**Staff recommends disposition (sale) of this property in an expeditious manner at a date to be determined for a sale price aimed at maximizing value, consistent with fair market value. Revenue generated from the sale of this property is proposed to be distributed to affected taxing agencies in proportion to their share of the base property tax generated by the property pursuant to AB 1484.**

**Property #10: Geneva Fire Station Site**



**PARCEL DATA**

Address	3001 Geneva Avenue
Assessor’s Parcel Number(s)	005-072-310
Property Size	6,144 sq ft (0.14 acres)
Zoning and General Plan Classifications	Residential – Medium Low (General Plan); Unzoned, U (Zoning)
Current Use of Property	Vacant site; former fire station was demolished by City.

**ACQUISITION & VALUATION INFORMATION**

Date of Acquisition by RDA	2000
Purchase Price	\$135,000
Purpose of Acquisition	Fire Station
Estimate of Current Value	\$143,640
Method of Valuation	Comparable Sales Evaluation (March 2015)

## EXISTING CONDITIONS & HISTORY OF DEVELOPMENT

Leases or Property Income, including contractual requirements	None.
Environmental Conditions	There are no known adverse environmental conditions affecting this property.
Potential for Transit Oriented Development and Advancement of Planning Objectives of the Successor Agency	<p>The site is not well-suited for transit oriented development. The site is not in proximity to a BART station, though the site is located on Geneva Avenue, a key area arterial.</p> <p>Future sale and potential development on the site may meet a number of the Agency’s goals and objectives as outlined in approved Redevelopment Plan documentation, including the elimination of instances of physical blight within the Project Area wherever possible by improving the area’s economic base and preserving and enhancing residential areas.<sup>14</sup></p>
History of Development Activities and Proposals	Fire station.

## DISPOSITION PLAN

**Staff recommends disposition (sale) of this property in an expeditious manner at a date to be determined for a sale price aimed at maximizing value, consistent with fair market value. Revenue generated from the sale of this property is proposed to be distributed to affected taxing agencies in proportion to their share of the base property tax generated by the property pursuant to AB 1484.**

<sup>14</sup> See adopted Implementation Plan page 15 for discussion of quality job creation and increased commerce on Mission Street and Junipero Serra Boulevard

## Reference: Health and Safety Code (HSC) Sec 34191.5

### California HSC Sec 34191.5 (Long Range Property Management Plans)

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking

revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

## **Attachments**

- 1. Adopted Implementation Plan: Mission Street – Junipero Serra Boulevard Commercial Business District Redevelopment Project Area 2011-2015**
- 2. Adopted Implementation Plan: Bayshore Redevelopment Project Area 2010-2014**
- 3. Comparable Sales Evaluations – Properties # 5-10**

Attachment 1.

Adopted Implementation Plan: Mission Street – Junipero Serra Boulevard Commercial Business District Redevelopment Project  
Area 2011-2015



**MISSION STREET - JUNIPERO SERRA  
BOULEVARD COMMERCIAL BUSINESS  
DISTRICT  
REDEVELOPMENT PROJECT AREA**

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**IMPLEMENTATION PLAN**

**(JANUARY 1, 2011 THROUGH DECEMBER 31, 2015)**

**MISSION STREET-JUNIPERO SERRA BOULEVARD  
COMMERCIAL BUSINESS DISTRICT  
REDEVELOPMENT PROJECT AREA**

**IMPLEMENTATION PLAN  
(JANUARY 1, 2011, THROUGH DECEMBER 31, 2015)**

## A. INTRODUCTION

Assembly Bill 1290 (Isenberg) was signed by Governor Pete Wilson on October 6, 1993 and went into effect on January 1, 1994. This bill, entitled the Community Redevelopment Law Reform Act of 1993, was authored by Assemblyman Phil Isenberg and sponsored by the California Redevelopment Association (CRA) to address perceived abuses and problems in redevelopment practice by focusing the efforts of redevelopment agencies. Among other things, this law added Health and Safety Code Section 33490 to the Community Redevelopment Law (CRL), which requires adoption of an Implementation Plan that clearly outlines the goals and objectives of redevelopment agencies and addresses meeting the affordable housing requirement in a timely manner.

Pursuant to Section 33490, the Daly City Redevelopment Agency adopted five year Implementation Plans for the Mission Street Junipero Serra Boulevard Commercial Business District Project Area in December 1994 for the period of 1995–2000, in 2001 for the years 2001-2005 and in 2007 for the years 2006-2010. The following plan provides an updated implementation plan for the years through 2015...

As required by Section 33490, this Implementation Plan describes:

1. The specific goals and objectives of the Daly City Redevelopment Agency;
2. The projected redevelopment projects and expenditures scheduled for the next five years; and
3. How these proposed projects and programs will cure blight and meet the Agency's low and moderate income housing requirement.
4. How the Agency will comply, prior to the time limit on the effectiveness of the redevelopment plan, with the CRL as it pertains to project area housing and disposition of remaining moneys in the Low and Moderate Income Housing Fund.

This Implementation Plan is designed to guide the Agency's efforts in eliminating blighting conditions in the Project Area while meeting other Agency objectives as required by the CRL. In effect, the Implementation Plan is a general plan of action for a specific time period of the Redevelopment Project, providing the Agency with flexibility to adjust to changing circumstances and new opportunities. As required by Section 33413 of the CRL, this Implementation Plan also includes the Agency's Housing Production Plan, known as the AB 315 Plan. The AB315 Plan addresses specific questions regarding low and moderate income housing requirements and the expenditure of the Housing Fund to meet these objectives.

Because implementation plans are intended to be program level documents, the implementation of specific projects and activities over the five year period may vary in timing, location, cost, expenditure, scope, and content from what is set forth in this document. As unforeseen constraints and opportunities will most likely arise while undertaking this program, the Agency will use this Implementation Plan as a flexible guide. The subsequent sections of this plan are summarized as follows:

- **Section B** - Background - establishment & time thresholds of Project Area

- **Section C** - Description of the Redevelopment Project Area
- **Section D** - Goals and Objectives of the Redevelopment Plan
- **Section E** - Description of blighting conditions in the Project Area
- **Section F** - Summary of the five year action program for non-housing activities
- **Sections G through L** - Agency’s housing obligations, production goals, activities, and proposed schedule of expenditures, and includes the Agency’s Affordable Housing Production Plan (also known as the AB315 Plan).

## **B. BACKGROUND**

Between 1971 and 1976 Daly City initiated creation of a redevelopment project area along Mission Street and Junipero Serra Blvd. In November of 1976 the Redevelopment Plan was adopted.

The following table shows the sequence of Agency actions and resulting changes to the time limits.

**Table 1**  
**Agency Actions and Expiration Dates**

<u><b>Agency Actions</b></u>	
Establishment of Project Area (Ordinance 830)	11/22/1976
1 <sup>st</sup> Redevelopment Plan Amendment (Ordinance 1092)	12/27/1988
2 <sup>nd</sup> Redevelopment Plan Amendment (Ordinance 1210)	12/12/1994
3 <sup>rd</sup> Redevelopment Plan Amendment (Ordinance 1281)	11/13/2000
<u><b>Resulting Actions</b></u>	
Expiration of Redevelopment Plan	11/21/2016
Expiration for Incurrence of Debt	12/31/2008
Expiration of Eminent Domain Authority	12/27/2012
Expiration for Repayment of Indebtedness	12/27/2026

## **C. PROJECT AREA DESCRIPTION**

The Project consists of two non-contiguous neighborhood areas; the Mission Street Project Area and the Junipero Serra Project Area. The Mission Street area generally runs from the Daly

City/San Francisco city boundary to the north and about ¼ mile past Market St. to the south. The east/west project limits are generally less than one block distant on either side of Mission St. The Junipero Serra Project Area runs along Junipero Serra Blvd. from John Daly Blvd. to the north and approximately to Citrus Ave. to the south. The east/west project limits are from Junipero Serra Blvd. on the west and extend easterly up to, but **do not include** the residential property along Niantic Ave. to the east.

The boundaries of these two Project Areas are shown in Figure 1 on the next page.

The Mission Street area is a heavily trafficked commercial corridor characterized by an abundance of small commercial buildings constructed during the first half of the 20<sup>th</sup> Century. Many of these properties are on small land parcels with twenty-five foot frontages. They are primarily a mix of one and two story buildings with the second story being residential or office uses. There are also several used car lots or other low site coverage land uses along Mission Street.

The Junipero Serra area is substantially built out with the first two phases of the Pacific Plaza redevelopment project. The proposed phase III area will be developed with another office building and parking garage when supported by the market. Existing properties on the phase III land area are older commercial buildings with physical and functional obsolescence. Just north of Pacific Plaza, within the Junipero Serra project area, is vacant land where the Agency is planning for future hotel development.

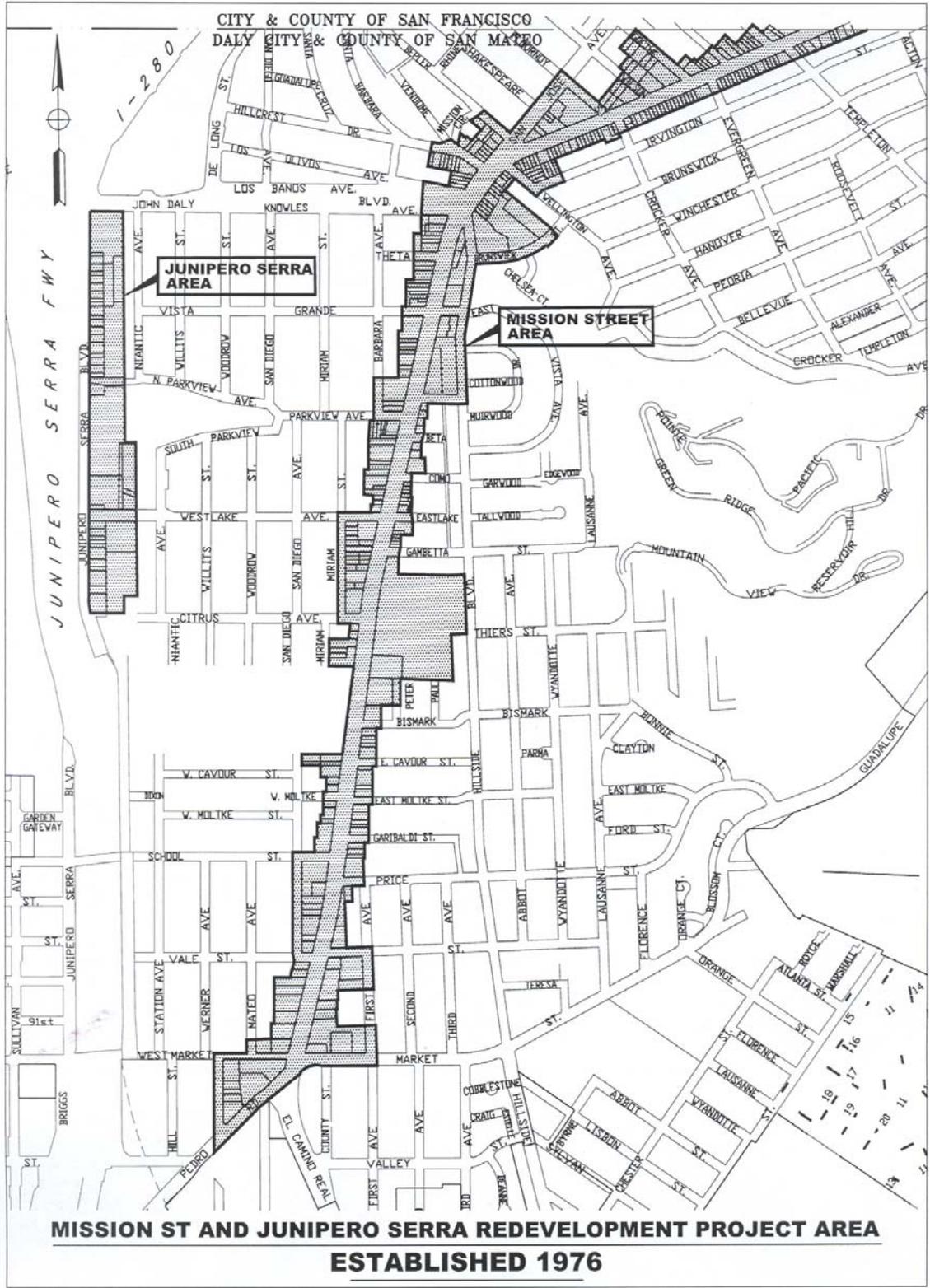


Figure 1

## **D. GOALS & OBJECTIVES**

### **Overview and Purpose:**

With the conditions of blight identified and time limits set for the Agency to cure these conditions, the CRL requires specific goals and objectives to cure identified blight within the time limits set by the Redevelopment Plan.

The 1988 Amended Redevelopment Plan set specific goals and objectives that addressed the intent of redevelopment law. Although the current redevelopment law has clarified the intended actions of redevelopment agencies, the objectives originally specified in 1988 and with subsequent Implementation Plans are still applicable with a few modifications. The following goals are derived from the priorities stated in the Redevelopment Plan to promote the elimination of blight and revitalization of the Project Area.

### **Major Goals:**

- A. Facilitate economic development, stimulate and attract private investment, and create employment opportunities for Daly City Residents.
- B. Improve infrastructure and public facilities.
- C. Improve Mission Street as a commercial corridor to meet community needs for retail and business services, housing and transit opportunities while preserving its cultural qualities, diversity and neighborhood business character.
- D. Promote affordable housing development through compliance with State laws and Agency-sponsored programs and development.
- E. Encourage and support community participation in the redevelopment process.

### **Specific Objectives:**

The following objectives are intended to provide a framework for efforts to attain the goals outlined above.

1. Continue marketing program to attract new business and generate revenue while avoiding the wholesale displacement of existing businesses and gentrification.
2. Establish land use and zoning policies that focus on economic revitalization of the Project Area. Land uses should include:
  - Those which add to the vitality of the Project Area.
  - Those desired by the community at large.
  - Those with economic endurance and that have the potential to provide long-term economic benefit.

- Those catering to the health and cultural benefit of the neighborhood.
  - Those which do not contribute to furthering blighted conditions in the Project Area.
  - Those that provide a significant economic benefit in terms of job creation and increased commerce in the Project Area.
3. Zoning considerations should include:
- The requirement of larger parcel sizes to encourage the assembly of small and irregular lots.
  - Density and height restrictions that vary by specific zones within the Project Area.
  - A provision for parking in-lieu fees or modified parking standards, where appropriate, for commercial and mixed-use development.
  - Those uses that provide a significant economic benefit in terms of job creation and increased commerce on Mission Street.
  - Rezoning the Mission Street corridor to Commercial Mixed-Use (C/MU) as an implementation measure of the City's Draft Land Use Element (expected adoption in 2012). The rezoning would provide regulations tailored to Mission Street in anticipation of a mixed-use development pattern likely emerge in the corridor over the next 20 to 30 years. Some of the key components of the new C/MU designation would be increased building height, reduced or modified parking requirements, and the removal of regulatory hurdles for residential and commercial mixed-use developments if certain performance standards are met. Additional policies include incentives for lot mergers such as increased building height or densities.
  - Establish minimum square footage requirements for commercial space at the ground level.
4. Establish a land acquisition policy that focuses on those properties and uses that improve community comfort, diversity and well-being. This includes establishing a provision to acquire adequate land for parking and open spaces.
5. An increase the minimum property sizes in the zoning for Mission Street, thereby restricting the ability of existing sites within this zone to subdivide below the established minimum lot size as a means to promote the construction of mixed-use and/or higher density multifamily development. This is a task identified in the City's Draft Land Use Element.
6. Develop a lot merger incentive allowance in the Zoning Ordinance whereby property owners electing to merge two or more adjacent lots for the purpose of development are provided specific incentives to do so. The incentive program shall establish incentives that are significant enough to promote voluntary lot mergers of lots that meet a minimum threshold size and shall be commensurate with the size of the parcels being merged and/or created. This is a task identified in the City's Draft Land Use Element.
7. Establish and implement performance criteria to assure high quality site design standards, promote environmental quality, green building standards and other design elements that

create unity and integrity in the Project Area. The Mission Street Urban Design Plan should be reviewed and re-evaluated to further this objective.

8. Develop and implement an overall parking strategy to serve businesses on Mission Street and Junipero Serra Boulevard. The strategy should include an evaluation of existing conditions and a variety of potential solutions including, but not limited to, parking in-lieu fees, modified parking standards for new development, modifications to on-street parking regulations, and cooperation with public transit agencies.
9. Continue to implement the Façade Improvement Program (FIP) for those uses that have the highest potential of contributing to the cultural and economic vitality of the community and look at ways to increase participation in the program.
10. Provide code enforcement and strengthen sign enforcement, while requiring more aesthetic and pedestrian-oriented sign regulations. This should include codifying the recommendations in the Mission Street Urban Design Plan.
11. Provide expanded opportunities for participation by owners and tenants in the revitalization of their properties.
12. Facilitate the installation of adequate and appropriate street lighting, signage, landscaping, bus stop/shelter improvements and sidewalk improvements, pedestrian crosswalks and other public infrastructure improvements to make Mission Street safer and more pedestrian and transit friendly.
13. Create an attractive, safe plaza with adequate bus shelters and convenient kiosks on the west side of Mission Street to the north of John Daly Boulevard.
14. Preserve historically and architecturally significant structures.
15. Incorporate policies in the General Plan update that reflect the goals and objectives of the Mission Street-Junipero Serra Boulevard Redevelopment Project Implementation Plan emphasizing Mission Street as a transit corridor.

## **E. PROJECT AREA BLIGHTING CONDITIONS AND ELIMINATION OF BLIGHT**

The Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area is a predominately urbanized area which followed an original pattern of land subdivision started in the early 1900's and is characterized by very small lots (2,500 square feet) with twenty five foot frontages at mid-block locations and larger lots at street intersections.

During the course of the Redevelopment Project, a number of the smaller lots have been consolidated to create larger parcels, which have accommodated new development. Examples of these include the Mission Plaza Shopping Center, Schoolhouse Station and Vista Grande

housing, the 6644 Mission Street commercial building, the Mission and Como and Mission and Eastlake buildings, the Walgreens store at Mission and Goethe, Pacific Plaza at Junipero Serra Boulevard, and more recently the Landmark Plaza and Hillcrest Gardens projects.

Remaining small, underutilized or functionally obsolete properties are held by a wide range of ownership entities, or are encumbered with long-term leases. Existing business/retail spaces are typically functionally obsolete, inhibiting re-investment and occasionally characterized by deferred maintenance. The Mission Street business district experiences higher than average business turnover, when compared to nearby San Mateo County cities. All of the above factors have hindered effective redevelopment of the area.

A recent example of the Agency's effort to redevelop underutilized parcels is the acquisition of 7555 Mission Street, which is outside the project area boundaries and close to the Colma Bart station. The Agency negotiated the purchase of the property that contained a used car lot, automobile repair business and car rental business. In 2009 the Agency entered into a Disposition and Development Agreement with Habitat for Humanity Greater San Francisco to develop 36-condominium units. The units will be affordable to households with incomes at or below 60 percent of the area median income established by the U.S. Department of Housing and Urban Development (HUD). Relocation of existing tenants at 7555 Mission Street was completed in April, 2010 Construction of the new housing units began in August 2010 and should be completed by 2013.

The lack of street frontage and sufficient parking have caused the underutilization of many sites along Mission Street. This is exemplified by many properties with low site coverage and vacant or underutilized lots. There are currently over a dozen such properties with a total gross land area of approximately three acres. There are also an additional number of underutilized buildings on Mission Street. This occurs when buildings become old and dilapidated and reach the end of their physical and economic life. Consequently, replacing the existing use with an alternative higher and better use generates greater economic benefits to the property as well as surrounding properties.

Most existing improvements on Mission Street would not meet current building code standards if built today. The lack of fire sprinklers and other safety measures in many older properties have contributed to hazardous conditions.

In 1988, the City Council adopted an amended redevelopment plan for the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area. At that time, the Council made findings that conditions of blight, as defined in the California Redevelopment Law (Health and Safety Code Section 33000 et.seq.), exist in the project area. Since 1988, several of these blighting influences have been removed, with the completion of redevelopment activities such as the Pacific Plaza (Phases I & II), Mission Plaza, School House Station and Vista Grande Family apartments. These projects have resulted in the reduction of public safety problems, removal of certain deteriorated buildings, environmental hazards and improved utilization of property in these commercial corridors.

The Implementation Plan is required to provide an explanation of how the objectives, programs and expenditures for the next five years will serve to eliminate blight in the Project Area. This section provides a discussion of blighting conditions in the Project Area. In summary, eight of the nine blighting conditions, as defined by California Redevelopment Law, currently exist in the Project Area:

## **1. ADVERSE PHYSICAL CONDITIONS**

- **Deficient or Deteriorated Buildings:** a relatively large number of aging, obsolete, and physically deteriorated commercial buildings are located in the Project Area. These buildings show the effects of deferred maintenance and functional obsolescence and include buildings with unreinforced masonry that are subject to earthquake damage.
- **Factors that Inhibit Proper Use of Buildings or Lots:** these include underutilized properties with functional deficiencies characteristic of substandard building design, poor site planning, lack of parking, and other factors.
- **Incompatible Uses:** examples of this condition include vacant or underutilized lots contiguous to medium density development or auto repair facilities adjacent to mixed-use residential retail and restaurant uses.
- **Substandard Lots:** as stated, much of the underutilized land is under multiple ownerships, with many lots having inadequate size and functional utility.

## **2. ADVERSE ECONOMIC CONDITIONS**

- **Depreciated or stagnant values or impaired investments** are demonstrated by limited or declining revenue from underperforming businesses as well as properties with hazardous materials.
- **Reduced rental income and high turnover** along with an excessive number of vacant lots has caused a lack of incentive to maintain or upgrade properties and has limited vital commercial growth along Mission Street.
- **There remains a lack of commercial facilities** typically found in economically vibrant neighborhoods. Businesses that lack market support for their product or service are often characterized by having goods and services that are uncomplimentary or have limited appeal to the community at large. This is not to say that specialty shops cannot do well on Mission Street. In fact there are numerous examples of such businesses.
- **An unappealing, unsafe shopping environment** caused by an excess number of bars and liquor stores, or other businesses that cater exclusively to adults should be avoided.

### In Summary:

As discussed in the Five-Year Action Program below, the Redevelopment Program for the Project Area will help alleviate identified blighting conditions. The Action Program describes the deficiencies to be corrected by projects proposed for the first five years of the Plan. The five-year action program will continue the process of improving the area and alleviating those blighting conditions. Figure 2 is a matrix of the Agency's goals and the relationship to the elimination of blight conditions. These goals address all of the conditions of blight (except crime rate) as defined in California Redevelopment Law. The Project Area, at this time, does

not represent a high crime and safety risk when compared to the rest of the City. Overall, each of the above goals in this table is consistent with and conforms to the current redevelopment law.

During the prospective Implementation Planning Period, Agency activities will focus on the following conditions that continue to exist in the project area:

1. Buildings in which it is unsafe or unhealthy for persons to live or work.
2. Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots.
3. Uses that are incompatible with each other and which prevent the economic development of these parcels or other portions of the Project Area.
4. Subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.
5. Land uses that protect the safety, health and cultural benefit of the community.

**Figure 2**  
**DALY CITY REDEVELOPMENT AGENCY**  
**FIVE YEAR IMPLEMENTATION PLAN**  
**2011-2015**

**MATRIX OF OBJECTIVES & BLIGHT CONDITIONS**

Specific Objectives	PHYSICAL CONDITIONS				ECONOMIC CONDITIONS			Infra-structure
	Unsafe Buildings	Underutilized Property	Incompatible Uses	Substandard Lots	Low value Hazardous waste	Economically Obsolete	Uses that Limit Commerce	Inadequate Public Improvements
1. Marketing Program / Business Attraction	√	√	√	√		√	√	
2. Land Use & Zoning		√	√	√	√		√	
3. Land Acquisition Policy		√	√	√	√	√		√
4. Implement performance criteria for site design.	√	√	√		√			
5. Implementation of a parking strategy		√	√		√			√
6. Continued implementation of FIP		√	√		√	√		
7. Code enforcement		√	√		√	√		
8. Provide opportunities for participation by owners and tenants in revitalizing their property.	√	√	√	√	√	√		
9. Make public infrastructure improvements for safety & commercial growth.		√	√	√	√	√		
10. Preserve historic and architecturally significant structures.	√	√						

## **F. FIVE-YEAR ACTION PROGRAM FOR NON-HOUSING REDEVELOPMENT ACTIVITIES**

This section describes the proposed Non-Housing Redevelopment Program, including the deficiencies to be corrected, project descriptions, and the estimated project costs. As they are implemented, these projects may be modified over time to better serve the purposes of redevelopment. The cost estimates are preliminary and subject to refinement as the Redevelopment Program planning and implementation proceed. Some of these projects may not be completed within the first five years of the Redevelopment Program, and thus, related costs may not be incurred in the first five years. These activities are grouped in the following categories:

- Planning
- Economic Development
- Building Rehabilitation
- Circulation and Landscaping
- Public Facilities and Infrastructure
- Site Preparation and Development
- Estimate of Agency Expenditures
- Five-Year Implementation Plan Revenues

### **1. PLANNING**

#### **a. Background**

Since adoption of the last Five-Year Implementation Plan for the Mission-Junipero Serra Redevelopment Area, many planning activities have occurred.

In 2007, the Mission Street corridor was established as a Priority Development Area through the FOCUS program. The area includes the Mission Street corridor and the portion of Junipero Serra Boulevard that is within the Mission Street-Junipero Serra Boulevard Redevelopment Project Area, and the Daly City portion of the area surrounding the Colma BART station. FOCUS is a multi-agency, regional planning program that builds upon regionally adopted smart growth policies and related programs. Local governments in the nine county San Francisco Bay Area were invited to apply for regional designation of an area within their community as a priority development area. In return, designated priority development areas will have the opportunity to apply for regional incentives and technical assistance.

In November 2008, the City of Daly City, in collaboration with the San Mateo Chapter of the American Institute of Architects, conducted a full-day design charrette. The Mission Street Urban Design Charrette focused on revitalizing the Mission Street corridor in Daly City. The study area extended from Flournoy Street/Crocker Avenue on the north to San Pedro Road/East Market Street on the south. It focused on how this major transportation corridor could be enhanced and made more vibrant while blending harmoniously with the residential areas on either side. The study area stretched approximately a mile and a third in length and presented many unique challenges and opportunities for the designers.

The comprehensive update of the City's General Plan is currently underway. Much of the focus of the Draft Housing and Land Use Elements has been how to encourage and accommodate higher densities along the Mission Street corridor. As a result, many policies have been established. The most significant of those policies is to rezone Mission Street to a new Commercial Mixed-Use (C/MU) designation. In the past, Mission Street had been zoned C-1 (Light Commercial), which is more suited to suburban commercial developments. Some of the key components of the new C/MU designation would be increased building height, reduced or modified parking requirements, and the removal of regulatory hurdles for residential and commercial mixed-use developments if certain performance standards are met. Additional policies include incentives for lot mergers such as increased building height or densities.

The City of Daly City continues to be an active participant in the Grand Boulevard Initiative. The Grand Boulevard is a collaboration of 19 cities, counties, local and regional agencies united to improve the performance, safety and aesthetics of El Camino Real. Starting at the northern Daly City city limit (where it is named Mission Street) and ending near the Diridon Caltrain Station in central San Jose (where it is named The Alameda), the initiative brings together for the first time all of the agencies having responsibility for the condition, use and performance of the street. The Grand Boulevard Guiding Principles have been adopted by the City of Daly City. The Guiding Principles define the GBI vision, that "El Camino Real will achieve its full potential for residents to work, live, shop, and play, creating links between communities that promote walking and transit and an improved and meaningful quality of life."

Additional planning and design efforts are needed in order to create a vision of the future Mission Street and to identify specific capital projects and building guidelines that will contribute to the visual improvement and economic revitalization of the Street.

## **b. Description of Planning Activities**

In 1990, the Mission Street Urban Design Plan was completed and approved. The Urban Design Plan is a vision for the Mission Street corridor that distinguishes four defined districts and a potential development program for the entire area. This document was used as a foundation for the Mission Street Landscape Master Plan and Project for Public Spaces (PPS) study. PPS developed a "Peninsula Corridor Plan" with four predominant themes: 1) turning Transit Stops and Stations into "Places". 2) Transforming Mission Street into Daly City's Grand Boulevard; 3) adding Housing and Public Spaces to Create a Lively Downtown Mix

and 4) creating balance. These four themes are compatible with existing plans, and work well as a foundation for future plans.

As the Mission Street – Junipero Serra Boulevard area continues revitalization; additional planning studies will be required. These might include revising existing design and streetscape guidelines in order to ensure a coordinated aesthetic strategy along this main commercial thoroughfare. In addition, and in line with suggestions received through the 2005 Project for Public Spaces memorandum, the City will consider examining the impacts and benefits of alternate land use designations along certain lengths of Mission Street.

In particular the Agency will continue to encourage mixed-use Commercial and Residential development along Mission Street, and the completion of Pacific Plaza Phase III on Junipero Serra Boulevard. The agency may want to review zoning and planned densities with new studies and in close consultation with the community to establish parameters encouraging development of land uses that:

- Contribute to the vitality of the Project Area
- Create quality, living-wage jobs
- Are desirable by the community at large
- Exhibit economic endurance and provide long-term economic benefit
- Do not further or contribute to blight
- Complement the four themes of the Peninsula Corridor Plan as developed by PPS.
- Focus on the health and cultural benefit of the neighborhood
- Offer economic benefit in terms of increasing commerce on Mission Street and Junipero Serra Boulevard.
- Foster environmental sustainability in the long term
- Encourage the use of public transit

Future development may necessitate street other infrastructure improvements, which will also require predevelopment engineering and planning studies to supplement or supersede existing plans. Additional studies may be required to plan complimentary improvements and infrastructure. Ongoing planning activities will create additional opportunities for enhancement of the public infrastructure within the Project Area. Currently, the City is undertaking a \$1.2 million pedestrian plaza and transit improvement project at the Top of the Hill intended to facilitate access to existing Sam Trans and Muni public transportation services.

The “Top of the Hill” area was identified by the Project for Public Spaces planning document, as well as Mission Street Urban Design Plan as a special area of Mission Street with great opportunities. The construction of the “Landmark Project”, now completed, is a cornerstone of future revitalization. Neighboring sites such as “The Rockpile”, the former City Toyota Dealership, and possibly the Latter Day Saints site, could potentially generate new development, should users seek to abandon present uses.

The comprehensive update of the City’s General Plan is currently underway. Much of the focus of the Draft Housing and Land Use Elements has been how to encourage and accommodate higher densities along the Mission Street corridor. As a result, many policies have been

established. The most significant of those policies is to rezone Mission Street to a new Commercial Mixed-Use (C/MU) designation. In the past, Mission Street had been zoned C-1 (Light Commercial), which is more suited to suburban commercial developments. Some of the key components of the new C/MU designation would be increased building height, reduced or modified parking requirements, and the removal of regulatory hurdles for residential and commercial mixed-use developments if certain performance standards are met. Additional policies include incentives for lot mergers such as increased building height or densities.

### **c. Estimated Program Costs**

The estimated cost to the Agency for planning and capital project coordination activities associated with the Mission Street Junipero Serra Blvd Redevelopment Area is approximately \$300,000.

## **2. ECONOMIC DEVELOPMENT**

### **a. Deficiencies to be Corrected**

The Project Area contains underutilized properties and is characterized by relatively stagnant property values and declining retail sales. These properties are typical of underperforming business areas that have limited commercial growth and lack stable job creation.

To cure blight as previously defined, the programs pursued by the Agency must achieve the goals and objectives set forth by the Implementation Plan. Figure 3 shows the linkage between proposed projects and Agency goals. Figure 4 illustrates how proposed projects will help to eliminate various blighting conditions. The proposed programs are described below:

### **b. Description- Economic Development Activities**

#### **UPPER MISSION STREET**

Historically the apex of the Upper Mission Street area is at the intersection of Mission Street and John Daly Boulevard. Both streets are arterials and John Daly Boulevard connects the Mission Street business district with the Pacific Plaza, Interstate 280 and BART located approximately ½ mile to the west. The core area, within one or two blocks north and south of this intersection, is ideal for the Agency to focus efforts on strengthening the economic base of the Mission Street business district and the Project Area as a whole.

In the late 1970's and into the 1980's, the Redevelopment Agency acquired and demolished a series of blighted properties on a 58,800 square foot site located at the intersection of Mission Street and Hillside Blvd. In 1992, the Agency entered into a Disposition and Development Agreement (DDA) for a proposed development of 74 residential condominiums and 22,500 square feet of retail space. This project did not materialize. In the late 90's, the Agency received proposals from two hotel developers to construct a 60 to 80 room limited service product on a small portion of this site. The Agency decided to focus on a larger scale mixed-use development and, in 1998, marketed an expanded site area for a hotel and commercial development. The initial marketing campaign drew very limited

interest, and the Agency remarketed this site in early 2001 for a mixed-use commercial and residential project and succeeded in attracting developer interest resulting in the project described below.

88 Hillside (formerly Landmark Plaza):

In September 2004, the Agency finalized and entered into a DDA with the developer, Landmark Daly City, LLC, for development of the first of two phases of this mixed-use development. The first phase consists of approximately 17,000 s.f. of retail space along Mission Street and 95 residential condominiums. Fourteen (14) or 15% of the residential units will be provided as affordable housing units. The first phase will also include 406 off-street parking spaces to serve employees, customers, residents and visitors to the War Memorial Community Center. A portion of the parking spaces will be available for the second phase of the project. The second phase is proposed for 70,000 s.f. +/- of office and retail space when supported by the market.

Pursuant to the DDA, the Original Developer acquired the Property from the Agency, obtained funding for the Project from, among other sources, a group of participating commercial lenders lead by Cathay Bank (“Cathay”), and proceeded with development and construction of the Project. Prior to completion of the Project, the Original Developer defaulted on its obligation to the Agency under the DDA by not timely completing construction of the Project in accordance with the Schedule of Performance (the “Existing Default”) and to Cathay under the agreements providing the private financing for the Project, which agreements included a First Deed of Trust recorded against the Property. Construction of Phase I of the Development has been substantially completed, but final completion was stalled. The Property became subject to a receivership and effective as of March 19, 2010, Cathay exercised its rights under its Deed of Trust, and foreclosed on the Property and an affiliate of Cathay, named Cathay Holdings, LLC, obtained fee title to the property.

On September 24, 2010, OliverMcMillan Daly City One, LLC (OMDCO) obtained title to the property and on October 11, 2010, the Agency approved the transfer of the rights and obligations under the DDA from the previous developer, Landmark Daly City LLC to OMDCO.

The majority of the Landmark site had been vacant or underutilized for decades. Ultimately, this project will stimulate local commerce, provide affordable, ownership housing, offer ample parking for private and public uses, and set architectural standards for the area. This highly visible project brings a host of amenities that will serve as a cornerstone for future development and investment in the area and make this a major activity center and “gateway” to Mission Street.

Pacific Plaza Development – John Daly & Junipero Serra Boulevard.

In 1986, the City adopted the Peninsula Gateway Plaza Specific Plan for the three-block long Junipero Serra Redevelopment Area (a.k.a. Blocks 50, 51, and 52) and the BART Station area to the north. Over the ensuing years, several development proposals were considered

for this area. Among the most significant proposals was a 1.2 million square foot campus for the University of California San Francisco; however, the University ultimately chose a Mission Bay location for this project.

In 1997, Colliers International Realty was retained by the Agency to assist in marketing the area for both a hotel and commercial office development. Several proposals were submitted and after extensive review by staff and the Agency Board, one of four finalists, Summit Commercial Properties was awarded an Exclusive Right to Negotiate. In January 1999, a Planned Development District was established for the site, and, a month later, the Agency and Summit negotiated the DDA and entered into final agreement. During this period, the name of the project area was changed from Peninsula Gateway Plaza to Pacific Plaza.

This is a multiphase mixed-use project with a total of 644,200 leasable square feet of office and retail space plus a full service hotel and multi-screen cinema on approximately 10 acres of land. The planned development, phasing, and current status of the project are summarized as follows:

	<b>Development</b>	<b>Status</b>
<b>Existing:</b>		
Phase I Block 51 3.9± acres	<ul style="list-style-type: none"> <li>● 9 story, 351,500± s.f. Class A office building including 18,500± s.f. of retail space for restaurants and shops.</li> <li>● 7 level parking structure with first portion 925 spaces</li> </ul>	Completed June 2001. Currently 95%± leased with two major tenants and several smaller tenants providing approximately 1,080 jobs.
Phase II Block 50 3.72± acres	<ul style="list-style-type: none"> <li>● 20 screen, 3,950 seat Century Theatre with 22,700± s.f. restaurants &amp; shops.</li> <li>● 7 level parking structure with 820 spaces.</li> </ul>	Completed in June 2002. Consists of the 20-screen Century Theaters along with several restaurants providing a total of 320+/- jobs.

<b>Proposed:</b>		
Phase III Block 52 2.36± acres	<ul style="list-style-type: none"> <li>● 8 story, 270,000 s.f. Class A office building.</li> <li>● Second portion of Phase I parking structure providing 810 spaces.</li> </ul>	Available for development
Phase IV Block 50 (portion) 1.15± acres	<ul style="list-style-type: none"> <li>● Full service hotel, support retail, a restaurant and conference center.</li> <li>● Hotel will be a name brand and include 140-150</li> </ul>	Available for development.

	rooms.	
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Pacific Plaza has brought economic revitalization and visual improvement to a gateway corridor and primary arterial that was marked by underutilized buildings, vacant property and general neglect on the part of property owners. The businesses occupying the first two phases at Pacific Plaza have added over 1,400 jobs to the city’s economy. Pacific Plaza has won notable planning and development awards including:

- Metropolitan Transit Commission’s Award of Merit
- California Redevelopment Association’s Award of Excellence
- San Francisco Business Times’ Best Suburban Mixed-use Development

**STRATEGIC SITE ASSEMBLY**

The main purpose for a strategy on site assembly is to assist in revitalizing the commercial strip on Mission Street and to foster job creation. Specific goals involve: 1) creating an environment that attracts more workers and/or consumers and 2) clustering businesses at key locations (nodes) with complementary products and services that would share patrons or clients. The key Agency strategy is to prioritize future land acquisition to allow parcel assembly of sufficient size to accommodate modern development. The Agency will also acquire blighted properties in and outside the Redevelopment Area for the purposes of site assembly, habitat preservation, toxic remediation, affordable housing, commercial revitalization, construction of new public facilities, and to meet future needs.

The Agency continues to take an active role in assisting developers and private property owners in their effort to consolidate commercial parcels. Since many of the lots on Mission Street have a 25-foot street frontage, site assembly is necessary to promote modern commercial and mixed-use projects. Once a suitably sized parcel has been assembled, the Agency actively pursues development opportunities that will benefit the community.

**BUSINESS ENHANCEMENT:**

The Agency continues to promote programs that enrich the economic health of businesses in the Redevelopment Area through a variety of efforts. For example, the Agency assists in joint marketing efforts for Mission Street, including coordination and distribution of business guides, advertising directed at Daly City’s strengths in Bay Area Business publications and providing a database of available properties. The Agency will continue to identify and market various development opportunities in the Redevelopment Area by maintaining an ongoing dialogue with potential developers and local property owners. Specifically for vacant/underutilized properties, the Agency will continue to enlist the support and participation of all landowners in the redevelopment process and offer assistance in soliciting development interests as well as technical assistance for project feasibility.

**SOILS REMEDIATION PROGRAMS:**

As redevelopment activity occurs, it is possible that an environmental assessment will locate contaminated soil that must be cleaned according to federal and state requirements. The Agency anticipates that these efforts will continue and that, in some instances, sites requiring remediation will be acquired.

**c. Estimated Program Costs**

Economic Revitalization is the core program that addresses nearly all of the conditions of physical and economic blight. Projects included in this program must redevelop, revitalize, renew and enhance Daly City's original commercial corridors of Mission Street and Junipero Serra Boulevard. The Agency will actively promote and assist commercial developers/tenants/land users that attract other commercial tenants, business services that promote commercial activity, neighborhood serving retail developments and commercial/mixed-use projects that fully develop underutilized land. Expenditures for Economic Revitalization during the five-year Implementation Plan are projected to be \$4.7 million and will be used to cover the costs of activities such as land acquisition, soil remediation and specific plans.

**3. BUILDING REHABILITATION, FAÇADE IMPROVEMENTS & HISTORIC PRESERVATION**

**a. Deficiencies to be Corrected**

Many of the buildings in the Project Area have significant physical deficiencies. The Redevelopment Area receives a high number of complaints concerning building code violations. The area has a history of serious code violation problems, including substandard building conditions, the accumulation of weeds and rubbish, commercial code violations and various public nuisance complaints.

**b. Description of Activities**

**1. FAÇADE IMPROVEMENT PROGRAM**

This Daly City Redevelopment Agency Program offers free architectural assistance and rebates to owners and tenants of Mission Street buildings who upgrade their facades in accordance with the Mission Street Urban Design Plan. The goal of the program is to remove blight and improve the appearance of storefronts along Mission Street and, in the process, reduce retail vacancies. This program has assisted more than 60 businesses since its inception.

**c. Estimated Program Costs**

The estimated cost to the Agency for building rehabilitation activities over the five-year period is \$750,000.

## **4. CIRCULATION AND LANDSCAPING**

### **a. Deficiencies to be Corrected**

Mission Street presents challenges to economic growth that rest primarily with the character of the street being essentially a six and four lane State Highway with fast moving traffic, lack of parking, and narrow sidewalks. Mission Street remains an unattractive, and at times unsafe, shopping area that inhibits economic development along the corridor, thus limiting the attraction of businesses and shoppers to the area.

There is a demonstrated need to make this area more attractive by improving public identity, enhancing pedestrian orientation and making the area more transit friendly. The “Top of the Hill” area particularly needs better circulation flow to reduce congestion due to marginally efficient integration of the separate transit services to the area.

### **b. Description of Activities**

As part of the Top of the Hill Improvements project, the City is currently improving the sidewalk and streetscape on Mission Street between John Daly Boulevard and Parkview Avenue. Project improvements include:

- pedestrian and transit plaza – creation of a public space and overlook at the northwest corner of the John Daly Boulevard/Mission Street intersection with a wind protected sitting area, lighting and pedestrian and amenities.
- bus shelters – improving comfort and safety; relocating bus stops. Custom shelters will be located at the plaza and adjacent to the War Memorial and John Daly Library. The shelter at the southwest corner of John Daly Boulevard at Mission Street will be replaced with a new shelter.
- lighting – pedestrian level lighting along the project length.
- sidewalk widening – widen sidewalk on the west side by 4 feet between Theta Avenue and Parkview Avenue. Sidewalk expansion on the south side of John Daly Boulevard approaching Mission Street to facilitate transit access and pedestrian mobility.
- pedestrian safety – sidewalk bulb-outs at intersections to make pedestrians more visible to vehicular traffic and shorten the distance needed to cross Mission Street; new crosswalk at the north approach of John Daly Boulevard/Mission Street; straightening of the north approach crossing of Mission Street at Vista Grande Avenue and installation of a new crosswalk at the south approach; and architecturally treating street crossings to make them more visible to motorists.
- signage – improved directional signage.

- water main – upgraded and relocated.
- landscaping – reconfigured and landscaped median islands; and installation of street trees.

The City is working with BART on the Daly City BART Station Access Improvement Plan which focuses on the following three areas: (1) transit operations; (2) pedestrian and bicycle access; and (3) safety and patron experience. Alternatives will be developed that will maximize bus and shuttle operations when they arrive, exit and layover at the station. The plan will also look at how to accommodate future transit services to the station, improve pedestrian and bicycle access to the station and provide higher quality passenger waiting environment and transfer experience. The increase in transit service to the station and expected growth of jobs and residents near the station further supports the need to improve multimodal access to the station.

**c. Estimated Program Costs**

The estimated total cost to the Agency for the proposed streetscape program over the five-year period is \$2,000,000.

**5. PUBLIC FACILITIES AND INFRASTRUCTURE**

**a. Deficiencies to be Corrected**

Mission Street lacks sufficient parking and adequate public facilities and gathering places for it to be a vibrant commercial corridor.

**b. Description of Activities**

In 2007, construction of the new War Memorial Community Center and Library was completed. The center includes approximately 40,000 square feet of space, housing a library, community meeting rooms, instructional rooms, City Park and Recreation offices and two gyms. A landscaped public plaza area of about 1,000 square feet was also built in front of the center.

Just north of the War Memorial Community Center/Library is the 88 Hillside Development, a 2-phase mixed-use project with 95 two-bedroom residential units with fourteen (14) or 15% of the residential units being provided as affordable housing unit, 17,000 gross square feet of commercial space and 250 off-street parking spaces in Phase I. Phase II is entitled to have up to 70,000 square feet of office and ground floor retail and adding approximately 185 parking spaces. Fifteen of the parking spaces are reserved exclusively for staff to the neighboring War Memorial Community Center/Library. The parking spaces not reserved for the residential uses will be available for the public in their use of the Community Center/Library.

As part of the Top of the Hill Improvements project, a major water main running beneath Mission Street will be upgraded and relocated to the west side of the street. The Top of the Hill Improvements project will also construct a new pedestrian-friendly plaza at the intersection of

John Daly Boulevard/Mission Street, sidewalk bulb-outs and wider sidewalks and install pedestrian level lighting.

To the maximum extent practicable, the Redevelopment Agency should incorporate environmentally sustainable design and building techniques into public projects within the Area to set an example for development in the private sector. The Agency should promote Green Building concepts by the private sector.

Green buildings increase the efficiency with which buildings and their sites use and harvest energy, water, and materials, and reduce building impacts on human health and the environment, through better site planning, design, material reuse, construction, operation, maintenance, and removal.

**c. Estimated Program Costs**

The current Capital Program for the City as a whole includes 57 projects with costs totaling over \$9 million. Anticipated Agency expenditures for Public Facilities will be \$2,000,000 for the years 2011-2015.

**6. SITE PREPARATION AND DEVELOPMENT**

**a. Deficiencies to be Corrected**

The Project Area includes about six acres of primarily underutilized land with some vacant parcels. According to Section E, this property is characterized by very small lots with a lack of street frontage and parking which has caused the underutilization of many sites along Mission Street. This is exemplified by properties with low site coverage that are typically used car sales lots; such properties have a total gross land area of approximately three acres. There are also an additional number of underutilized building structures on Mission Street and Junipero Serra Blvd. Replacing existing underutilized properties with an alternative higher and better use, generates greater economic benefits to the property as well as Project Area.

**b. Description**

Section F, 2-b, 3, describes the need for property acquisition and site assembly in order to create marketable parcels for new development. The Agency's primary role during the next five years of the implementation plan period will be to provide staff to evaluate, negotiate and administer real estate transactions. The primary costs for these activities will be for site-specific studies such as feasibility analyses, appraisals and environmental studies.

**c. Estimated Program Costs**

The estimated total cost to the Agency for site preparation and development over the next five-year period is \$1,000,000.

## 7. ESTIMATE OF AGENCY EXPENDITURES

Table 2 summarizes estimated Agency expenditures during 2011-2015 by program category. The nature and scope of the projects and expenditures have been shaped primarily by Agency objectives for the Project Area, available revenues for funding projects and activities, and blighting factors to be eliminated within the Project Area.

The estimated Agency expenditures included in Table 2, next page, represent a *general* estimate based on reasonable assumptions regarding staff time, acquisition cost, and sundry costs for redevelopment activities over the first five years of the Implementation Plan. These expenditures do not include any offsetting revenues from the sale of Agency property or from any other major revenue sources such as sharing of gross sales proceeds on finished residential units. The table, however, does include more predictable revenue estimates, “Other Sources”, that include contributions from state and federal entities as well as developers. This table is general in nature since Agency expenditures and revenues are closely analyzed and reviewed in the City budget review process.

**Table 2**  
**Program Expenditures: 2011-2015**  
*Mission Street – Junipero Serra Blvd. Project Area*

	<i>Agency Share</i>	<i>Total Cost</i>	<i>Other Sources</i>	<i>Cost to Agency</i>
1. Planning	96%	\$ 315,000	\$15,000	\$ 300,000
2. Economic Development	97%	\$ 4,900,000	\$200,000	\$ 4,700,000
3. Building Rehab, Façade Improvement	94%	\$ 800,000	\$50,000	\$ 750,000
4. Circulation & Landscaping	87%	\$ 2,300,000	\$300,000	\$ 2,000,000
5. Public Facilities/Infrastructure	88%	\$ 2,400,000	\$400,000	\$ 2,000,000
6. Site Preparation & Development	95%	\$ 2,050,000	\$50,000	\$ 2,000,000
<b>Subtotal Non-Housing Project Costs</b>		<b>\$12,765,000</b>	<b>\$1,015,000</b>	<b>\$11,750,000</b>
7. Administration	100%	\$ 1,500,000	0	\$1,500,000
<b>Subtotal Non-Housing Costs</b>		<b>\$14,265,000</b>	<b>\$ 1,015,000</b>	<b>\$13,250,000</b>
8. Housing Program		\$ 5,500,000	\$2,000,000	\$ 3,500,000
<b>TOTAL COSTS:</b>		<b>\$19,765,000</b>	<b>\$3,015,000</b>	<b>\$16,750,000</b>

These costs are general estimates only and are subject to City budget review. They also do not include any offsetting revenues from the sale of acquired property or any sharing in the sales proceeds of the completed projects.

## **8. FIVE YEAR IMPLEMENTATION PLAN REVENUES**

Based on the tax increment projections presented in Table 3, the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area will generate over \$13.5 million in tax increment revenues for non-housing activities and administration during the five year Implementation Plan period (2011 to 2015).

Table 3 shows projected annual tax increment revenues available for non-housing projects and administration for the next five years of the Redevelopment Plan.

*Table 3*  
**Projected Tax Increment Revenues**  
**For Non-Housing Activities and Administration**  
**First Five Years (2010 through 2015)**  
**Mission/JS Project Area**

<b>Fiscal Year</b>	<b>Gross Tax Inc. Revenue</b>	<b>Non Housing &amp; Admin</b>
2011/12	\$3,266,000	2,612,800
2012/13	\$3,266,000	2,612,800
2013/14	\$3,298,660	2,638,928
2014/15	\$3,331,647	2,665,317
2015/16	\$3,364,963	2,691,970
<b>Total</b>	<b>\$ 16,527,270</b>	<b>\$13,221,815</b>

Source: Tax Increment Projections, Daly City Redevelopment Agency.

In addition to tax increment revenue, the Agency anticipates additional revenues of approximately \$ 4 million generated from land sales and shares of proceeds from real estate sales.

As indicated above, the Agency estimates expenditures of approximately \$13.2 million for non-housing activities and administration during the first five years and is projected to receive matching revenue (excluding Housing Set-Aside funds). Thus, tax increment revenues are projected to be sufficient to cover the Agency's planned expenditures for non-housing projects over the next five years of the Redevelopment Plan.

## **G. HOUSING COMPONENT OVERVIEW**

Sections G through L of this plan comprise the housing component of the Implementation Plan for the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area, and summarize the Agency's housing obligations pursuant to CRL Sections 33334.2, 33334.4, 33334.6, and 33341.3. These sections also provide an overall framework for the Agency's housing goals, policies and programs.

Section G describes statutory housing requirements. Building upon CRL requirements and background analysis, Section H outlines the Agency's proposed Housing Program over the five year Implementation Plan period as well as into the future. Section I describes the current five-year program of housing goals and activities. Section J addresses estimated Housing Set-Aside Fund revenues and expenditures. Section K describes how the Agency will comply with the CRL as it relates to housing production and Housing Set-Aside funds for the duration of the Redevelopment Plan. Lastly, Section L reviews how the Agency performed in comparison to the first Implementation Plan for the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area

### **1. REQUIREMENTS FOR AGENCY HOUSING ACTIVITIES**

The housing portion of an Implementation Plan sets forth specific goals and objectives in enough detail to measure performance. The CRL requires that an Implementation Plan include the following affordable housing planning components:<sup>1</sup>

- The total number of housing units projected to be developed, rehabilitated, price-restricted, assisted, or destroyed for three time periods: 1) on an annual basis for the next five years, 2) in aggregate for the second five years, and 3) in aggregate until the end of the Plan.
- A Housing Production Plan for the Project Area (the "AB 315 Plan").
- Identification of proposed locations for replacement housing, which the Agency would be required to produce if a planned project would result in the destruction of existing affordable housing.
- An explanation of how the goals, objectives, programs, and expenditures set forth in the Implementation Plan will implement the housing requirements of the CRL, including a housing program for each of the five years of the Implementation Plan.
- Estimates of deposits into the Housing Set-Aside Fund during the next five years and the Agency's plans for utilizing annual deposits to this fund.
- A description of how the Agency will comply with CRL affordable housing requirements for the duration of the Redevelopment Plan.

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<sup>1</sup> Affordable housing is defined in this chapter as housing which is affordable to households earning at or below 120 percent of median income for San Mateo County, assuming generally that 30 percent of household income is spent on housing. For 2010, 120% of median income for a 4-person family in SMC is \$119,300

## **2. AGENCY APPROACH TO MEETING HOUSING REQUIREMENTS**

The Agency intends to implement relevant goals, objectives, policies, strategies and programs from the General Plan Housing Element and Consolidated Plan in the Project Area.<sup>2</sup> The major goals of the Housing Program of the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project are:

- Encourage mixed commercial/residential use where appropriate.
- Expend housing funds in accordance with the CRL.
- Provide opportunities for affordable and market rate residential development, based on the CRL requirements for affordable housing.

From a regional housing needs perspective, the City has a shortage of housing and long waiting lists for below market rate (BMR) units. The Agency will promote the rehabilitation and new construction of market rate and BMR housing both within the Project Area and other parts of Daly City, in order to enhance the vitality of the area, and provide much needed housing.

One purpose of the residential development will be to implement a key provision of the CRL: the enhancement of housing opportunities for households earning at or below 120 percent of median income which is \$119,300 for a family of four in 2010 for Daly City. To the maximum extent possible the Agency will provide BMR units to Daly City residents in need of adequate housing at prices they can afford. The Agency will utilize at least 20 percent of all tax increment revenue allocated to the Agency to increase, improve and preserve Daly City's supply of housing available to such families.

The Agency plans to establish a range of housing programs which seek to enhance project design and leverage federal, state, local, and private funding sources to develop high quality, attractive, and affordable housing serving a diverse population. The funds directed toward this project will be used in a flexible manner in order to respond to favorable development opportunities.

The type of financial assistance to be provided may include cost write-down and gap financing to allow design enhancements, property acquisition, construction costs, predevelopment costs, and permit fees. Appropriate uses of these funds include new affordable rental and ownership housing construction, and assistance to homebuyers with acquiring affordable housing.

The most likely sites for construction of new housing in the Mission/J.S. area include vacant and underutilized parcels along Mission Street. The Agency has identified mixed-use development as one preferred development type. This would include projects featuring commercial uses on the ground floor, with residential units above.

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<sup>2</sup> The Housing Element of the General Plan is currently being updated. It identified the city's general housing needs, and the objectives and priorities to guide planning decisions and policies. The HUD Five Year Consolidated Plan was approved by the City Council in April 2008. It established housing, community developments, and emergency shelter goals for the City.

## a. **Statutory Requirements for Housing**

1. This section summarizes the Agency's housing requirements under the CRL, and provides background information and analysis regarding housing needs and conditions in the Project Area and the overall community. The major statutory requirements for affordable housing imposed on redevelopment agencies by the CRL may be categorized generally as:

- *Inclusionary Housing Requirement (Section 33413). Agencies must make available specified minimum percentages of new or substantially rehabilitated housing units in a Project Area at a legally defined affordable housing cost.*<sup>3</sup>
- *Housing Fund Requirement (Section 33334.2). Agencies are required to expend specified percentages of tax increment revenue for the provision of affordable housing.*
- *Replacement Housing Requirement (Section 33413). Agencies must replace within four years, housing units removed from the housing stock as a result of redevelopment activities.*

*These three requirements are described in greater detail in the following three sections. Relevant section references to the CRL are included in parentheses.*

### **3. INCLUSIONARY HOUSING REQUIREMENT**

As part of the Implementation Plan, the Agency must adopt a plan showing how it intends to meet its housing production requirement (the "Housing Production Plan"). The plan must be consistent with the community's housing element (the Housing Element), and must cover the following time periods:

- Production over the next five years.
- Production over the next ten years.
- Production through the life of the Plan.

The plan includes estimates of the number of residential units, which will be developed or substantially rehabilitated within a Project Area, and the number of affordable housing units at any location in the City, which will be developed in order to meet the requirements of the CRL. Additionally, the plan contains estimates of the number of units the Agency itself will develop during the time period of the plan, including the number of affordable housing units. The plan must be reviewed every five years in conjunction with the update of a community's housing element or with the Implementation Plan cycle. Section I of this chapter contains the Agency's Housing Production Plan for the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area. (Section 33413.(b)).

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<sup>3</sup> The CRL defines –substantially rehabilitated as rehabilitation of any multifamily rental unit or any single family Agency-assisted housing unit which has increased in value by at least 25 percent of the after-rehabilitation value of the dwelling (values include the value of the land).

**a. Agency Developed Housing**

The CRL affordable housing inclusionary production obligation requires that the equivalent of at least 30 percent of all new or substantially rehabilitated dwelling units developed directly by an agency be available at affordable housing costs to persons and families of very low, low, or moderate income. Of those units, at least 50 percent must be affordable to very low-income households. The 50 percent requirement translates to 15 percent of the total number of units developed or rehabilitated by an agency (50 percent of 30 percent equals 15 percent). This requirement applies only to units developed by an agency and does not apply to units developed by housing developers pursuant to agreements with an agency. (Section 33413.(b)(1).) This production requirement will not apply to the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area unless the Agency directly develops units in the Project Area.

**b. Housing Not Developed by the Agency**

When dwelling units are developed or substantially rehabilitated in a Project Area by public or private entities other than a redevelopment agency, including entities receiving agency assistance, at least 15 percent of these units must be affordable to very low, low, or moderate income households. Six percent of the total number of units developed or substantially rehabilitated must be available to very low-income households. Below are listed current qualifying income limits for a four-person family in these categories. The Agency anticipates that at least 6% of the substantially rehabilitated units within the Project Area will be occupied by families qualifying for agency assistance under these income limits.

**4. HOUSING FUND REQUIREMENT**

The CRL requires an agency to set aside in a separate Low and Moderate Income Housing Fund (the Housing Set-Aside Fund) at least 20 percent of all tax increment revenue generated from its Project Areas. The funds must be used for the purpose of increasing, improving, and preserving the community’s supply of affordable housing. Such housing must be available at affordable housing cost to persons and families of very low, low, or moderate income. These funds may be applied towards low/moderate income housing developed at any location within city limits. (Sections 33334.2 and 33334.3). For Daly City, the Housing Set-Aside funds represent 75 percent of all funds available for affordable housing and that percentage share is likely to increase as the increment increases and federal funds decline.

**a. Fund Targeting: Income Levels and Affordable Housing Cost**

Daly City’s Housing Set-Aside Fund moneys are targeted to the following specific income levels:<sup>4</sup>

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<sup>4</sup> The Health and Safety Code defines low and moderate income in Section 50093, low income in Section 50079.5, and very low income in Section 50105.

**Table 4**  
**2010 Daly City Income Definitions**

<b>Income Category</b>	<b>Definition</b>	<b>Maximum Income (Household of 4)</b>
Very Low	Incomes up to 50% of area median income, adjusted for family size.	\$53,750
Low	Incomes typically from 50% up to 80% of area median income, adjusted for family size. <sup>5</sup>	\$86,000
Moderate	Incomes typically from 80% up to 120% of area median income, adjusted for family size. <sup>6</sup>	\$119,300

Table 5 shows the maximum income limits for each income level by household size for 2010 in Daly City and San Mateo County. These income limits were published by the State of California Department of Housing and Community Development (HCD) utilizing income limits prepared by the U.S. Department of Housing and Urban Development (HUD).

**Table 5**  
**2010 Daly City Maximum Incomes**  
**By Income Category and Household Size**

<b>Income Category</b>	<b>Household Size</b>							
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>1. Very Low</b>	\$37,650	\$43,000	\$48,400	\$53,750	\$58,050	\$62,350	\$66,650	\$70,950
<b>2. Lower</b>	\$60,200	\$68,800	\$77,400	\$86,000	\$92,900	\$99,800	\$106,650	\$113,500
<b>3. Median</b>	\$69,600	\$79,500	\$89,450	\$99,400	\$107,350	\$115,300	\$123,250	\$131,200
<b>4. Moderate</b>	\$83,500	\$95,450	\$107,350	\$119,300	\$128,850	\$138,400	\$147,950	\$157,500

Source: State of California, Department of HCD, June 2010

Housing assisted by Housing Set-Aside Fund moneys must be available at an affordable housing cost in accordance with the CRL. Table 6 shows the affordable housing cost definitions by income level and tenure. Table 7 shows the affordable monthly housing cost corresponding to each income level applicable to the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area.

Measure of income and housing cost for Daly City tend to be skewed by other, wealthier communities included in the group from which ‘averages’ are drawn. For this reason the Agency needs to continue to be sensitive to the needs of Daly City residents specifically.

<sup>5</sup> In any given year the definition can be different; income limits are published by California’s Department of Housing and Community Development based on data published by the U.S. Department of Housing and Urban Development (HUD) pursuant to Health and Safety Code 50079.5.

<sup>6</sup> In any given year the definition can be different; income limits are published by the state’s Department of Housing and Community Development based on data published by the U.S. Department of Housing and Urban Development (HUD) pursuant to Health and Safety Code 50093.

**Table 6**  
**Affordable Housing Cost**

Income Level	Rental Housing <sup>7</sup>		Ownership Housing	
	% Income Spent on Housing	% of Area Median Income	% Income Spent on Housing	% of Area Median Income
Very Low	30 percent	50 percent	30 percent	50 percent
Low	30 percent	60 percent	30 percent	70 percent
Moderate	30 percent	110 percent	35 percent <sup>8</sup>	110 percent

Source: California Health and Safety Code, Sections 50052.5 and 50053

**Table 7**  
**2010 Income Limits and**  
**Corresponding Affordable Monthly Housing Cost for Typical Units**  
**Daly City**

Income Level	Annual Income		Affordable Monthly Housing Cost*	
	2BR	3BR	2BR	3BR
	Family of 3	Family of 4	Family of 3	Family of 4
<b>Very Low</b>	\$48,400	\$53,750	\$1,210	\$1,344
<b>Lower</b>	\$77,400	\$86,000	\$1,935	\$2,150
<b>Median</b>	\$89,450	\$99,400	\$2,236	\$2,485
<b>Moderate</b>	\$107,350	\$119,300	\$2,684	\$2,982

Source: State of California, Department of HCD, June 2010

\* California Redevelopment Law states that affordable monthly rental housing cost cannot exceed 30% of annual income distributed over 12 months, (35% for certain owner-occupied lower income units.)

**b. Provision of Housing According to Need**

Over the life of a redevelopment plan, agency financial assistance that is not being provided by other governmental programs must be provided at minimum in proportion to housing need by income level. The proportion is calculated based on the number of housing units needed for very low income, low and moderate income households divided by the total number of units needed for all three income levels. (Section 33334.4).

The Association of Bay Area Governments (ABAG) sets forth the affordable housing need for the City in the City's regional fair share allocation. Table 8 shows the fair share allocation and

<sup>7</sup> Rental housing costs include utility costs. Affordable housing costs are adjusted by family size.

<sup>8</sup> But not less than 28 percent of actual income.

the targeting objective currently applicable to the Daly City Redevelopment Agency for housing affordable to persons at or below 120 percent of median income. The Agency will use the Housing Set-Aside Fund to meet these needs where feasible.

**Table 8**  
**ABAG Regional Fair Share Allocations**  
**Affordable Housing Need by Income Category**  
**Daly City**

<b>Income Category</b>	<b>Units Needed</b>	<b>% Share</b>
Extremely Low <sup>9</sup>	120	17.1%
Very Low	121	17.3%
Low	121	17.3%
Moderate	338	48.3%
Subtotal	700	100%
Above Moderate	507	
Total	1,207	

Sources: ABAG Regional Housing Needs Allocation for Daly City, Draft City Housing Element (updated in 2009) for housing production from 2009-2014.

The Agency will provide financial assistance in proportion to the need, based on fair share units needed shown in the second column of Table 8. In other words, at least 35 percent of funds will be spent on units affordable to very low income households, at least 17 percent will be spent on units affordable to low or very low income households, and no more than 48 percent will be spent on units affordable to households with moderate incomes.

The CRL also requires that moneys in the low and moderate income housing fund be expended to assist housing that is available to all persons regardless of age in at least the same proportion as the population under 65 years bears to the total population of the community as reported in the most recent census of the United States Census Bureau. Table 9 provides an overview of Daly City population distributed by age and documents that at least 88 percent of Agency housing funds should be spent on housing that is available to all persons regardless of age.

**Table 9**  
**Daly City 2000 Population Under the Age of 65**

Total Population	103,621
Population Under 65	91,135
Percent of Population Under 65	87.95%

Source: U.S. Census 2000

More recent census data, specifically the 2006-2008 American Community Survey, estimates that that this percentage has remained about the same.

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<sup>9</sup> Extremely low is defined as household income less than 30% of area median income.

### **c. Duration of Affordability**

The CRL requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted by Housing Set-Aside Fund moneys. These controls on assisted housing units require that the units remain affordable for the longest feasible time, but not less than certain minimum time periods. The minimum periods of affordability are 55 years for rental housing and 45 years for owner-occupied housing, with a shorter duration permitted if an agency recoups its Housing Set-Aside Fund investment when an assisted owner-occupied unit is sold at a non-affordable price or to a non-qualifying buyer (Section 33334.3).

## **5. REPLACEMENT HOUSING REQUIREMENT**

The Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project anticipates the destruction or removal of very few housing units. CRL requires that the Implementation Plan address the replacement-housing requirement for the Agency. When residential units sheltering households earning at or below 120 percent of median income are destroyed or removed, or are no longer affordable due to agency action, an agency must replace within four years those units with an equal number of replacement units which have an equal or greater number of bedrooms. (Section 33413.) At least thirty days prior to acquiring property or adopting an agreement that will lead to the destruction or removal of low and moderate income housing units, an agency must adopt by resolution a replacement housing plan that generally describes the location, timing, and method by which replacement housing will be provided. (Section 33413.5)

Replacement units may be located anywhere within the territorial jurisdiction of the agency. An agency may either construct replacement housing, or cause housing to be constructed through agreements with housing developers. The basic income and affordability standards for replacement housing are the same as those for use of Housing Fund moneys (described below). The units must be available at affordable housing cost to households of low and moderate income. In addition, the CRL requires that 100 percent of the replacement units be available at affordable housing cost to the same income level of households as were displaced from the units removed or destroyed

Replacement housing must remain affordable for the longest feasible duration, and for at least as long as the land use controls of the redevelopment plan remain in effect. The affordability controls on such units must be made enforceable by recorded covenants or restrictions.

## **H. HOUSING PRODUCTION PLAN**

In summary, the Agency plans to meet its housing production requirement through new construction and acquisition/rehabilitation of rental units. According to Table 10, the Agency anticipates that 108 housing units will be built or substantially rehabilitated in the Project Area between 2011 and 2015, which will generate a housing production requirement of 17 affordable units. Of these, 9 must be occupied by households with very low incomes and 17 will be occupied by households with very low, low and moderate incomes (see Category 2 Table 5).

The Agency anticipates that approximately 40 units affordable to very low-income households and 14 units affordable to moderate income households will be developed in the project area by non-Agency interests between 2011 and 2015 (Category 3 in Table 5)

It is further anticipated that development of about 76 affordable housing units outside of the Project Area will occur during the next 5 years. Of these, 60 will be affordable to households of very low income and 16 will be made available to moderate income households. (See Category 4 in Table 5). The CRL allows the Agency to count half of these, or 38, toward the Mission/J.S. Project Area's housing production obligation.

Thus, through housing development activities inside (54 units) and outside (38 units) the project area and through housing rehabilitation activities, the Agency will exceed its affordable housing production obligation (17 units) the Mission/J.S. area during the next five years of the Plan.

## **1. HOUSING PRODUCTION (2011 THROUGH END OF REDEVELOPMENT PLAN)**

The Agency projects that a total of 338 new or substantially rehabilitated housing units will be developed in the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area over the next 16 years (see Table 10).

### Production (2011 through 2015)

Over the next five years, the Agency anticipates that approximately 108 new housing units could be developed in the Project Area.

### Production (2016)

For the year 2016, the Agency anticipates that approximately 30 new housing units could be developed and about one unit could be substantially rehabilitated in the Project Area.

## **2. HOUSING PRODUCTION OBLIGATION (2011 THROUGH 2016)**

### **a. New and Substantial Rehabilitation Unit Obligation**

Based upon the forecasted 138 new and substantially rehabilitated housing units in the Project Area between 2011 and 2016 in Table 10, the Agency would have an obligation to ensure that a total of 22 new affordable units are developed. Of these, 12 units must be made available at affordable housing cost to very low-income households. This housing obligation would be met by new construction as well as acquisition and rehabilitation of existing housing both inside and outside of the project area.

### **b. Replacement Obligation**

For the years 2011 through 2016, it is anticipated that no housing units will be destroyed or removed within the project area. Therefore, the Agency will have no replacement obligation.

**c. Meeting the Housing Production Requirement**

The production requirement can also be met by developing affordable housing outside of the Project Area; however, the requirement is doubled to 30 percent. For the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area, if 120 affordable units were developed outside of the Project Area, a total of 60 units would be counted towards the housing obligation between the years 2011 and 2020.

It is expected that approximately 88 units of affordable housing will be developed using this method between the years 2011 and 2015. Therefore, 44 of these units would count towards meeting the Agency's housing production obligation. Both within and outside the Project Area, housing production will be accomplished with the creation of units affordable to units affordable to households with incomes meeting the income limits described above.

Table 10 shows how the Agency *anticipates meeting its housing production requirement over the life of the Plan.*

**Table 10**  
**Housing Production Obligation**  
**5-Year & Life of Plan**  
**(2011-2015, 2016)**  
**Mission Street-Junipero Serra Blvd. Redevelopment Project Area**

	2010-15 *	2016	Total	%
<b>1. Housing Production</b>				
<i>New Units</i>	108	30	138	
<i>Substantial Rehab</i>	0	1	1	
<i>Subtotal</i>	108	31	139	
<b>2. CRL Housing Production Requirement</b>				
<i>Very Low</i>	9	3	12	9%
<i>Very Low, Low or Mod</i>	17	5	22	16%
<i>Subtotal</i>	17	5	22	16%
<b>3. Proposed Units in Redevelopment Area Meeting CRL Requirements</b>				
<i>Very Low</i>	40	2	42	30%
<i>Very Low, Low or Mod</i>	54	5	59	42%
<i>Subtotal</i>	54	5	59	42%
<b>4. Proposed Units Outside of Redevt. Area Meeting CRL Requirements<sup>10</sup></b>				
<i>Very Low</i>	60	10	70	
<i>Very Low, Low or Mod</i>	76	12	88	
<i>Subtotal</i>	76	12	88	
<b>5. Proposed Units Outside of Redevt. Area Meeting CRL Requirements and counted toward Project Area production requirements</b>				
<i>Very Low</i>	30	5	35	
<i>Very Low, Low or Mod</i>	38	6	44	
<i>Subtotal</i>	38	6	44	
<b>6. Total Remaining Obligation (Surplus)</b>				
<i>Very Low</i>	(61)	(4)	(65)	
<i>Very Low, Low or Mod</i>	(75)	(6)	(81)	
<i>Subtotal</i>	(75)	(6)	(81)	

<sup>10</sup> The CRL allows the Agency to count one half of the units developed outside of the redevelopment project area toward the Mission/J.S. Project Area's housing production obligation.

# **I. HOUSING OBJECTIVES AND PROGRAMS**

## **1. HOUSING ACTIVITY GOALS AND OBJECTIVES**

In addition to discussion of an agency's progress in meeting its specific affordable housing obligations under the CRL, an Implementation Plan must set forth the agency's goals and objectives for affordable housing every five years.

During the next five years of the Redevelopment Plan from 2011 through 2015, the Agency will concentrate on achieving those goals that are most applicable to the Agency's affordable housing activities, as well as the objectives articulated by the Housing Element of the City's General Plan and the Consolidated Plan.

The Agency is committed to assisting the City in achieving the goals and objectives presented in the Housing Element. The overall goal of the Housing Element states:

*It is vitally important that locally responsible government institutions give priority attention to preserving and enhancing Daly City's stable residential environment, so persons of all ages, races, and incomes can choose to live here in safe, attractive and affordable housing.*

In addition, the Agency will further the individual objectives of housing rehabilitation, housing conservation, and new construction.

## **2. HOUSING PROGRAM**

The Agency's Housing Program complies with Housing Element goal and objectives set forth above. The Agency will refine these programs to assist in providing high quality, attractive, affordable housing serving a diverse population.

The Agency's funds will be used in a flexible manner to respond to favorable development opportunities. The type of financial assistance to be provided may include cost write-down and gap financing for projects utilizing federal and state funds, as well as loans for property acquisition, development renovation, on- and off-site improvements, predevelopment costs, and development fees. In carrying out its purpose to increase the housing supply, the Agency may use the following:

- Acquire land or building sites.
- Improve land or building sites with on-site or off-site improvements.
- Donate land to public or private entities.
- Finance insurance premiums pursuant to CRL Section 33136.
- Construct buildings or structures.

- Provide subsidies to, or for the benefit of, persons or families of very low, low, or moderate income.
- Develop plans, pay principal and interest on bonds, loans, advances or other indebtedness, or pay financing or carrying charges.
- Require the integration of affordable housing units with units developed for market rate housing.
- Assist the development of affordable housing by developers.

### **3. PROPOSED ANNUAL HOUSING ACTIVITIES – CURRENT FIVE YEAR PERIOD (2011-2015)**

The Agency recognizes the important role of housing programs and activities in its Redevelopment Program. Consequently, the proposed Housing Program should not be viewed simply as an implementation procedure for the Agency’s stated goals and objectives related to affordable housing, but as a key element in its overall revitalization efforts. Through the annual budgeting process, the Agency will translate the housing objectives and programs described in this chapter into specific budget expenditures using the limited Housing Set-Aside Fund deposits that are expected during the current five-year Implementation Plan period from 2011 through 2015.

#### **Schedule for Annual Unit Production**

The CRL requires that the Agency formulate annual housing production goals over the current five-year period. The annual production goals are targets that the Agency has established. The Agency expects to take advantage of opportunities as they are presented and to initiate actions as necessary, consistent with the CRL and the City’s Housing Element, to preserve and facilitate the development of affordable housing for households whose basic needs are not met by the private housing market. The Housing Program for the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area will focus on new construction, rehabilitation of existing housing, and possibly, implementation of a first time homebuyer program.

#### **New Construction**

The Agency and City will work with developers, both nonprofit and for-profit, to identify underutilized properties in the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area. During this five-year planning period (2011-2015), it is estimated that 108 new housing units could be developed in the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area. A minimum of 15 percent of total number new units will be made available to low and moderate income households. Housing set-aside funds will be used to ensure financial feasibility of affordable units and might be offered in the form of developer subsidies or down payment assistance to lower income first time homebuyers. The Agency will implement homebuyer education activities in conjunction with all developments that provide ownership units for lower income households.

### Housing Rehabilitation Program

During 2011 through 2026, the Agency will offer housing rehabilitation assistance to an estimated ten Mission/J.S. homes as well as for rental housing that is occupied by households with incomes within the limits specified in Table 5. Utilizing Housing Set-Aside Funds, this program will provide low interest loans for housing rehabilitation activities such as roofing, floor coverings, painting, termite repairs, electrical upgrades, plumbing, heating and general property clean-up. Agency staff will be available to assist program participants in all phases of the rehabilitation process including property inspection, development of work specifications, contractor selection, construction administration, and contractor payment.

### First-Time Homebuyer Program

The Agency will assist low and moderate-income first-time homebuyers to purchase homes in the Project Area through the use of Housing Set-Aside Funds. The Agency will accomplish this goal by offering incentives to developers of new housing to include affordable units in the development.

### Acquisition and Rehabilitation Program

Housing Set-Aside might be utilized to assist developers undertaking an acquisition/rehabilitation project. The acquisition and rehab of 20 housing units could require approximately \$1.5 million in subsidies which could be funded with Housing Set-Aside as well as CDBG funds, HOME funds and/or tax credit equity.

At this time, based on information and opportunities known to date, the Agency plans to achieve the following annual housing goals within the Project Area.

Through the Year 2015:

- Work with private to developers to facilitate construction of 108 units in the Project Area with at least 15% for low and very low-income households. The Agency estimates that it will be able to provide financial assistance or otherwise assist in the development of approximately 54 units affordable to low and moderate income households units within the project area between 2011 and 2015.
- Utilize RDA funds and other resources to subsidize development of 76 affordable housing units on or near key transit corridor sites outside the redevelopment project area. These developments will include (1) development of approximately 35 condominium units at 7555 Mission Street for very low income households and development of other underutilized parcels near the Colma and John Daly BART stations and acquisition/rehabilitation of existing rental units.
- Work with non-profit developers to complete acquisition/rehabilitation of 20 rental units for very low income households.

**2011**

- Facilitate completion and sale of 14 affordable units within the Landmark development
- Acquisition/Rehab of 10 units targeted to very low income households.

**2012**

- Provide predevelopment assistance for development of 40 new rental units.

**2013**

- Provide construction subsidies for 40 new affordable rental units

**2014**

- Provide assistance for two housing rehabilitation loans for income eligible homeowners.

**2015**

- Acquisition/Rehab of 10 units targeted to very low income households.

**J. HOUSING PROGRAM REVENUES AND EXPENDITURES****1. HOUSING SET-ASIDE FUND**

The primary funding source for the Agency’s housing activities will be the 20 percent portion of annual tax increment revenue deposited by the Agency into its Housing Set-Aside Fund. Table 11 shows the estimated deposits into the Housing Set-Aside Fund. The housing funds balance for the Mission Street-Junipero Serra Blvd Commercial Business District Redevelopment Project Area at the beginning of 2011-15 implementation plan was \$720,977. The Agency projects that it will deposit approximately \$3,305,454 into the Housing Set-Aside Fund in the next five years.

**Table 11**  
**Deposits to Housing Set-Aside Fund - 2011 to 2015**  
**Mission Street-Junipero Serra Blvd Commercial Business District**  
**Redevelopment Project Area**

<b>Fiscal Year</b>	<b>Dollars</b>
2011/12	\$653,200
2012/13	\$653,200
2013/14	\$659,732
2014/15	\$666,329
2015/16	\$672,993
<b>Total</b>	<b>\$3,305,454</b>

Source: Daly City Redevelopment Agency.

## **2. ESTIMATED HOUSING SET-ASIDE FUND EXPENDITURES 2011-15**

Table 12 shows estimated Agency affordable housing expenditures of approximately \$3.5 million during the next five years and approximately \$3.3 million in tax increment revenues, leaving negative net fund balance in 2015.

**Table 12**  
**Estimated Housing Fund Deposits and Expenditures**  
**2011 to 2015**

**Mission St.-Junipero Serra Blvd. Commercial Business Dist. Redevelopment Project Area**

<b>Year</b>	<b>Deposits to Housing Set-Aside Fund</b>	<b>Total Planned Expenditures</b>
2011	\$653,200	\$ 750,000
2012	\$653,200	\$ 250,000
2013	\$659,732	\$ 1,500,000
2014	\$666,329	0
2015	\$672,993	\$ 1,000,0000
<b>Five Year Total</b>	<b>\$3,305,454</b>	<b>\$3,500,000</b>

The Agency targets its Housing Set-Aside Fund for specific income groups as required by the CRL. The Agency will make every effort to encourage the development of housing affordable to a variety of income levels, with special emphasis on very low and low-income households. By combining various funding sources, and in partnership and collaboration with others dedicated to the development of affordable housing, the Agency is confident it will be able to meet its housing production obligations within the next ten years.

The Agency will provide financial assistance in proportion to community needs based on percentage shares shown in the “required share” column of Table 13. In other words, at least 35 percent of funds will be spent on housing affordable to very low income households, at least 17 percent will be spent on housing affordable to low income households, and no more than 48 percent will be spend on housing affordable to moderate income households. The Agency estimates that 100 percent of housing set aside funds will be spent on housing affordable to very low-income households during the years 2011 through 2015. One hundred percent of these units will be available to households with children.

**Table 13**

**Housing Set-Aside Fund Distribution by Income Category  
Five-Year Period (2011-15)  
Mission Redevelopment Project Area**

	<b>Required Share<sup>1</sup></b>	<b>Proposed Share</b>	<b>Proposed Tax Increment Funds</b>
Very Low	35%	100%	\$3,500,000
Low	17%	0%	0
Moderate	48%	0%	0
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>\$3,500,000</b>

(1) Proportional share required under CRL3334.4 and consistent with regional housing needs as documented in City of Daly Housing Element.

Table 14 shows Housing Fund expenditures by income category over the next five years and the approximate number of households that will be assisted.

**Table 14  
Number of Households Assisted by Income Category  
Housing Set-Aside Fund Expenditures  
Mission Redevelopment Project Area  
(2011-15)**

<b>Income Category</b>	<b>Set-Aside Expenditures</b>	<b>Households Assisted</b>
Very Low	\$3,500,000	30
Low	0	0
Moderate	0	0
	\$3,500,000	30

The Agency will combine the Housing Set-Aside Fund revenue from the Redevelopment Project Area with other funding sources devoted to the provision of affordable housing. These other funding sources include, but are not limited to, Housing Set-Aside funds from other Project Areas, Community Development Block Grant (CDBG) funds, Home Investment Partnership (HOME) funds, California Housing Finance Agency (CalHFA) assistance, the State’s Department of Housing and Community Development (HCD) programs, low income housing tax credit equity funds, and other creative financing options such as private sector or foundation contributions.

In conclusion, the Agency’s goals will meet its CRL affordable housing production requirements in the next five years of the Implementation Plan. The housing production requirements will be met by affordable units assisted outside the Project Area as well as inclusionary housing within the Project Area. Furthermore, in accordance with CRL, the Agency is proposing to assist in the

development of units and spend Housing Set-Aside Funds by income category in accordance with need from 2010 to 2015.

## **K. AGENCY COMPLIANCE WITH CRL HOUSING REQUIREMENTS THROUGH END OF PLAN**

The Agency will comply with CRL housing requirements through the end of the Redevelopment Plan by continuing to meet housing production and replacement requirements and using at least 20 percent of tax increment revenues for the purpose of increasing, improving and preserving the community's supply of affordable housing.

## **L. REVIEW OF PREVIOUS IMPLEMENTATION PLAN**

In July, 2007, the Agency adopted an updated five-year plan for the Mission Street-Junipero Serra Boulevard Commercial Business District Redevelopment Project Area. In accordance with Section 33490.2(C)(iv), the Agency shall report on the following topics regarding the previous Implementation Plan:

- 1) amount of Housing Set-Aside Funds utilized to assist units affordable to, and occupied by, extremely low, very low, and low income households
- 2) number, location, level of affordability of units newly constructed with other locally controlled government assistance and without Agency assistance and that are required to be affordable to, and occupied by, persons of extremely low, very low, or low income for at least 55 years for rental housing or 45 years for homeownership housing
- 3) amount of Housing Set-Aside Funds utilized to assist housing units available to families with children, and the number, location and level of affordability of those units.

During the 2006-10 Implementation Plan period the Agency utilized housing set-aside funds for site acquisition, consultant fees and for relocation. Specifically, the Agency acquired property needed for the Landmark development as well as the 31,000 square foot site located at 7555 Mission Street.

Table 15 below summarizes Housing Set-Aside expenditures for the years 2006 through 2010 by income level. .

Significant affordable housing accomplishments associated with the Mission Junipero Serra Redevelopment Project during the 2006-10 Implementation Plan include completion of the two ownership units by Habitat for Humanity at the former Parkview Clubhouse site and near completion of 14 BMR units within the Landmark Development. Both of these projects will

have 45-year affordability periods, memorialized with recorded affordability covenants. In addition, both of these projects are available to families with children.

**Table 15**  
**Mission St.-Junipero Serra Blvd. Commercial Business Dist. Redevelopment Project**  
**Housing Set-Aside Revenues and Expenditures (Fiscal – 2006-10)**

<b>FY</b>	<b>Housing Set-Aside Revenue</b>	<b>Housing Funds Expended</b>
05-06	\$ 547,172	\$ 3,890,365 <sup>1</sup>
06-07	\$ 640,844	\$ 0
07-08	\$ 755,966	\$ 0
08-09	\$ 660,220	\$ 0
09-10	\$ 603,763	\$ 29,894 <sup>2</sup>
<b>TOTAL</b>	<b>\$ 3,207,965</b>	<b>\$ 3,920,259</b>

- 1) Acquisition of Sofos (Landmark) property and 7555 Mission Street
- 2) Consultant fee for development of Landmark homebuyer program

Table 16 shows annual housing set aside fund expenditures for 2006-10 by income category.

**Table 16**  
**Mission St.-Junipero Serra Blvd. Commercial Business Dist. Redevelopment Project**  
**Housing Set-Aside Expenditures by Income Category**  
**(Fiscal 2006-10)**

<b>Year</b>	<b>Income</b>	<b>Category</b>		
		<b>Very Low</b>	<b>Low<sup>1</sup></b>	<b>Moderate</b>
<b>FY</b>				
05-06		\$3,010,365		\$880,00
06-07				
07-08				
08-09				
09-10		\$3,010,365		\$ 29,894

Table 17 shows the percentage of housing set-aside funds expended by income category and indicates that the Agency spent the required share of 35 percent of housing set-aside revenue for housing units affordable to very low-income households. Overall, during the ten-year period of 2006 through 2010, a total of \$3.0 or 77 percent of total tax increment expenditures was spent on the development of housing units affordable to households at or below the “very low” income definition described above.

**Table 17**

**Mission Street-Junipero Serra Blvd Commercial Business District  
Housing Set-Aside Distribution by Income Category (Fiscal – 2006-10)  
Target vs. Actual**

	Target %	Expended	Actual % of Expended Funds
Very Low	33%	\$3,010,365	77%
Low	29%	\$0	0%
Moderate	38%	\$909,894	23%
Total	38%	\$3,920,259	100%
TOTAL HOUSING FUND REVENUE 2006-10 = \$3,207,965			

**M. IMPLEMENTATION PLAN CONCLUSION**

This Five-Year Implementation Plan describes specific goals and objectives of the Daly City Redevelopment Agency, specific proposed programs including potential projects, estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project areas and implement the Affordable Housing Set-Aside Fund. This Implementation Plan conforms to the requirements of the California Community Redevelopment Law and is intended to be used as a flexible guide used to respond to changing market conditions and the current policies of the Redevelopment Agency.

Attachment 2.

Adopted Implementation Plan: Bayshore Redevelopment Project Area 2010-2014



# **Bayshore Redevelopment Project Area Implementation Plan**

**2010-2014  
(July 1, 2009 through June 30, 2014)**

**Adopted June 22, 2009**

# **BAYSHORE REDEVELOPMENT PROJECT IMPLEMENTATION PLAN 2010-2014 (July 1, 2009 through June 30, 2014)**

## **A. BACKGROUND**

Every five years, the CRL (Sections 33490 and 33352(c)) requires redevelopment agencies to prepare a Five-Year Implementation Plan. The purpose of this Implementation Plan is to describe:

- The specific goals and objectives of the Agency for the Project Area,
- The specific projects proposed by the Agency, including a program of both non-housing and housing actions and proposed expenditures within the first five years of the Redevelopment Plan.
- How the Agency's proposed objectives, projects, and expenditures will help to eliminate blight in the Project Area (as described in Section 33031) and implement the affordable housing requirements (as described in Sections 33334.2, 33334.4, 33334.6 and 33413).

This Implementation Plan is designed to guide the Agency's efforts in eliminating blighting conditions in the Project Area while meeting other Agency objectives as required by the CRL. In addition, the housing component of the Implementation Plan provides a mechanism for the Agency to monitor its progress in meeting its affordable housing obligations under the CRL. In effect, the Implementation Plan is a general plan of action for the first five years of the Redevelopment Project, providing the Agency with flexibility to adjust to changing circumstances and new opportunities. As required by Section 33413 of the CRL, this Implementation Plan also includes the Agency's Housing Production Plan, known as the AB 315 Plan.

The planning period specifically covered by this Implementation Plan starts on July 1, 2009 and ends on June 30, 2014. This period includes the third five years in which the Agency would be entitled to receive tax increment revenue from the Project Area. In addition, information for later years is provided in the housing component of this Implementation Plan as required by Section 33413. The affordable housing production plan contained in Section I covers the five year period from 2009 to 2014, the ten-year period through the end of 2009, and a third period from 2010 to the end of the Redevelopment Plan.

Because implementation plans are intended to be program level documents, the implementation of specific projects and activities over the five-year period may vary in timing, location, cost, expenditure, scope, and content from what is set forth in this document. As unforeseen constraints and opportunities will most likely arise while undertaking this program, the Agency will use this Implementation Plan as a flexible guide. The subsequent sections of this plan are summarized as follows:

- **Section B** - Description of the Redevelopment Project
- **Section C** - Objectives of the Redevelopment Plan
- **Section D** - Description of blighting conditions in the Project Area
- **Section E** - Summary of the five year action program for non-housing activities
- **Sections F through I** - Agency's housing obligations, production goals, activities, proposed schedule of expenditures, and includes the Agency's Affordable Housing Production Plan (also known as the AB 315 Plan).

## **B. PROJECT DESCRIPTION**

The proposed Project Area consists of approximately 384.5 acres located entirely within the Bayshore Planning Area of the City of Daly City, State of California. Figure I-1 and Figure I-2 in Chapter I show the location of the Project Area and a map of the Project Area's boundaries. One of 14 planning areas identified in the Land Use Element of the Daly City General Plan, the Bayshore area is the easternmost planning area in the City and is isolated from most of Daly City by other jurisdictions and topography.

Unlike other planning areas in Daly City, the Bayshore is only abutted by one Daly City neighborhood, the Southern Hills, which is adjacent to the area's western boundary. San Francisco's Visitation Valley lies immediately to the north, the City of Brisbane to the east, the lower ridge of San Bruno Mountain to the south, and the steep topography of San Bruno Mountain and Southern Hills to the west.

The Bayshore area is developed predominately with single-family residences and is the only area of the City that includes industrial land uses. Geneva Avenue is the area's main commercial street, and some commercial areas wrap around side streets off Geneva Avenue into residential areas. Carter Street near Geneva Avenue and Bayshore Boulevard also contains pockets of commercial development. In addition, the Cow Palace occupies approximately 68 acres of land.

The area is characterized by dead end streets with no curbs, gutters or sidewalks, and a lack of easily developable land parcels. The area lacks commercial facilities normally found in residential neighborhoods, such as a full service grocery or drug store (a supermarket or drug store carrying a full range of products). The neighborhood had a small grocery store, but this store was under maintained and lacked sufficient inventory

to meet local needs; it closed in 2001. There was also one drug store in the neighborhood, which served the most basic needs of the neighborhood; however, this drug store closed in 2006 and residents need to go outside the area to get a broader variety of product choices similar to larger drug store chains. The area does not have banks or lending institutions.

In 2001, the Geneva Avenue Urban Design Plan was completed and approved. The Urban Design Plan is a vision statement for the Geneva Avenue corridor that distinguishes three defined districts and defines a potential development program for the entire Geneva Avenue / Bayshore area.

In 2002, preparation of the Cow Palace Area Master Plan commenced. Consistent with the Geneva Avenue Urban Design Plan, the Cow Palace Area Master Plan provides a potential development program and guidelines for the three significant and contiguous properties in the Master Plan Area: the Carter-Martin Property, owned by the Daly City Redevelopment Agency and consisting of 12.75 acres, the privately-owned Syufy Property, (former Drive-In), and the Cow Palace property, comprising nearly 69 acres. The three sites together comprise approximately 100 acres. At the present time, there is uncertainty regarding the future of the Cow Palace facility, it may close, move or remain. The Master Plan provides programs for either alternative that are internally consistent.

Since 2000, the Agency has been actively trying to get a commercial development, containing a supermarket, pharmacy and other neighborhood-serving uses to the neighborhood. In 2000, The Agency has awarded an Exclusive Right to Negotiate (ERN) to the Bridgecreek Development for the Agency's 12.75-acre parcel requiring the developer to assemble the adjacent privately-owned and Cow Palace 13-acre and upper parking lot parcels. This proposal proved to be unsuccessful due to the inability for Bridgecreek to secure the rights to develop the Cow Palace 13-acre parcel.

In 2004, the Agency approved the Master Plan for the 37-acre, Cow Palace/Carter Martin Area, with Agency Staff working directly with the Cow Palace to secure a development of these parcels. During 2005-2006, the Agency and Cow Palace Board of Directors discussed several mechanisms for jointly securing a successful development, which ended in the fall of 2007 in an unsuccessful negotiation of a long-term ground lease for the 13-acre upper parking lot.

As a result of many years of unsuccessful efforts to realize the needed neighborhood-serving commercial uses, the Daly City City Council contacted Senator Leland Yee to sponsor legislation to direct the State and Cow Palace to sell all or a part of the Cow Palace property in order for development and the provision of needed commercial neighborhood services to materialize. While the legislation was approved by both the Senate and the Assembly, the Governor vetoed the bill at the end of September 2008.

During this same period in 2008, the Cow Palace Board of Directors disseminated a Request for Proposals to ground lease the 13-acre Upper Parking Lot. Cypress

Equities, a commercial real estate developer, was selected in August 2008 by the State and the Cow Palace to negotiate a long-term ground lease. Cypress Equities, which has reviewed with Agency Staff, preliminary conceptual plans to develop a shopping center with grocery store on the site is in their due diligence phase of negotiations with the State and Cow Palace. With the ultimate outcome of these negotiations uncertain, the Agency will continue to work towards realizing the development of a mixed-use project for the three parcels containing 37-acres, which will include a viable commercial neighborhood-serving development.

## **C. OBJECTIVES**

### **Overview and Purpose:**

The Bayshore Redevelopment Project will further several City goals and objectives. The land use goal of the City's General Plan is "To create a balanced mixture of land uses that ensure equal opportunities for employment, housing, open space and services which adequately serve both personal needs of the citizens and the economic needs of the community." The General Plan identifies several constraints to improvement of the Bayshore neighborhood, including aging public utility systems, deteriorated physical infrastructure, and a lack of easily developable land. In summary, these objectives are anticipated to:

- Help to meet the economic needs of residents and businesses in the community.
- Support the efforts of the Daly City Redevelopment Agency to assemble contiguous parcels and manage the development of available land to maximize economic benefit.
- Provide for reinvestment in the Bayshore district by developing a core reinvestment area, targeting Geneva Avenue and Cow Palace Master Plan Area as areas of reinvestment.

### **Specific Objectives:**

The order these objectives is not intended to indicate relative priority:

- Address and eliminate instances of physical and economic blight within the Project Area wherever possible by improving the area's economic base, preserving, and enhancing residential areas.
- Facilitate the provision of certain basic services to area residents.
- Implement policies and objectives for the neighborhood, as defined in the City of Daly City's General Plan.
- Ensure the protection and preservation of the residential areas through rehabilitation efforts, and in doing so; enhance the character of the neighborhood.
- Promote commercial development in areas identified as suitable in the City's General Plan.

- Facilitate the installation of adequate and appropriate streetlighting, signage, landscaping and sidewalk improvements, along with other public infrastructure improvements.
- Consider other projects that will assist with implementation of the above goals.

## **D. PROJECT AREA BLIGHTING CONDITIONS AND ELIMINATION OF BLIGHT**

The Implementation Plan is required to provide an explanation of how the objectives, programs and expenditures for the first five years will serve to eliminate blight in the Project Area. Chapter II of this Report to Council provides a comprehensive discussion of blighting conditions in the Project Area. In summary, all nine blighting conditions, as defined by the CRL, were found to exist in the Project Area:

### **1. Adverse Physical Conditions**

- **Deficient or Deteriorated Buildings:** a relatively large number of aging, obsolescent, or physically deteriorated commercial and industrial buildings are located in the Project Area. These buildings show the effects of deferred maintenance, including outmoded signage, peeling paint, or more serious deterioration.
- **Factors that Inhibit Proper Use of Buildings or Lots:** these include unreinforced masonry buildings that are subject to earthquake damage, deteriorated buildings, underutilized properties, and utilities deficiencies.
- **Incompatible Uses:** examples of this condition include the area north of Macdonald Avenue which has industrial uses contiguous to low-density single family residential areas, residential dwellings along the western length of Rio Verde Avenue fronting on the Cow Palace property, and the PG&E electrical sub-station and storage yard adjoining the Midway Village Housing Complex.
- **Substandard Lots near Carter / Martin Streets:** over 20 acres of land, comprising approximately 10 percent of the Project Area, is vacant or underutilized along the western and northern boundaries of the Project Area. This land has been subdivided, but the steep topography of the area makes this land difficult to develop. Much of this vacant land is under multiple ownership, with many of the lots of substandard size or shape. Although the area is platted in City maps, the streets indicated therein are paper streets, and in most cases, the lot boundaries are indecipherable.

### **2. Adverse Economic Conditions**

- **Depreciated Values/Impaired Investments:** this condition is demonstrated by stagnant or declining property values, high commercial vacancy, declining retail sales, underperforming lodging establishments and hazardous materials sites. The Bayshore Project Area has not been immune to the “sub-prime” mortgage /

foreclosure crisis; there have been a number of distressed properties and declining property values during the period of 2006-2009.

- Deteriorated Buildings and underutilized land: Along Geneva Avenue there are buildings in disrepair and vacant as well as several underutilized parcels of land. As stated, there are large portions of vacant land along the western and southern portions of the Project Area that could be put to better use. There is a demonstrated lack of commercial facilities typically found in economically vibrant neighborhoods.
- Residential overcrowding and business failures: Project Area households were three times more likely to be overcrowded than households in San Mateo County in 1990. Likewise, the rate of business failures is high due to under capitalization, limited expertise and/or lack of market support for the product or service.
- Although the crime rate in this neighborhood is lower than other areas of the City, residents, property and business owners continue to perceive crime as a top problem in the area.

As discussed in Section E below the Redevelopment Program for the Bayshore Project Area will alleviate the blighting conditions described in Chapter II. Section E describes the deficiencies to be corrected by projects proposed for the first five years of the Redevelopment Plan. The five-year action program shown above will continue the process of improving the area and alleviating those blighting conditions. Table V-1 provides a matrix summarizing the relationship between proposed projects and how they will eliminate blight.

**Table V-1**  
**Relationship between Blighting Conditions and Public Improvement Projects**  
**Bayshore Redevelopment Project**

Matrix Summarizing How Redevelopment Program Will Eliminate Blight  
 Bayshore Redevelopment Project

REDEVELOPMENT PROGRAM	<i>Planning</i>	<i>Economic Development</i>	<i>Building Rehabilitation</i>	<i>Circulation &amp; Landscaping</i>	<i>Public Facilities</i>	<i>Site Preparation</i>	<i>Housing</i>
ADVERSE CONDITIONS	1	2	3	4	5	6	7
Deficient or Deteriorated Buildings	■	■	■				■
Uneconomic Use of Buildings and Lots	■	■	■	■	■	■	■
Incompatible Uses	■	■		■			
Substandard Lots	■	■					
Depreciated or Stagnant Values	■	■	■	■	■	■	■
Vacant and Underutilized Property	■	■		■	■	■	■
Residential Overcrowding	■						■
High Crime Rate	■				■		■
Deficient Public Improvements*	■	■		■	■	■	

\* Although not considered physical or economic blight under the CRL, the existence of deficient public improvements is recognized as a deterrent to properties in the CRL.

## **E. FIVE-YEAR ACTION PROGRAM FOR NON-HOUSING REDEVELOPMENT ACTIVITIES**

This section describes the proposed Non-Housing Redevelopment Program, including the deficiencies to be corrected, project descriptions, and the estimated project costs. As they are implemented, these projects may be modified over time to better serve the purposes of redevelopment. The cost estimates are preliminary and subject to refinement as the Redevelopment Program, planning and implementation proceed. Some of these projects may not be completed within the first five years of the Redevelopment Program, and thus, related costs may not be incurred in the first five years. These activities are grouped in the following categories:

- Planning
- Economic Development
- Building Rehabilitation
- Circulation and Landscaping
- Public Facilities and Infrastructure
- Site Preparation and Development

## **1. Planning**

### **a. Deficiencies to be Corrected**

As described in Chapter III, the Project Area suffers from residential overcrowding and several incompatible uses, such as noise and land use patterns that detract from the area. . The Bayshore Design Charette, conducted on April 10, 1999 identified several key challenges for accomplishing beautification and improved urban design in the neighborhood. With the participation of community members and leaders, several architects created various and interesting visions of the neighborhood's future development. These community members reiterated their needs for neighborhood services, such as a Grocery Store, Drug Store, Bank, Post Office, Police Sub-Station and Community Center.

In February 2008, the City of Daly City conducted a citywide survey of residents and business owners as part of an extensive community outreach effort as an initial step towards the comprehensive update of the City's General Plan. Bayshore respondents comprised 4% of the total survey responses, while they are 5% of the total population. Although the overall response rate is low, the rate of response is proportionate to the population residing in that neighborhood. In that survey, the top three issues for Bayshore residents was the lack of shopping opportunities, the difficulties associated with public transit, and the perception of increasing crime.

Additional planning and design studies are needed in order to identify specific capital projects and building guidelines that will contribute to the visual improvement and economic revitalization of the Bayshore.

### **b. Description of Planning Activities**

In 2001, the Geneva Avenue Urban Design Plan was completed and approved. The Urban Design Plan is a vision statement for the Geneva Avenue corridor that distinguishes three defined districts and defines a potential development program for the entire Geneva Avenue / Bayshore area.

As the Bayshore is revitalized, additional planning studies will be required. These might include design and streetscape guidelines for Geneva Avenue in order to ensure a coordinated aesthetic strategy along this main commercial thoroughfare. In addition,

and in line with suggestions received at the April 10, 1999 Bayshore Design Charrette, the City will examine the impacts and benefits of alternate land use designations along certain lengths of Geneva Avenue.

In particular, the Agency and City, through the comprehensive General Plan update, will consider a mixed-use Commercial and Residential District for specific areas along Geneva Avenue. This District could set building design standards, lot size, parking requirements and other parameters in such manner that would encourage development of land uses that are:

- desired by the community at large
- complementary to each other
- focused on the health and cultural benefit of the neighborhood
- of economic benefit in terms of increasing commerce on Geneva Avenue

Future street improvements and other infrastructure needs will also require predevelopment engineering and planning studies. Plans and studies are underway for an extension of Geneva Avenue to the Bayshore Freeway, in conjunction with intermodal transit improvements linking Caltrain and Muni-Metro. Additional studies may be needed to participate in and plan complimentary improvements and infrastructure.

Another strong community desire has been to revive pedestrian activity along this corridor. To assist with the effort, the City developed, with the assistance of Bayshore residents, the Geneva Avenue Streetscape Master Plan in 2002. The Master Plan outlines specific improvements along Geneva Avenue that will be necessary to improve pedestrian mobility, street friendliness, and encourage economic activity along the commercial strip. Unfortunately, the plan was not adopted due to the high costs of such improvements. Further studies and modifications to the plan should be considered that add vibrancy to this potential pedestrian corridor

In 2007, the Bayshore neighborhood was approved as a Priority Development Area through FOCUS program. FOCUS is a regional incentive-based development and conservation strategy for the Bay Area. FOCUS coordinates the efforts of four regional agencies—ABAG, MTC, the Air District, and the Bay Conservation and Development Commission (BCDC)—into a single program that encourages future growth in areas near transit and within the communities that surround the San Francisco Bay. Concentrating development in this area could offer housing and transportation choices for all residents, while helping to reduce traffic, protect the environment, and enhance existing neighborhoods.

The Allan Street area contains a number of older heavy industrial buildings. Many of these buildings are at the end of their useful economic life. While this area of the Bayshore is the only "Industrial District" in Daly City, market forces and pressures may encourage conversion to other uses. Planning and studies may be undertaken either to preserve or reuse space in this area.

The Geneva Avenue corridor, due to its proximity to the Cow Palace, has several lodging establishments. While some of the establishments have recently remodeled, others have semi-converted to full time residential use, or are at the end of their economic lives. Should the Cow Palace close or relocate, the viability of these establishments may diminish. Should the Cow Palace expand its' capacity, the need to enhance these facilities will increase. Planning studies may be undertaken to assist in preserving lodging uses, enhancing them, or finding alternative uses.

### **c. Estimated Program Costs**

The total estimated cost for planning activities associated with Bayshore Redevelopment is approximately \$1,000,000. These costs could be funded with a combination of tax increment and other funding sources.

## **2. Economic Development**

### **a. Deficiencies to be Corrected**

The Project Area contains several underutilized properties. In addition, the area lacks necessary commercial facilities typically found in thriving neighborhoods, including grocery stores, drug stores and lending institutions. The area is characterized by stagnant property values, declining retail sales, and an underperforming lodging market compared to the surrounding region.

### **b. Description- Economic Development Activities**

#### STRATEGIC SITE ASSEMBLY – Major Projects:

- **Cow Palace & Adjacent Properties:**

The Agency has been active in the creation of a specific development project of sufficient magnitude that will 1) bring needed services to the neighborhood, 2) assist in the revitalization of the Geneva Avenue commercial district and 3) act a major catalyst in the economic restructuring of the Bayshore community.

In 2002, preparation of the Cow Palace Area Master Plan commenced. Consistent with the Geneva Avenue Urban Design Plan, the Cow Palace Area Master Plan provides a potential development program and guidelines for the three significant and contiguous properties in the Master Plan Area: the Carter-Martin Property, owned by the Daly City Redevelopment Agency and consisting of 12.75 acres, the privately-owned Syufy Property, (former Drive-In), and the Cow Palace property, comprising nearly 69 acres. The three sites together comprise approximately 100 acres. At the present time, there is uncertainty regarding the future of the Cow Palace facility, it may close, move or remain. The master plan provides programs for either alternative that are internally consistent.

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- PG&E Property:

This approximately 4-acre property contains a historic unreinforced masonry building dating from the turn of the century. The site could be redeveloped with a variety of uses, although PG&E states their continued need for use of the building and property.

- West of Carter Street Hillside (Carter Canyon).

This multi-acre property saw an entitlement application in 2002 for a multi-family project of approximately 200 units. In 2008, an application for 16 single-family homes was submitted and as of the writing of this Plan, is currently in the planning entitlement process. Obstacles to development in this vicinity include topography and multiple ownerships. Staff and Agency will work with property owners or interested developer(s) in assembling a feasible development site.

- Industrial area near MacDonald Avenue.

While this area provides much needed light industrial space, much of the building stock is older, in dilapidated condition, at the end of functional life, often providing “cold storage” space. These industrial uses are incompatible with nearby residential and retail uses. Staff and Agency will explore possible alternative uses for these properties.

- Midway Village.

This public housing site, owned and operated by the County of San Mateo Housing Authority, has generated complaints of underground soil contamination for many years. Although there has been remediation, there is the possibility that in the future the public housing at Midway Village could be relocated or replaced elsewhere, creating a potential development site for a non-residential use, such as Office / Light Industrial. Such uses are being contemplated for the PG&E site, which is within City of Brisbane and is adjacent to the Midway Village.

#### SITE ASSEMBLY – Infill projects:

The Agency is active in working with private property owners to assist their effort in consolidating smaller parcels along Geneva Avenue. Many of these parcels are underutilized and site assembly is necessary to promote modern commercial and mixed-use projects. Some examples of infill projects are:

- "El Rancho Market Site" 2665 Geneva Avenue.

During 2004, the owners of this property entitled it for a mixed-use development, including single-family residential, senior housing and ground floor retail. In 2005, the senior component was replaced with market rate condominiums, including eleven (11) Below Market Rate units and ground floor retail commercial space. The project, “The Geneva” is currently under construction with completion anticipated in summer of 2009. The Agency has provided assistance with issues relating to the temporary relocation of PG&E primary transmission lines, which prohibited the project from proceeding due to its near proximity to the new building. In addition, Agency staff has been working with the developer in referring potential retail tenants.

- Old Car Wash Site (Geneva Avenue between Pueblo and Calgary Streets):

This site, partially vacant, could accommodate a mixed-use development. As of mid-2009, this property is being marketed for sale. Staff will continue to work with property owners and interested developers.

- Old Fire Station Site (Geneva Avenue @ Schwerin Street):

During 2004, the old Bayshore Fire Station was demolished. This parcel could be combined with a neighboring parcel for a mixed-use development. Staff will continue to work with property owners and interested developers.

- Old Library and Lawson Hall:

These older public facilities have been re-purposed to serve Recreation and Police Department needs. Although there is no plan to redevelop these properties in the near future, study could occur in the future to combine these properties with adjacent sites, to create larger development sites.

#### SITE ACQUISITION

The Agency will acquire blighted properties in and outside the Redevelopment area for the purposes of site assembly, habitat preservation, toxic remediation, affordable housing, commercial revitalization, creation of new public facilities and to meet other future needs.

#### BUSINESS ENHANCEMENT:

In order to address the conditions of economic blight described in Chapter II, the Agency must undertake activities to support, attract and retain Bayshore businesses. During the first ten years of the Redevelopment Project, the Agency has worked with individual businesses in the Bayshore by providing focused technical assistance. This on-going program is facilitated by the City's Enterprise Center program. Technical assistance in the areas of business planning, finance, international trade, accounting and marketing will be offered. The Agency will also work with lenders to develop loan programs that specifically meet the needs of Bayshore business owners.

In addition to economic development activities that benefit individual businesses, the Agency will undertake activities that offer a collective benefit. The Agency will work with Bayshore businesses to evaluate the potential of a business organization in the Bayshore, and facilitate its implementation, if desired. The Agency will assist the business organization with creation and implementation of a marketing and promotion program for Bayshore businesses.

## BUSINESSES ATTRACTION AND ADDITIONAL ECONOMIC DEVELOPMENT ACTIVITIES:

Another important economic development activity is attraction of badly needed retail service providers. The City will undertake outreach efforts to encourage the location of compatible, neighborhood-serving businesses to the Project Area. In conjunction with marketing to specific businesses, the Agency will continue identify and market various development opportunities in the Bayshore by maintaining a data base of available properties and maintaining on ongoing dialogue with potential developers.

Additional economic development efforts, beyond those projects previously mentioned, include:

- **Lodging establishments:** The Agency will work with property owners to renovate dilapidated facilities and work with developers to attract more quality lodging facilities as supported by the market. Agency may encourage owners of functionally obsolescent operations to consider redevelopment and alternative uses.
- **Other vacant/underutilized properties:** The Agency will continue to enlist the support and participation of all landowners in the redevelopment process and offer assistance in soliciting development interests and technical assistance for project feasibility.
- **Coordination with City of Brisbane, City of San Francisco and Regional Transit Agencies:** Staff will continue discussion of possible inter-jurisdictional cooperation and coordination of new and nearby development within these two cities, with a focus on the –UPC Baylands Site- in Brisbane, and the Visitacion Valley neighborhood, including the Leland Avenue shopping district and Schlage Lock Company Site on Bayshore Boulevard. City staff will also continue dialogue on the issue of regional transit needs with the San Francisco Municipal Railway (MUNI), Caltrain, BART, Samtrans and Southern Pacific Railway. Staff will coordinate with other authorities regarding infrastructure needs: San Francisco Water Department, North County Sanitation District, Cal Water, Bayshore Sanitary District, Guadalupe Valley Sanitary District.

### **c. Estimated Program Costs**

The total costs for these additional economic development activities is approximately \$3,550,000. The City will consider a variety of funding sources, including bonding.

### **3. Building Rehabilitation, Facade Improvements and Historic Preservation**

#### **a. Deficiencies to be Corrected**

About 31 percent of the buildings in the Project Area have significant physical deficiencies. The Bayshore neighborhood generated a proportionately higher number of complaints concerning building code violations than other city neighborhoods. The area has a history of serious code violation problems, including sub-standard building conditions, the accumulation of weeds and rubbish, commercial code violations and various public nuisance complaints.

There are also blighted properties with substandard, blighted buildings on Geneva Avenue, west of Santos Street located in the City and County of San Francisco. The Daly City Redevelopment Agency will continue to work with the City and County of San Francisco to improve this area and advocate for full code compliance.

#### **b. Description**

The Agency Intends to promote rehabilitation and preservation of existing non-residential buildings. During the next five years of the Project, the Agency will continue the Façade Improvement Program that provides free architectural assistance and rebates to owners and tenants of non-residential buildings on Geneva Avenue. The goal of the program is to remove blight and improve the appearance of storefronts along Geneva Avenue and, in process, reduce retail vacancies. This Program provides funding to building owners who wish to rehabilitate their building. Other assistance may include structural rehabilitation, modernization of Interiors, façade improvement and seismic strengthening.

#### **c. Estimated Program Costs**

The estimated cost to the Agency for building rehabilitation activities over the five-year period is \$250,000.

### **4. Circulation and Landscaping**

#### **a. Deficiencies to be Corrected**

The Project Area's streets and sidewalks suffer from neglect and decline. The commercial areas could be made more attractive by street and gateway improvements. Residential areas could be enhanced by improvements to slow traffic on residential streets. Deficiencies will be corrected per the adopted Urban Design Plan.

In addition, there is a lack of easy and direct access onto and from Highway 101 from the Bayshore neighborhood, the main route to San Francisco to the North and other Peninsula communities to the South.

The Bi-County Transportation Study is a multi-agency study that aims to evaluate potential transportation improvements needed to address the significant current and anticipated land use growth on both sides of the county line. Multiple land use projects throughout the study area may result in as many as 18,000 new housing units and 15 million square feet of new commercial office space along the county line. Through the participation of several agencies, the Study will identify the highest-priority transportation projects that complement this dramatic growth while also providing existing neighborhoods with transportation improvements. The Agency will continue to work through the Bi-County Transportation Study to identify alternatives to improve access in and out of the Area including to Highway 101 from the Bayshore neighborhood, including the extension of Geneva Avenue to Highway 101. As part of the study, analysis and identification of needed park and ride lots will also be investigated.

**b. Description**

A Geneva Avenue Streetscape Master Plan was developed in 2002. The Master Plan outlines specific improvements along Geneva Avenue that will be necessary to improve pedestrian mobility, street friendliness, and encourage economic activity along the commercial strip. Unfortunately, due to the high costs of such improvements, the plan was not adopted. Further studies and modifications to the plan that are the more financially feasible should be considered that add vibrancy to this potential pedestrian corridor. Additionally, the Agency should actively pursue any grant opportunities available.

**c. Estimated Program Costs**

The estimated total cost to the Agency for the proposed streetscape program over the five-year period is \$1,050,000.

**5. Public Facilities and Infrastructure**

**a. Deficiencies to be Corrected**

Construction of the Bayshore Community Center, including new Library, was completed in 2006. However, the Bayshore neighborhood does not possess a police station or substation. Also lacking in the Project Area are a post-office and a neighborhood health-care/medical facility. It is possible that some of these services could be provided at the new shopping center required by the Cow Palace Area Master Plan.

The water capacity to accommodate future growth of the Bayshore neighborhood has been inadequate. In 2008, the Daly City Water Utility began construction of a new 2.5 million gallon water reservoir to address capacity issues, particularly relating to adequate water pressure and volume for fire suppression. The Agency has financially assisted this project.



## **b. Description**

Chapter III describes the need for property acquisition and site assembly in order to create marketable parcels for new development. The Agency's primary role during the implementation plan period will be to provide staff to evaluate, negotiate and administer real estate transactions. The primary costs for these activities will be for site-specific studies such as appraisals and environmental studies.

## **c. Estimated Program Costs**

The estimated total cost to the Agency for site preparation and development over the five-year period is \$750,000.

## **7. Estimate of Agency Expenditures**

Table V-2 summarizes estimated Agency expenditures during 2010-2014 by program category. The nature and scope of the projects and expenditures have been shaped primarily by Agency objectives for the Project Area, available revenues for funding projects and activities, and blighting factors to be eliminated within the Project Area. Refer to Chapter III of this report for a more complete description of the Redevelopment Program and estimated costs.

The estimated Agency expenditures included in Table V-2 represent an estimate based on reasonable assumptions regarding potential tax increment revenues over the first five years of the Redevelopment Plan, described below.

**Table V-2  
Non-Housing Program Expenditures: 2010 to 2014  
Bayshore Redevelopment Project**

<b>Proposed Redevelopment Program</b>	<b>Agency Share</b>	<b>Total Cost</b>	<b>Other Sources</b>	<b>Net Cost To Agency</b>
1. Planning	95%	1,000,000	50,000	950,000
2. Economic Development	99%	3,550,000	50,000	3,500,000
3. Building Rehabilitation, Facade Improvement	90%	250,000	25,000	225,000
4. Circulation and Landscaping Improvements	95%	1,050,000	50,000	1,000,000
5. Public Facilities and Infrastructure	96%	2,075,000	75,000	2,000,000
6. Site Preparation and Development	100%	750,000	0	750,000
<b>Subtotal Non-Housing Project Costs</b>		<b>8,675,000</b>	<b>250,000</b>	<b>8,425,000</b>
7. Administration	100%	3,000,000	0	3,000,000
<b>Subtotal Non-Housing Costs</b>		<b>11,675,000</b>	<b>250,000</b>	<b>11,425,000</b>
8. Housing Program	34%	10,500,000	7,000,000	3,500,000
<b>TOTAL COSTS</b>		<b>22,175,000</b>	<b>7,250,000</b>	<b>14,925,000</b>

Source: Daly City Redevelopment Agency

## 8. Five Year Implementation Plan Revenues

The Agency is projected to receive approximately \$16.9 million in tax increment revenue during the five-year implementation plan period (2010-2014). Of this, a total of \$3.8 million will be passed through to the following taxing entities pursuant to AB 1290, legislation passed in 1993 that attempts to alleviate the loss of revenue to affected taxing entities that may occur because of the adoption of a redevelopment plan:

- Bayshore Elementary School District
- Bay Area Air Quality Management District
- Bayshore Sanitary District
- Jefferson Union High School District
- San Mateo County community College District
- San Mateo county Office of Education
- San Mateo County Harbor Distinct
- San Mateo County
- City of Daly City

In addition, 20 percent, or \$3.4 million of the total tax increment revenue will be set-aside for affordable housing activities to meet the requirements of the California Redevelopment Law (Section 33334.2). The Law stipulates that an agency is required to set aside at least 20 percent of all tax increment revenue for the purpose of “increasing, improving and preserving the community’s supply of low- and moderate-income housing”.

After pass through and set-asides, a total of approximately \$9.7 million will remain available for Non-Housing Avidities and Agency administration. Table V-3 summarizes projected annual tax increment revenues available for non-housing projects and administration or the next five years of the Redevelopment plan. Including existing reserves, tax increment revenues are projected to be sufficient to cover the Agency's planned expenditures.

**Table V-3  
Projected Tax Increment Revenue  
(2010 -2014)**

<b>Fiscal Year</b>	<b>Gross Tax Inc. Revenue</b>	<b>Pass Through Payments</b>	<b>Housing Fund</b>	<b>Non Housing &amp; Admin</b>
2009-10	3,340,539	761,643	668,108	1,910,789
2010-11	3,340,539	761,643	668,108	1,910,789
2011-12	3,340,539	761,643	668,108	1,910,789
2012-13	3,407,350	776,876	681,470	1,949,004
2013-14	3,475,497	792,413	695,099	1,987,984
<b>Totals</b>	<b>16,904,465</b>	<b>3,854,218</b>	<b>3,380,893</b>	<b>9,669,354</b>

Source: Tax Increment Projections, Daly City Redevelopment Agency

Note 2: It should be noted that the County of San Mateo Is In the process of analyzing the assessed values of single-family residential parcels throughout the County as a result of the economic recession and dramatic housing values decline. The actually affect of this voluntary reassessment will not known until after June 30, 2009 and may affect the estimated tax Increment revenues stated within this report.

## **F. HOUSING COMPONENT OVERVIEW**

Sections F through K of this chapter comprise the housing component of the Implementation Plan for the Bayshore Redevelopment Project, and summarize the Agency's housing obligations pursuant to CRL Sections 33334.2, 33334.4, 33334.6, and 33341.3. These sections also provide an overall framework for the Agency's housing goals, policies and programs.

Section G describes statutory housing requirements. Building upon CRL requirements and background analysis, Section H outlines the Agency's proposed Housing Production Plan over the five-year Implementation Plan period as well as into the future. Section I describes the Agency's housing objectives and programs in the Bayshore

Project Area for the years 2010 through 2014. Section J addresses estimated Housing Set-Aside Fund revenues and expenditures. Lastly, Section K reviews how the Agency performed in comparison to the first Implementation Plan for the Bayshore.

## **1. Requirements for Agency Housing Activities**

The housing portion of an Implementation Plan sets forth specific goals and objectives in enough detail to measure performance. The CRL requires that an Implementation Plan include the following affordable housing planning components:<sup>1</sup>

- The total number of housing units projected to be developed, rehabilitated, price-restricted, assisted, or destroyed for three time periods: 1) on an annual basis for the next five years, 2) in aggregate for the second five years, and 3) in aggregate until the end of the Plan.
- A Housing Production Plan for the Project Area (the “AB 315 Plan”).
- Identification of proposed locations for replacement housing, which the Agency would be required to produce if a planned project would result in the destruction of existing affordable housing.
- An explanation of how the goals, objectives, programs, and expenditures set forth in the Implementation Plan will implement the housing requirements of the CRL, including a housing program for each of the five years of the Implementation Plan.
- Estimates of deposits into the Housing Set-Aside Fund during the next five years and the Agency’s plans for utilizing annual deposits to the Housing Set-Aside Fund.

## **2. Agency Approach to Meeting Housing Requirements**

The Agency intends to implement relevant goals, objectives, policies, strategies and programs from the General Plan Housing Element and Consolidated Plan in the Project Area.<sup>2</sup> The major goals of the Housing Program of the Bayshore Redevelopment Project are:

- Encourage mixed commercial/residential use where appropriate.
- Expend housing funds in accordance with the CRL.
- Provide opportunities for affordable and market rate residential development, based on the CRL requirements for affordable housing.

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<sup>1</sup> Affordable housing is used in this chapter to define housing that is affordable to households earning at or below 120 percent of median income for San Mateo County, assuming generally that 30 percent of household income is spent on housing. For 2009, 120% of median income for a 4-person family in SMC is \$114,000

<sup>2</sup> The Housing Element of the General Plan was last updated in 2004. It identified the city’s general housing needs, and the objectives and priorities to guide planning decisions and policies. The Five Year Consolidated Plan was approved by the City Council in April 2008. It established housing, community developments, and emergency shelter goals for the City.

From a regional perspective, the City has a shortage of housing and long waiting lists for below market rate units. The Agency will promote the rehabilitation and new construction of market rate and BMR housing both within the Project Area and other parts of Daly City, in order to enhance the vitality of the area, and provide much needed housing.

One purpose of the residential development will be to implement a key provision of the CRL: the enhancement of housing opportunities for households earning at or below 120 percent of median income, which is \$114,000 for a family of four in 2009 for Daly City. The Agency will utilize at least 20 percent of all tax increment revenue allocated to the Agency to increase, improve and preserve Daly City's supply of housing available to such families.

The Agency plans to establish a range of housing programs which seek to enhance project design and leverage federal, state, local, and private funding sources to develop high quality, attractive, and affordable housing serving a diverse population. The funds directed toward this project will be used in a flexible manner in order to respond to favorable development opportunities.

The type of financial assistance to be provided may include cost write-down and gap financing to allow design enhancements, property acquisition, construction costs, predevelopment costs, and permit fees. Appropriate uses of these funds include new affordable rental and ownership housing construction, housing rehabilitation loans and assistance to homebuyers with acquiring affordable housing.

The most likely sites for construction of new housing in the Bayshore include (1) vacant and underutilized parcels along Geneva Avenue and (2) land located within the Cow Palace/Carter Martin Master Plan Area.

With respect to Geneva Avenue parcels, the Agency has identified mixed-use development as the preferred development type. This would include projects featuring commercial uses on the ground floor, with residential units above.

In 2004, the City approved a Master Plan for approximately 37 acres of land consisting of three separately owned parcels adjoining the Cow Palace within the Bayshore Redevelopment Area. The Plan provides a preliminary blueprint for development of these lands that meets the Agency objectives relating to neighborhood beautification, provision of services and economic revitalization.

## **G. STATUTORY REQUIREMENTS FOR HOUSING**

This section summarizes the Agency’s housing requirements under the CRL, and provides background information and analysis regarding housing needs and conditions in the Project Area and the overall community. The major statutory requirements for affordable housing imposed on redevelopment agencies by the CRL may be categorized generally as:

- Inclusionary Housing Requirement (Section 33413). Agencies must make available specified minimum percentages of new or substantially rehabilitated housing units in a Project Area at a legally defined affordable housing cost.<sup>3</sup>
- Housing Fund Requirement (Section 33334.2). Agencies are required to expend specified percentages of tax increment revenue for the provision of affordable housing.
- Replacement Housing Requirement (Section 33413). Agencies must replace within four years, housing units removed from the housing stock as a result of redevelopment activities.

These three requirements are described in detail in the following three sections. Relevant section references to the CRL are included in parentheses.

## 1. Inclusionary Housing Requirement

As part of the Implementation Plan, the Agency must adopt a plan showing how it intends to meet its housing production requirement (the “Housing Production Plan”). The plan must be consistent with the community’s housing element and must cover the following time periods:

- Production over the next five years.
- Production over the next ten years.
- Production through the life of the Plan.

The plan must include estimates of the number of residential units, which will be developed or substantially rehabilitated within a Project Area, and the number of affordable housing units at any location in the City, which will be developed in order to meet the requirements of the CRL. Additionally, the plan must include estimates of the number of units the Agency itself will develop during the time period of the plan, including the number of affordable housing units. The plan must be reviewed every five years in conjunction with the update of a community’s housing element or with the Implementation Plan cycle. Section I of this chapter contains the Agency’s Housing Production Plan for the Bayshore Redevelopment Project Area. (Section 33413.(b)).

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<sup>3</sup> The CRL defines “substantially rehabilitated” as rehabilitation of any multifamily rental unit or any single family Agency-assisted housing unit which has increased in value by at least 25 percent of the after-rehabilitation value of the dwelling (values include the value of the land).

### **a. Agency Developed Housing**

The CRL affordable housing inclusionary production obligation requires that the equivalent of at least 30 percent of all new or substantially rehabilitated dwelling units developed directly by an agency must be available at affordable housing cost to persons and families of very low, low, or moderate income. Of those units, at least 50 percent must be affordable to very low-income households. The 50 percent requirement translates to 15 percent of the total number of units developed or rehabilitated by an agency (50 percent of 30 percent equals 15 percent). This requirement applies only to units developed by an agency and does not apply to units developed by housing developers pursuant to agreements with an agency. (Section 33413.(b)(1).) This production requirement should not apply to the Bayshore Project Area because the Agency does not anticipate directly developing units in the Project Area.

### **b. Housing Not Developed by the Agency**

When dwelling units are developed or substantially rehabilitated in a Project Area by public or private entities other than a redevelopment agency, including entities receiving agency assistance, at least 15 percent of these units must be affordable to very low, low, or moderate-income households. Six percent of the total number of units developed or substantially rehabilitated must be available to very low-income households. Table V-5 lists current qualifying income limits for households of various sizes in these income categories. The Agency anticipates that at least 6% of the substantially rehabilitated units within the Project Area will be occupied by families qualifying for agency assistance under these income limits.

## **2. Housing Fund Requirement**

The CRL requires an agency to set aside in a separate Low and Moderate Income Housing Fund (the "Housing Set-Aside Fund") at least 20 percent of all tax increment revenue generated from its Project Areas. The funds must be used for the purpose of increasing, improving, and preserving the community's supply of affordable housing. Such housing must be available at affordable housing cost to persons and families of very low, low, or moderate income. These funds may be applied towards low/moderate income housing developed at any location within city limits. (Sections 33334.2 and 33334.3)

### **a. Fund Targeting: Income Levels and Affordable Housing Cost**

Housing Fund moneys must be targeted to the following specific income levels:<sup>4</sup>

**Table V-4  
2009 Daly City Income Definitions**

<b>Income Category</b>	<b>Definition</b>
Very Low	Incomes up to 50 percent of area median income, adjusted for family size.
Low	Incomes typically from 50 percent up to 80 percent of area median income, adjusted for family size. <sup>5</sup>
Moderate	Incomes typically from 80 percent up to 120 percent of area median income, adjusted for family size. <sup>6</sup>

Table V-5 shows the maximum income limits for each income level by household size for 2004 in Daly City and San Mateo County. These income limits were published by the State of California Department of Housing and Community Development (HCD) utilizing income limits prepared by the U.S. Department of Housing and Urban Development (HUD).

**Table V-5  
2009 Daly City Maximum Incomes  
by Income Category and Household Size**

<b>Income Category</b>	<b>Household Size</b>							
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>1. Very Low</b>	\$39,600	\$45,250	\$50,900	\$56,550	\$61,050	\$65,600	\$70,100	\$74,650
<b>2. Lower</b>	\$63,350	\$72,400	\$81,450	\$90,500	\$97,700	\$104,950	\$112,200	\$119,450
<b>3. Median</b>	\$66,500	\$76,000	\$85,500	\$95,000	\$102,600	\$110,200	\$117,800	\$125,400
<b>4. Moderate</b>	\$79,800	\$91,200	\$102,600	\$114,000	\$123,100	\$132,200	\$141,400	\$150,500

*Source: State of California, Department of HCD, February 2004*

Housing assisted by Housing Set-Aside Fund moneys must be available at an affordable housing cost in accordance with the CRL.<sup>7</sup> Table V-6 shows the affordable housing cost definitions by income level and tenure. Table V-7 shows the affordable

<sup>4</sup> The Health and Safety Code defines low and moderate income in Section 50093, low income in Section 50079.5, and very low income in Section 50105.

<sup>5</sup> Income limits are published by California's Department of Housing and Community Development based on data published by the U.S. Department of Housing and Urban Development (HUD) pursuant to Health and Safety Code 50079.5.

<sup>6</sup> Income limits are published by the state's Department of Housing and Community Development based on data published by the U.S. Department of Housing and Urban Development (HUD) pursuant to Health and Safety Code 50093.

<sup>7</sup> Health and Safety Code Section 50052.5 includes the definition of affordable housing cost.

monthly housing cost corresponding to each income level applicable to the Bayshore Project Area.

**Table V-6  
Affordable Housing Cost**

Income Level	Rental Housing <sup>8</sup>		Ownership Housing	
	% Income Spent on Housing	% of Area Median Income	% Income Spent on Housing	% of Area Median Income
Very Low	30 percent	50 percent	30 percent	50 percent
Low	30 percent	60 percent	30 percent	70 percent
Moderate	30 percent	110 percent	35 percent <sup>9</sup>	110 percent

Source: California Health and Safety Code, Section 50052.5.

**Table V-7  
2009 Income Limits and  
Corresponding Affordable Monthly Housing Cost for Typical Units  
Daly City**

Income Level	Annual Income		Affordable Monthly Housing Cost*	
	2BR	3BR	2BR	3BR
	Family of 3	Family of 4	Family of 3	Family of 4
<b>Very Low</b>	\$50,900	\$56,550	\$1,273	\$1,414
<b>Lower</b>	\$81,450	\$90,500	\$2,036	\$2,263
<b>Median</b>	\$85,500	\$95,000	\$2,138	\$2,375
<b>Moderate</b>	\$102,600	\$114,000	\$2,565	\$2,850

\* California Redevelopment Law states that affordable monthly rental housing cost cannot exceed 30% of annual income distributed over 12 months, (35% for certain owner-occupied lower income units.)

Source: State of California, Department of HCD, February 2009.

**b. Provision of Housing According to Need**

Over the life of a redevelopment plan, agency financial assistance that is not being provided by other governmental programs must be provided at minimum in proportion to housing need by income level. The proportion is calculated based on the number of housing units needed for very low income, low and moderate-income households divided by the total number of units needed for all three-income levels. (Section 33334.4).

<sup>8</sup> Rental housing costs include utility costs. Affordable housing costs are adjusted by family size.

<sup>9</sup> But not less than 28 percent of actual income.

The Association of Bay Area Governments (ABAG) sets forth the affordable housing need for the City in the City’s regional fair share allocation. Table V-8 shows the fair share allocation and the targeting objective currently applicable to the Daly City Redevelopment Agency for housing affordable to persons at or below 120 percent of median income. The Agency will use the Housing Set-Aside Fund to meet these needs where feasible.

**Table V-8  
ABAG Regional Fair Share Allocations  
Affordable Housing Need by Income Category  
Daly City**

<b>Income Category</b>	<b>Units Needed</b>	<b>% of Total Allocated Units</b>	<b>% of Affordable Units</b>
Very Low	241	20%	35%
Low	121	10%	17%
Moderate	338	28%	48%
Subtotal	700	60%	
Above Moderate	507		
Total	1207		

Sources: ABAG Regional Housing Needs Allocation for Daly City, Draft City Housing Element (updated in 2009) for housing production from 2009-2014,

The Agency will provide financial assistance in proportion to the need, based on “fair share” units needed shown in the second column of Table V-8. In other words, at least 35 percent of funds will be spent on units affordable to very low income households, at least 17 percent will be spent on units affordable to low or very low-income households, and no more than 48 percent will be spent on units affordable to households with moderate incomes.

The CRL also requires that the Agency spend its Housing Fund over each ten-year compliance period of the housing production plan to assist housing available to persons regardless of age in at least the same proportion as the numbers of low-income households in the community with a member under age 65 bears to the total number of low-income households in the community, as reported in the most recent census. Housing available to persons regardless of age means housing that is not restricted to seniors. As of the 2000 census, the total of persons over the age of 65 in Daly City was 12,486 or 12 percent of the total population.

**c. Duration of Affordability**

The CRL requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted by Housing Set-Aside Fund moneys. These controls on assisted housing units require that the units remain affordable for the

longest feasible time, but not less than certain minimum time periods. The minimum periods of affordability are 55 years for rental housing and 45 years for owner-occupied housing, with a shorter duration permitted if an agency recoups its Housing Set-Aside Fund investment when an assisted owner-occupied unit is sold at a non-affordable price or to a non-qualifying buyer. (Section 33334.3)

### **3. Replacement Housing Requirement**

The Bayshore Redevelopment Project does not anticipate the destruction or removal of any housing. However, CRL (Section 33490 (a)(3)) requires that the report contain a section outlining a replacement housing requirement for the Agency. When residential units sheltering households earning at or below 120 percent of median income are destroyed or removed, or are no longer affordable due to agency action, an agency must replace within four years those units with an equal number of replacement units which have an equal or greater number of bedrooms. (Section 33413.) At least thirty days prior to acquiring property or adopting an agreement that will lead to the destruction or removal of low and moderate income housing units, an agency must adopt by resolution a replacement housing plan that generally describes the location, timing, and method by which replacement housing will be provided. (Section 33413.5)

Replacement units may be located anywhere within the territorial jurisdiction of the agency (Section 33413[a]). An agency may either construct replacement housing, or cause housing to be constructed through agreements with housing developers. The basic income and affordability standards for replacement housing are the same as those for use of Housing Fund moneys (described below). The units must be available at affordable housing cost to households of low and moderate income. In addition, the CRL requires that 100 percent of the replacement units be available at affordable housing cost to the same income level of households as were displaced from the units removed or destroyed (Section 33413[a]).

Replacement housing must remain affordable for the longest feasible duration, and for at least as long as the land use controls of the redevelopment plan remain in effect (Section 33413[c]). The affordability controls on such units must be made enforceable by recorded covenants or restrictions.

## **H. HOUSING PRODUCTION PLAN**

In summary, the Agency plans to meet its housing production requirement through new construction and acquisition/rehabilitation of rental units. According to Table V-9, the Agency anticipates that 120 housing units will be built or substantially rehabilitated in the Project Area between 2010 and 2014, which will generate a housing production requirement of 18 affordable units. Of these, 7.2 must be occupied by households with very low incomes (see Category 1 in Table V-5) and 18 must be occupied by households with very low, low and moderate incomes (see Categories 1 and 2 in Table V-5).

It is anticipated that a total of 11 units affordable to low (80% AMI) income households will be completed inside of the project area within the next five years.

It is further anticipated that the City will assist in the development of about 80 affordable housing units outside of the Project Area during the next 5 years (new construction and acquisition/rehab). These 80 units will be affordable to households with very low and low incomes (see Category 5 in Table V-5). The CRL allows the Agency to count half of these, or 40, toward the Bayshore Project Area's housing production obligation.

Finally, the Agency intends to substantially rehabilitate approximately 2 units in the Bayshore over the next five years.

Thus, through housing development activities inside (11 units) and outside (10 qualifying units) the project area and through housing rehabilitation activities (5 units), the Agency will exceed its affordable housing production obligation (18 units) the Bayshore in the next five years of the Plan.

The Project Area will generate approximately \$3.4 million for the Housing Set-Aside Fund in the next five years of the Plan. The Agency will utilize these funds to subsidize the construction of new affordable dwelling units and to undertake acquisition /rehabilitation of affordable dwelling units.

## **1. Housing Production (2000 Through End of Redevelopment Plan)**

The Agency projects that 587 new or substantially rehabilitated housing units will be developed in the Bayshore Project Area over the next 19 years (see Table V-9).

### Production (2010 through 2014)

Over the next five years, the Agency anticipates that approximately 118 new housing units could be developed and about 2 units may be substantially rehabilitated in the Project Area.

### Production (2014 through 2019)

Over the following five-year period, the Agency anticipates that approximately 150 new housing units could be developed and about 2 units could be substantially rehabilitated in the Project Area.

### 2020 to End

The Agency projects that approximately 300 additional market-rate housing units could potentially be developed and 15 units could be substantially rehabilitated in the Project Area through the end of the Project.

## **2. Housing Production Obligation (2010 through 2019)**

### **a. New and Substantial Rehabilitation Unit Obligation**

Based upon the forecasted 272 new and substantially rehabilitated housing units in the Project Area between 2010 and 2019 in Table V-9, the Agency would have an obligation to ensure that a total of 41 new affordable units are developed. Of these, 16 units must be made available at affordable housing cost to very low-income households and 41 units must be affordable to low to moderate-income households. This housing obligation would be met by new construction as well as acquisition and rehabilitation of existing housing both inside and outside of the project area.

**b. Replacement Obligation**

The Agency has no plans to remove or destroy any housing units in the Project Area, and therefore it will not incur a replacement housing obligation.

**3. Meeting the Housing Production Requirement**

The production requirement can also be met by developing affordable housing outside of the Project Area, however, the requirement is doubled to 30 percent. For the Bayshore Redevelopment Project, if 40 affordable units were developed outside of the Project Area, a total of 20 units would be counted towards the housing obligation between the years 2010 and 2019. Ongoing development of new affordable housing outside of the project area will create approximately 120 new units of affordable housing, of which 60 can be counted toward the Bayshore Redevelopment Project production requirements.

In addition, acquisition and rehabilitation of rental housing for low and moderate-income households is already a priority housing activity in Daly City, as documented in the City's Five-Year HUD Consolidated Plan (adopted April 2008). Apartment buildings that are suitable for acquisition and rehabilitation are generally located in areas of the City outside of the Bayshore neighborhood. Therefore, the Agency intends to meet a portion of the housing production requirement for the Bayshore Redevelopment Project by working with non-profit housing organizations to acquire, rehabilitate and operate affordable housing in areas primarily outside of the Bayshore.

It is expected that new construction and acquisition/rehab will create approximately 40 units of affordable housing between the years 2010 and 2019. Therefore, twenty (20) of these units would count towards meeting the Agency's housing production obligation. Within the Project Area, housing production will be accomplished with the creation of units affordable to units affordable to households with incomes within the following 2009 moderate income limits for San Mateo County:

	1	2	3	4	5
Moderate Income Limits	\$79,800	\$91,200	\$102,600	\$114,000	\$123,100

Table V-9 shows how the Agency anticipates meeting its housing production requirement over the life of the Plan.

**Table V-9  
Housing Production Obligation - 5-Year, 10-Year & Life of Plan  
(2009 to 2014, 2015 to 2019 and 2020 to End)  
Bayshore Redevelopment Project Area**

	2000-04 *	2005-09	2010-14	2015-19	2020-2029-	Total	%
<b>1. Housing Production</b>							
<i>New Units</i>	157	8	118	150	300	721	
<i>Substantial Rehab</i>	0	0	2	2	15	19	
<i>Subtotal</i>	3	8	120	152	315	743	
<b>2. CRL Housing Production Requirement</b>							
<i>Very Low</i>	9.4	.5	7.2	9	19	44.58	6%
<i>Very Low, Low or Mod</i>	14.1	.7	10.8	14	28	66.87	9%
<i>Subtotal</i>	23.5	1.2	18	23	47	111.45	15%
<b>3. Proposed Units in Redevelopment Area Meeting CRL Requirements</b>							
<i>Very Low</i>	N/A	N/A	0	25	80	105	14%
<i>Very Low, Low or Mod</i>	N/A	N/A	13	10	20	41	5.5%
<i>Subtotal</i>	N/A	N/A	13	35	100	146	19.6%
<b>4. Actual Housing Production in Redevelopment Area Meeting CRL Requirements<sup>10</sup></b>							
<i>Very Low</i>	0	0	NA	NA		0	0%
<i>Very Low, Low or Mod</i>	0	0	NA	NA		0	0%
<i>Subtotal</i>	0	0	N/A	N/A		0	0%
<b>5. Proposed Units Outside of Redevelopment Area Meeting CRL Requirements</b>							
<i>Very Low</i>	n/a	n/a	30	30	40	170	
<i>Very Low, Low or Mod</i>	n/a	n/a	10	10	20	111	
<i>Subtotal</i>	n/a	n/a	40 <sup>11</sup>	40 <sup>12</sup>	60	281	
<b>6. Actual Housing Production Outside of Project Area Meeting CRL Requirements</b>							
<i>Very Low</i>	3.5 <sup>13</sup>	21.5 <sup>14</sup>	NA	NA		0	
<i>Very Low, Low or Mod</i>	0	0	NA	NA		0	
<i>Subtotal</i>	3.5	21.5	0	0		0	
<b>7. Total Remaining Obligation (Surplus)</b>							
<i>Very Low</i>	5.9	(21)	(22)	(46)	(101)	(184)	
<i>Very Low, Low or Mod</i>	20	(20.3)	(35)	(52)	(113)	(200)	

<sup>10</sup> Refers to 1/2 of the actual number of units produced outside of the project area.

<sup>11</sup> Includes 30 units of new construction, 10 units of acquisition/rehab.

<sup>12</sup> Includes 30 units of new construction, 10 units of acquisition/rehab.

<sup>13</sup> Habitat Way (7 units)

<sup>14</sup> De Long(4 Units), Hillcrest Senior Housing (39 unit)

# **I. HOUSING OBJECTIVES AND PROGRAMS**

## **1. Housing Activity Goals and Objectives**

In addition to discussion of an agency's progress in meeting its specific affordable housing obligations under the CRL, an Implementation Plan must set forth the agency's goals and objectives for affordable housing every five years. (Section 33490.(a))

During the next five years of the Redevelopment Plan from 2010 through 2014, the Agency will concentrate on achieving those goals that are most applicable to the Agency's affordable housing activities, as well as the objectives articulated by the Housing Element of the City's General Plan and the Consolidated Plan.

The Agency is committed to assisting the City in achieving the single goals and objectives presented in the Housing Element. The single goal of the Housing Element states: "Daly City will include well-designed housing choices for a variety of household incomes, life stages and its diverse population with a good balance between ownership and rental units. Mission Street and Geneva Avenue will be urban corridors with unique mixed-use developments and public improvement projects that add to vibrancy to these streets." In addition, the Agency will further the individual objectives of housing rehabilitation, housing conservation, and new construction.

## **2. Housing Program**

The Agency's Housing Program complies with Housing Element goal and objectives set forth above. The Agency will refine these housing programs to assist in providing high quality, attractive, affordable housing serving a diverse population.

The Agency's funds will be used in a flexible manner to respond to favorable development opportunities. The type of financial assistance to be provided may include cost write-down and gap financing for projects utilizing federal and state funds, as well as loans for property acquisition, development renovation, on- and off-site improvements, predevelopment costs, and development fees. In carrying out its purpose to increase the housing supply, the Agency may use the following:

- Acquire land or building sites.
- Improve land or building sites with on-site or off-site improvements.
- Donate land to private or public persons or entities.
- Finance insurance premiums pursuant to CRL Section 33136.
- Construct buildings or structures.
- Provide subsidies to, or for the benefit of, persons or families of very low, low, or moderate income.

- Develop plans, pay principal and interest on bonds, loans, advances or other indebtedness, or pay financing or carrying charges.
- Require the integration of affordable housing units with units developed for market rate housing.
- Assist the development of housing by developers.

### **3. Proposed Annual Housing Activities - Current Five Year Period (2010-2014)**

The Agency recognizes the important role of housing programs and activities in its Redevelopment Program. Consequently, the proposed Housing Program should not be viewed simply as an implementation procedure for the Agency's stated goals and objectives related to affordable housing, but as a key element in its overall revitalization efforts. Through the annual budgeting process, the Agency will translate the housing objectives and programs described in this chapter into specific budget expenditures using the limited Housing Set-Aside Fund deposits that are expected during the current five-year Implementation Plan period from 2010 through 2014.

#### **Schedule for Annual Unit Production**

The CRL requires that the Agency formulate annual housing production goals over the current five-year period. The annual production goals are targets that the Agency has established. The Agency expects to take advantage of various opportunities as they are presented and to initiate actions as necessary, consistent with the CRL and the City's Housing Element, to preserve and facilitate the development of affordable housing for households whose basic needs are not met by the private housing market. The Housing Program for the Bayshore Redevelopment Project Area will focus on new construction, rehabilitation of existing housing and implementation of a first time homebuyer program.

#### New Construction

The Agency and City will work with developers, both for-profit and nonprofit, to identify underutilized properties in the Bayshore. During this five-year planning period (2010-2014), it is estimated that 118 new housing units could be developed in the Bayshore Redevelopment Project Area. At least 15 percent of new units will be made available to low and moderate income households. Housing set-aside funds will be used to ensure financial feasibility of affordable units and might be offered in the form of developer subsidies or downpayment assistance to lower income first time homebuyers. The Agency will implement homebuyer education activities in conjunction with all developments that provide ownership units for lower income households.

### Acquisition and Rehabilitation Program

Acquisition and rehabilitation of existing housing units is an effective way to create affordable housing while addressing blight conditions. It is estimated that 10 units of affordable housing could be created using this method between 2010 and 2014. The acquisition and rehab of 10 housing units will require approximately \$1.2 million in subsidies which could be funded with DCRA Housing Set-Aside funds, CDBG funds, HOME funds and tax credit equity.

At this time, based on information and opportunities known to date, the Agency plans to achieve the following annual housing goals for the Bayshore Redevelopment project.

### **Through the Year 2014**

- Plan and implement a residential rehabilitation program, with a goal of assisting up to 10 homes in the Bayshore Project Area between 2010 through 2014. An average of two homes will be rehabilitated each year at a cost of approximately \$40,000 each.
- Construct 118 units in the Project Area with at least 15% for low and very low-income households. The City estimates that it will be able to provide financial assistance to subsidize the construction of approximately 10 units within the project area and approximately 60 units outside of the project year between 2010 and 2014.
- Implement Acquisition/Rehabilitation Program with a target of assisting 20 qualifying units in the next five years by utilizing RDA, Federal and other funding sources.

### **2009-10.**

- Identify sites and pursue development of 25 units of new housing affordable to households at or below 80 percent of Area Median

### **2010-11**

- Provide assistance for one (1) housing rehabilitation loan for income eligible homeowner.

### **2011-12**

- Provide assistance for one (1) housing rehabilitation loan for income eligible homeowner.

### **2012-13**

- Construct twenty (20) new units for very low or low-income households.
- Acquisition/Rehab of 10 units targeted to very low income households

## **2013-14**

- Complete construction of thirty (30) new units for very low or low-income households.
- Complete acquisition /rehabilitation of 20 units targeted to low-income households.

## **J. HOUSING PROGRAM REVENUES AND EXPENDITURES**

### **1. Housing Set-Aside Fund**

The primary funding source for the Agency's housing activities will be the 20 percent portion of annual tax increment revenue deposited by the Agency into its Housing Set-Aside Fund. Table V-10 shows the estimated deposits into the Housing Set-Aside Fund. The Agency projects that it will deposit approximately \$3,381,000 into the Housing Set-Aside Fund in the next five years.

**Table V-10**  
**Deposits to Housing Set-Aside Fund**  
**2010-2014**  
**Bayshore Project Area**

<b>Fiscal Year</b>	<b>Dollars</b>
2009/10	\$668,108
2010/11	\$668,108
2011/12	\$668,108
2012/13	\$681,470
2013/14	\$695,099
<b>Total</b>	<b>\$3,380,893</b>

Source: Daly City Redevelopment Agency

### **2. Estimated Housing Set-Aside Fund Expenditures 2010-2014**

Table V-11 shows estimated Agency expenditures of approximately \$3,400,000 million during the next five years and approximately \$3,380,000 million in tax increment revenues. Thus, tax increment revenues are projected to be sufficient to cover the Agency's planned expenditures for housing projects over the next five years of the Redevelopment Plan.

**Table V-11**  
**Estimated Housing Fund Deposits and Expenditures**  
**2010 to 2014**  
**Bayshore Project Area**

<b>Year</b>	<b>Deposits to Housing Set-Aside Fund</b>	<b>Total Planned Expenditures</b>
2009/10	\$668,108	\$ 100,000
2010/11	\$668,108	\$ 100,000
2011/12	\$668,108	\$1,500,000
2012/13	\$681,470	\$1,000,000
2013/14	\$695,099	\$ 700,000
<b>Five Year Total</b>	<b>\$3,380,893</b>	<b>\$3,400,000</b>

The Agency plans to target its Housing Set-Aside Fund for specific income groups as required by the CRL. The Agency will make every effort to encourage the development of housing affordable to a variety of income levels, with special emphasis on very low and low income households. By combining various funding sources, and in partnership and collaboration with others dedicated to the development of affordable housing, the Agency is confident it will be able to meet its housing production obligations within the next ten years.

The Agency will provide financial assistance inside the Project Area in proportion to the need based on percentage shares shown in the last column of Table V-12. In other words, at least 35 percent of funds will be spent on housing affordable to very low income households, at least 17 percent will be spent on housing affordable to low income households, and 48 percent will be spend on housing affordable to moderate income households.

**Table V-12**  
**Housing Set-Aside Fund Distribution by Income Category**  
**Five-Year Period (2010 to 2014)**  
**Bayshore Project Area**

	<b>Required Share <sup>1</sup></b>	<b>Proposed Share</b>	<b>Proposed Tax Increment Funds</b>
Very Low	35%	73%	\$2,500,000
Low	17%	15%	\$ 500,000
Moderate	48%	12%	\$ 400,000
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>\$3,400,000</b>

(1) Proportional share required under CRL3334.4 and consistent with regional housing needs as documented in City of Daly Housing Element.

Table V-13 shows Housing Fund expenditures by income category over the next five years and the approximate number of households that will be assisted in each income category. The table shows that a total of 45 units can be assisted in the next five years on a pay-as-you go basis.

**Table V-13  
Number of Households Assisted by Income Category  
Housing Set-Aside Fund Expenditures  
Bayshore Project Area**

<b>Income Category</b>	<b>Set-Aside Expenditures</b>	<b>Households Assisted</b>
Very Low	\$2,500,000	30
Low	\$ 500,000	15
Moderate	\$ 400,000	5
	<b>\$3,400,000</b>	<b>50</b>

The Agency will combine the Housing Set-Aside Fund revenue from the Redevelopment Project Area with other funding sources devoted to the provision of affordable housing. These other funding sources include, but are not limited to, Housing Set-Aside funds from other Project Areas, Community Development Block Grant (CDBG) funds, Home Investment Partnership (HOME) funds, California Housing Finance Agency (CalHFA) assistance, the State’s Department of Housing and Community Development (HCD) programs, low income housing tax credit equity funds, and other creative financing options such as private sector or foundation contributions.

In conclusion, the Agency’s goals stated above will meet its CRL affordable housing production requirements in the next five years of the Implementation Plan. The housing production requirements will be met by affordable units assisted outside the Project Area through the City’s Acquisition and Rehab Program and inclusionary housing within the Project Area. Furthermore, in accordance with CRL, the Agency is proposing to assist in the development of units and spend Housing Set-Aside Funds by income category in accordance with need from 2010 to 2014. The Housing Set-Aside Funds will be spent entirely within the Project Area.

## **K. REVIEW OF PREVIOUS IMPLEMENTATION PLAN**

In 1999, the Agency adopted the Bayshore Redevelopment Project, including the original Implementation Plan. An updated implementation plan for the years 2005-2009 was adopted in 2005. In accordance with Section 33490.2(C)(iv), the Agency shall report on the following topics regarding the previous Implementation Plan:

- 1) amount of Housing Set-Aside Funds utilized to assist units affordable to, and occupied by, extremely low, very low, and low income households
- 2) number, location, level of affordability of units newly constructed with other locally controlled government assistance and without Agency assistance and that are required to be affordable to, and occupied by, persons of extremely low, very low, or low income for at least 55 years for rental housing or 45 years for homeownership housing
- 3) amount of Housing Set-Aside Funds utilized to assist housing units available to families with children, and the number, location and level of affordability of those units.

The Agency spent \$162,177 in FY 04-05 to support the development of seven ownership units for very low-income families on Third Avenue developed by Peninsula Habitat for Humanity (PHH). In FY 03-04, the Agency provided PHH \$140,000 to build four ownership units across from the Daly City BART Station for very low-income families. Both PHH projects have 45-year affordability periods. In addition, both projects are available to families with children.

In 2007-08, the Agency utilized Housing Set-Aside funds to develop Hillcrest Senior Housing, a 40-unit apartment development for very low-income seniors. Hillcrest Senior Housing has a 55-year affordability restriction. The Agency also provided funding in 2007-08 for utility relocation required to construct condominium units located at 2665 Geneva Avenue (eleven of these units will be affordable to low income households, including households with children). The affordable units at 2665 Geneva will have a 45-year affordability restriction. In 2007-08 and 2008-09, the Agency provided funding to acquire real property located on Mission and Miriam Streets. The Agency is working to identify a redevelopment strategy for the site that will include a significant affordable housing component.

Table V-14 below describes how the Agency utilized its Housing Set-Aside Funds for affordable housing by income levels for the previous five-year Implementation Plan period covering 2005 through 2009. Table V-15 shows annual housing set aside fund expenditures for 2005 through 2009 by income category. Table V-16 shows percentage of housing set-aside funds expended by income category and demonstrates that the Agency exceeded its proportional share funding goal by spending 42 percent of its housing set-aside funds on projects serving very low-income households. The 2005-09 Implementation Plan had set a target of 33 percent for the percentage of housing funds to be spent on housing activities benefiting very low-income households.

**Table V-14  
Housing Set-Aside Revenues and Expenditures (2005-09)**

<b>FY</b>	<b>Housing Set-Aside Revenue</b>	<b>Housing Funds Expended</b>
04-05	\$430,179	162,177 <sup>1</sup>
05-06	\$577,610	140,000 <sup>2</sup>
06-07	\$700,446	\$0
07-08	785,771	1,421,460 <sup>3</sup>
08-09	\$700,000	\$136,404 <sup>4</sup>
<b>TOTAL</b>	<b>\$3,194,006</b>	<b>\$1,860,041</b>

- 1) Refers to \$162,000 expenditure for Habitat for Humanity Third Avenue construction subsidy.
- 2) Refers to \$140,000 expenditure for Habitat for Humanity De Long construction subsidy.
- 3) Refers to \$480,000 for Hillcrest Senior Housing, \$27,982 for PG&E improvements associated with 2665 Geneva and \$913,478 for Mission/Miriam acquisition.
- 4) Mission/Miriam acquisition.

**Table V-15  
Housing Set-Aside Expenditures by Income Category  
(2005-09)**

<b>Year</b>	<b>Income Category</b>			
	<b>Extremely Low</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>
04-05		162,177		
05-06		140,000		
06-07		0		
07-08		480,000	941,460	
08-09		\$0	136,404	
<b>Total</b>		<b>\$782,177</b>	<b>\$1,077,864</b>	

**Table V-16  
Housing Set-Aside Distribution by Income Category (2005-09)  
Target vs. Actual**

	<b>Target %</b>	<b>Expended</b>	<b>Actual % of Expended Funds</b>
Very Low	33%	\$782,177	42%
Low	29%	\$1,077,865	58%
Moderate	38%	\$0	0%
<b>TOTAL HOUSING SET-ASIDE FUNDS EXPENDED 2005-09 = \$1,860,041</b>			

Between 2005 and 2009, there were no newly constructed units funded with other locally controlled government assistance (e.g. CDBG, HOME) and without Agency assistance and that were required to be affordable.

Attachment 3

Comparable Sales Evaluations – Properties # 5-10

## Valuation Analysis - Property #5

City of Daly City as Successor Agency to Former Redevelopment Agency

Long-Range Property Management Plan dated March 2015

Subject Property	City	# Units	Lot Size (Acres)
Abbot Avenue Apartments - 260 Abbot Ave	Daly City	5 DU	0.06 AC

Comparable Sales (Attached)	City	Sale Date	Sale Price	# Units	Lot Size (Acres)	Price / Unit
1) 689a Lisbon Street	San Francisco	10/30/2014	\$220,000	3 DU	0.06 AC	\$73,333 / DU
2) 115 Hearst Avenue	San Francisco	10/3/2014	\$940,000	5 DU	0.08 AC	\$188,000 / DU
3) 192 196 Laidley Street	San Francisco	8/15/2014	\$400,000	4 DU	0.19 AC	\$100,000 / DU
4) 192 196 Laidley Street	San Francisco	7/23/2014	\$516,000	4 DU	0.19 AC	\$129,000 / DU
5) 222 Plymouth Avenue	San Francisco	6/3/2014	\$750,000	4 DU	0.14 AC	\$187,500 / DU
6) 68 Cayuga Ave	San Francisco	12/24/2013	\$235,000	2 DU	0.06 AC	\$117,500 / DU
7) 192 196 Laidley Street	San Francisco	10/29/2013	\$612,000	4 DU	0.19 AC	\$153,000 / DU
8) 192 196 Laidley Street	San Francisco	10/29/2013	\$440,000	4 DU	0.19 AC	\$110,000 / DU
9) 345 Esplanade Avenue	Pacifica	9/25/2013	\$333,000	4 DU	0.18 AC	\$83,250 / DU
10) 187 189 Lee Avenue	San Francisco	8/28/2013	\$563,000	3 DU	0.04 AC	\$187,667 / DU
11) 44 2nd Avenue	Daly City	6/28/2013	\$756,500	4 DU	0.06 AC	\$189,125 / DU
12) 227 Brighton Road	Pacifica	6/24/2013	\$585,000	4 DU	0.14 AC	\$146,250 / DU
13) 542 544 London Street	San Francisco	6/10/2013	\$328,000	2 DU	0.06 AC	\$164,000 / DU
14) 311 Spruce Avenue	South San Francisco	6/5/2013	\$400,000	2 DU	0.13 AC	\$200,000 / DU
<b>Average</b>			<b>\$505,607</b>	<b>4 DU</b>	<b>0.12 AC</b>	<b>\$144,902 / DU</b>

Preliminary Subject Valuation	
Subject Property Size	5 DU
Average Comparable Price / Acre	\$144,902 / DU
Subject at Average Price / Acre	\$724,509
Discount for affordable housing covenant income constraints	(50%)
<b>Adjusted Value</b>	<b>\$362,254</b>

### Notes:

Sample Set = 2-5 unit multifamily sales within last 2 years within 5 miles of Site

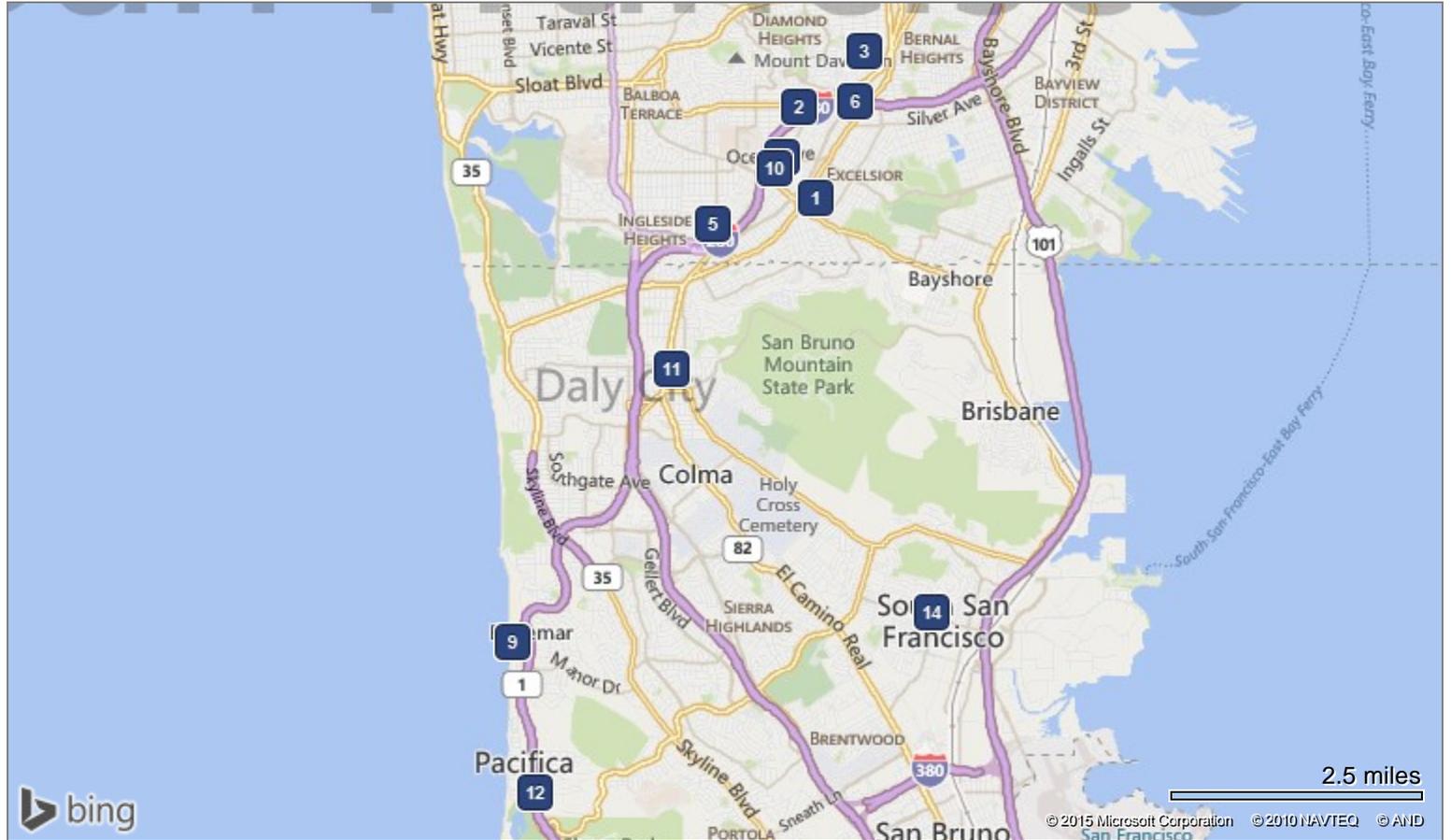


The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

865 South Figueroa Street, 35th Floor Los Angeles California 90017 ph 213.417.3300 fax 213.417.3311

## Sale Map w/ Line Item Report for Multifamily Properties

### Map



Property Address	Sale Date	Sale Price	Property Type	Subtype
1 689a Lisbon Street San Francisco, CA	10/30/2014	\$220,000 (\$73,333.33/Unit)	Multifamily	Duplex/Triplex/Fourplex
2 115 Hearst Avenue San Francisco, CA	10/03/2014	\$940,000 (\$188,000/Unit)	Multifamily	Duplex/Triplex/Fourplex
3 192 196 Laidley Street San Francisco, CA	08/15/2014	\$400,000 (\$100,000/Unit)	Multifamily	Duplex/Triplex/Fourplex
4 192 196 Laidley Street San Francisco, CA	07/23/2014	\$516,000 (\$129,000/Unit)	Multifamily	Duplex/Triplex/Fourplex
5 222 Plymouth Avenue San Francisco, CA	06/03/2014	\$750,000 (\$187,500/Unit)	Multifamily	Duplex/Triplex/Fourplex
6 68 Cayuga Ave San Francisco, CA	12/24/2013	\$235,000 (\$117,500/Unit)	Multifamily	Duplex/Triplex/Fourplex
7 192 196 Laidley Street San Francisco, CA	10/29/2013	\$612,000 (\$153,000/Unit)	Multifamily	Duplex/Triplex/Fourplex
8 192 196 Laidley Street San Francisco, CA	10/29/2013	\$440,000 (\$110,000/Unit)	Multifamily	Duplex/Triplex/Fourplex
9 345 Esplanade Avenue Pacifica, CA	09/25/2013	\$333,000 (\$83,250/Unit)	Multifamily	Duplex/Triplex/Fourplex
10 187 189 Lee Avenue San Francisco, CA	08/28/2013	\$563,000 (\$187,666.67/Unit)	Multifamily	Duplex/Triplex/Fourplex
11 44 2nd Avenue Daly City, CA	06/28/2013	\$756,500 (\$189,125/Unit)	Multifamily	Duplex/Triplex/Fourplex
12 227 Brighton Road Pacifica, CA	06/24/2013	\$585,000 (\$146,250/Unit)	Multifamily	Duplex/Triplex/Fourplex
13 542 544 London Street San Francisco, CA	06/10/2013	\$328,000 (\$164,000/Unit)	Multifamily	Duplex/Triplex/Fourplex

	<b>Property Address</b>	<b>Sale Date</b>	<b>Sale Price</b>	<b>Property Type</b>	<b>Subtype</b>
14	311 Spruce Avenue South San Francisco, CA	06/05/2013	\$400,000 (\$200,000/Unit)	Multifamily	Duplex/Triplex/Fourplex

## Valuation Analysis - Property #6

City of Daly City as Successor Agency to Former Redevelopment Agency

Long-Range Property Management Plan dated March 2015

Subject Property	City			Lot Size (Acres)	
Pacific Plaza – Phase III Office Site - E Side of Junipero Serra Blvd at Westlake Ave	Daly City			2.36 AC	

Comparable Sales (Attached)	City	Sale Date	Sale Price	Lot Size (Acres)	Price / Acre
1) 710 Santa Barbara Avenue	Millbrae	11/27/2013	\$2,080,000	1.85 AC	\$1,125,330 / AC
2) 101 Tiptoe Lane	Hillsborough	6/20/2014	\$3,500,000	3.42 AC	\$1,023,510 / AC
3) 6 Spruce Court	Pacifica	12/12/2014	\$1,773,000	2.09 AC	\$846,330 / AC
<b>Average</b>			<b>\$2,451,000</b>	<b>2.45 AC</b>	<b>\$998,390 / AC</b>

Preliminary Subject Valuation	
Subject Property Size	2.36
Average Comparable Price / Acre	\$998,390 / AC
Subject at Average Price / Acre	\$2,360,748
Estimated demolition at 18,000 SF x \$5.00 PSF	(\$90,000)
<b>Adjusted Value</b>	<b>\$2,270,748</b>

### Notes:

Sample Set = Commercial land sales between 1 and 5 acres within last 2 years within 10 miles of Site

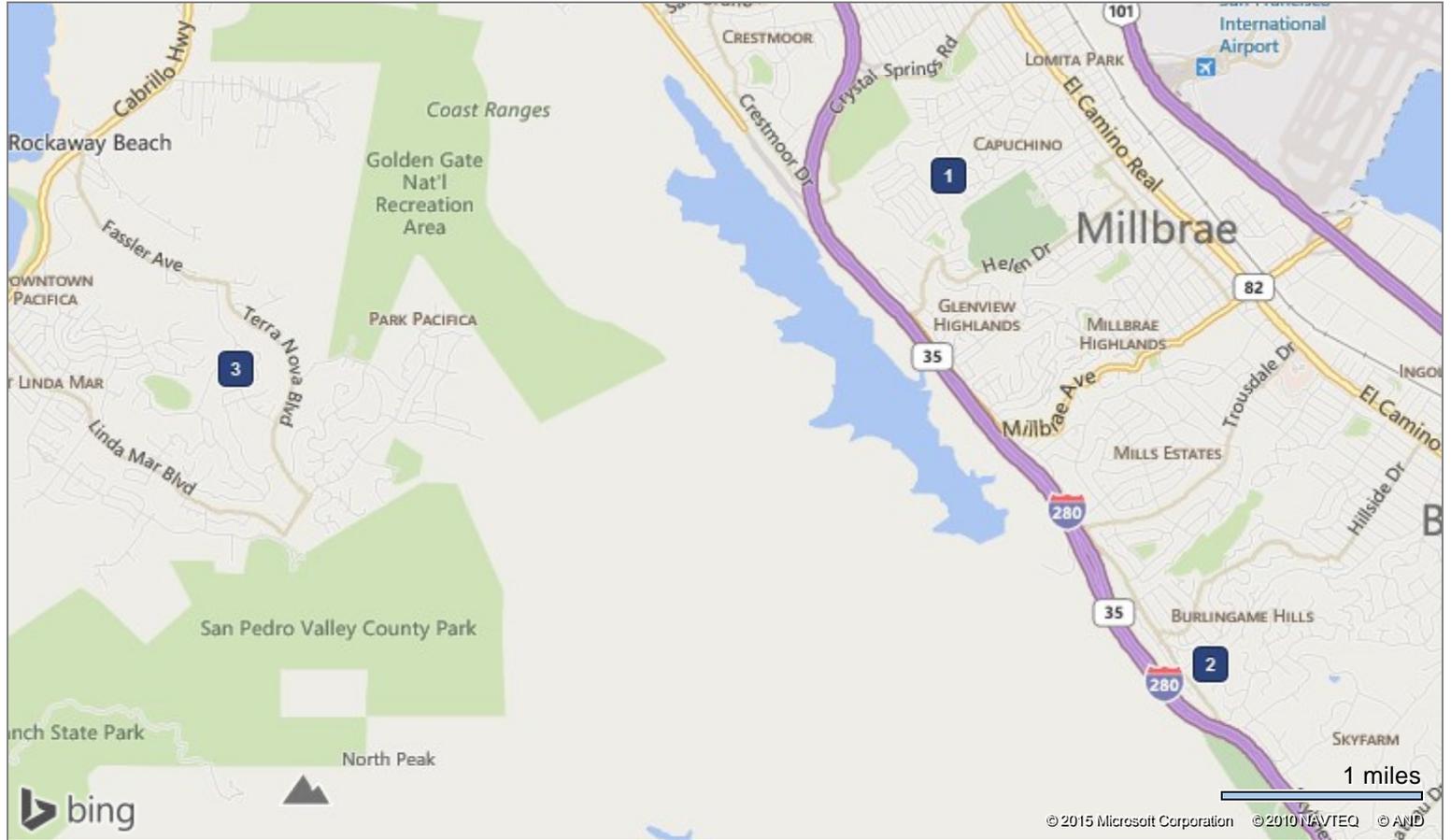


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865 South Figueroa Street, 35th Floor Los Angeles California 90017 ph 213.417.3300 fax 213.417.3311

## Sale Map w/ Line Item Report for Land

### Map



	Property Address	Sale Date	Sale Price	Property Type	Subtype
1	710 Santa Barbara Avenue Millbrae, CA	11/27/2013	\$2,080,000 (\$1,125,329.82/Acre)	Land	Commercial/Other (land)
2	101 Tiptoe Lane Hillsborough, CA	06/20/2014	\$3,500,000 (\$1,023,510.03/Acre)	Land	Commercial/Other (land)
3	6 Spruce Court Pacifica, CA	12/12/2014	\$1,773,000 (\$846,330.21/Acre)	Land	Commercial/Other (land)

## Valuation Analysis - Property #7

City of Daly City as Successor Agency to Former Redevelopment Agency

Long-Range Property Management Plan dated March 2015

Subject Property	City	Lot Size (Acres)
Pacific Plaza – Hotel Site - E Side of Junipero Serra Blvd, S of John Daly Blvd	Daly City	1.26 AC

Comparable Sales (Attached)	City	Sale Date	Sale Price	Lot Size (Acres)	Price / Acre
1) 710 Santa Barbara Avenue	Millbrae	11/27/2013	\$2,080,000	1.85 AC	\$1,125,330 / AC
2) 101 Tiptoe Lane	Hillsborough	6/20/2014	\$3,500,000	3.42 AC	\$1,023,510 / AC
3) 6 Spruce Court	Pacifica	12/12/2014	\$1,773,000	2.09 AC	\$846,330 / AC
<b>Average</b>			<b>\$2,451,000</b>	<b>2.45 AC</b>	<b>\$998,390 / AC</b>

Preliminary Subject Valuation	
Subject Property Size	1.26
Average Comparable Price / Acre	\$998,390 / AC
<b>Subject at Average Price / Acre</b>	<b>\$1,260,868</b>

### Notes:

Sample Set = Commercial land sales between 1 and 5 acres within last 2 years within 10 miles of Site

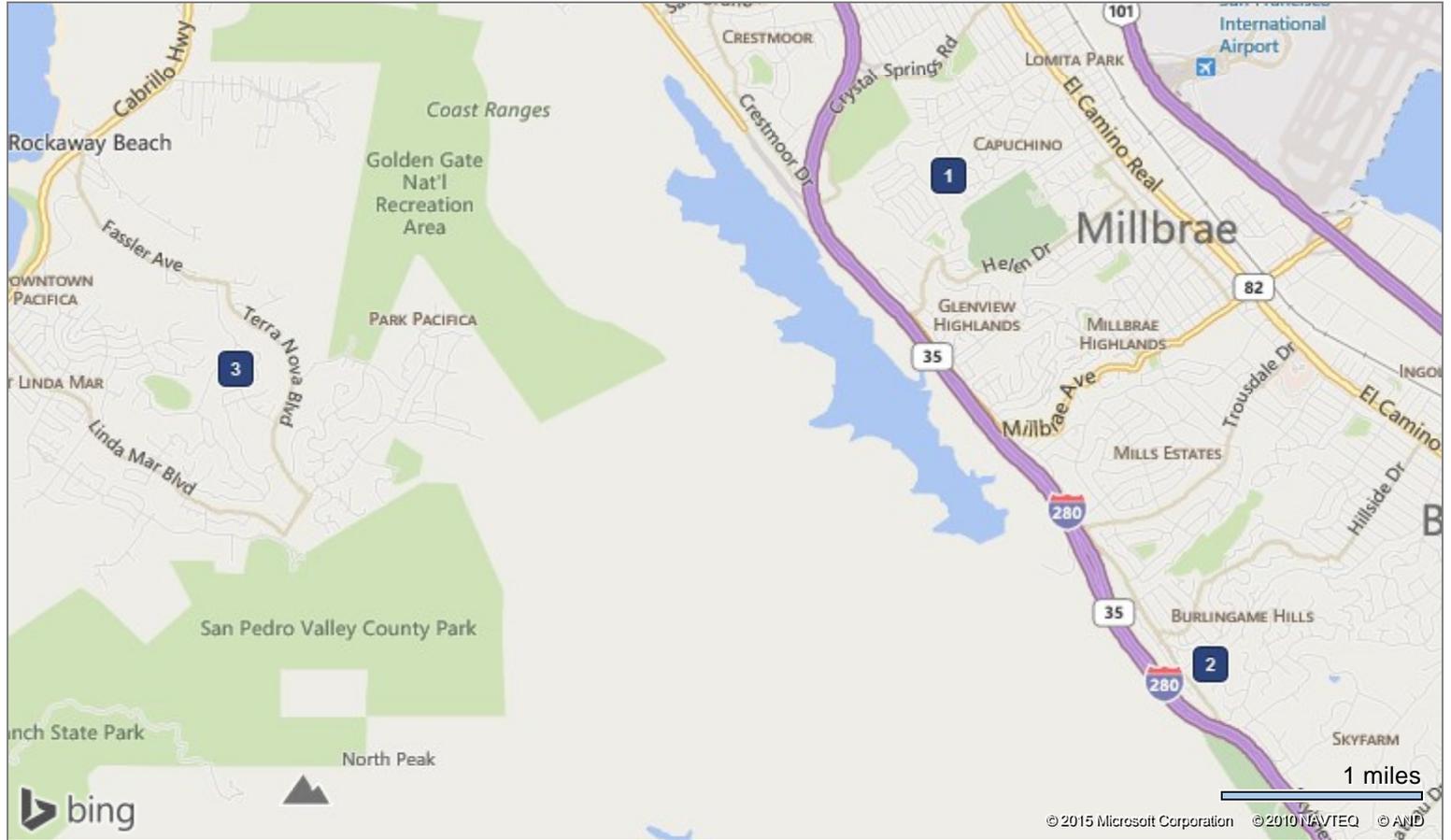


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## Sale Map w/ Line Item Report for Land

### Map



	Property Address	Sale Date	Sale Price	Property Type	Subtype
1	710 Santa Barbara Avenue Millbrae, CA	11/27/2013	\$2,080,000 (\$1,125,329.82/Acre)	Land	Commercial/Other (land)
2	101 Tiptoe Lane Hillsborough, CA	06/20/2014	\$3,500,000 (\$1,023,510.03/Acre)	Land	Commercial/Other (land)
3	6 Spruce Court Pacifica, CA	12/12/2014	\$1,773,000 (\$846,330.21/Acre)	Land	Commercial/Other (land)

## Valuation Analysis - Property #8

City of Daly City as Successor Agency to Former Redevelopment Agency  
 Long-Range Property Management Plan dated March 2015

Subject Property	City	Lot Size (Acres)
Landmark Plaza – Phase II Mixed Use Site - 6601 Mission St	Daly City	0.27 AC

Comparable Sales (Attached)	City	Sale Date	Sale Price	Lot Size (Acres)	Price / Acre
1) 1335 Adobe Drive	Pacifica	12/9/2014	\$100,000	0.43 AC	\$232,320 / AC
2) 1560 Bryant Street	Daly City	8/22/2014	\$800,000	0.41 AC	\$1,965,593 / AC
3) 438 Magellan Drive	Pacifica	3/7/2014	\$257,500	0.45 AC	\$573,510 / AC
4) 2107 Palmetto Ave	Pacifica	12/10/2013	\$350,000	0.31 AC	\$1,129,032 / AC
5) 493 Eastmoor Ave	Daly City	9/10/2013	\$750,000	0.37 AC	\$2,038,054 / AC
<b>Average</b>			<b>\$451,500</b>	<b>0.39 AC</b>	<b>\$1,187,702 / AC</b>

Preliminary Subject Valuation	
Subject Property Size	0.27
Average Comparable Price / Acre	\$1,187,702 / AC
Subject at Average Price / Acre	\$315,221
Discount for irregular shape, planned development constraints	(15%)
<b>Adjusted Value</b>	<b>\$267,938</b>

**Notes:**

Sample Set = Commercial land sales between 0.2 and 1 acre within last 2 years within 10 miles of Site

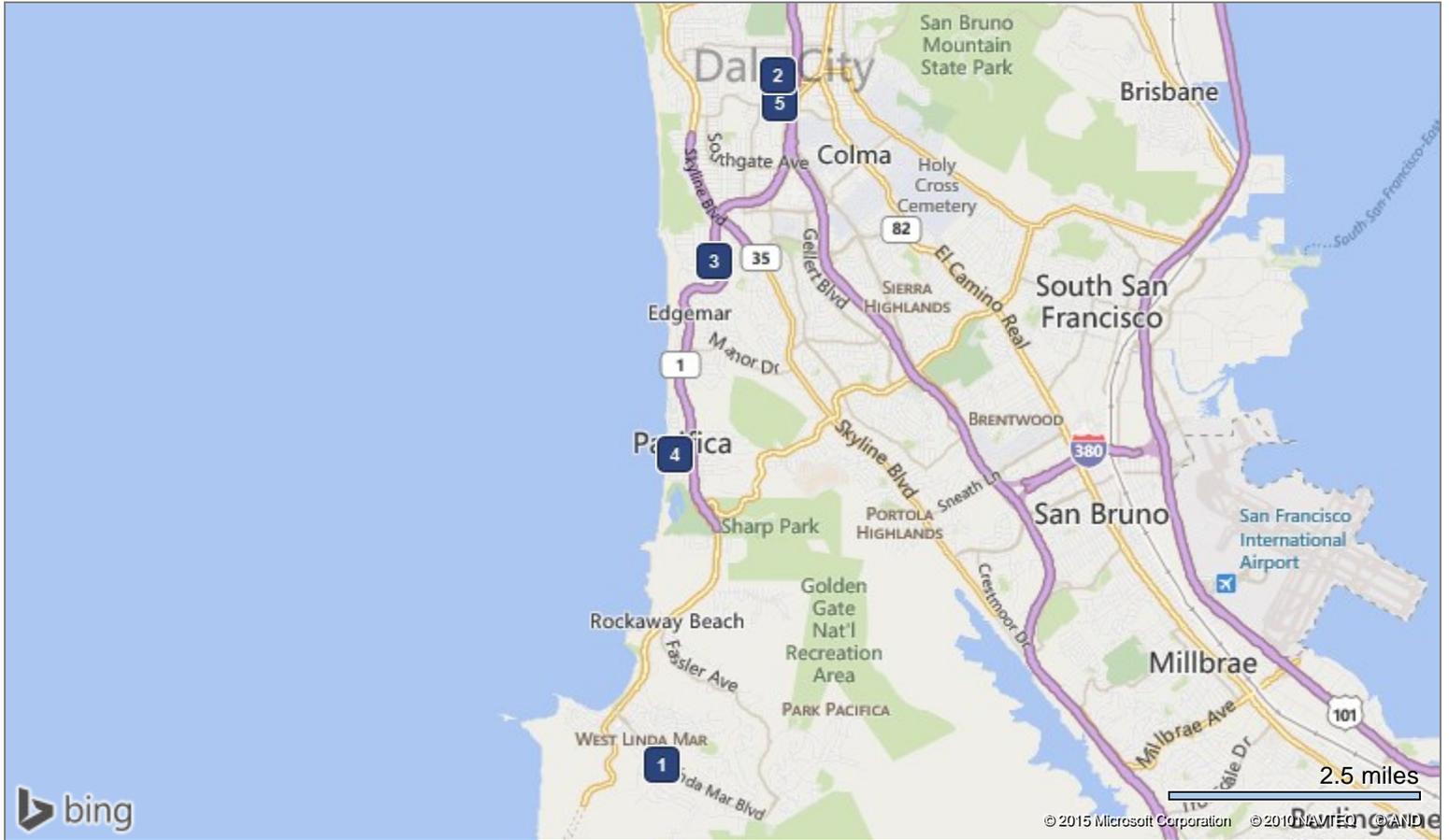


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## Sale Map w/ Line Item Report for Land

### Map



	Property Address	Sale Date	Sale Price	Property Type	Subtype
1	1335 Adobe Drive Pacifica, CA	12/09/2014	\$100,000 (\$232,319.98/Acre)	Land	Commercial/Other (land)
2	1560 Bryant Street Daly City, CA	08/22/2014	\$800,000 (\$1,965,593.27/Acre)	Land	Commercial/Other (land)
3	438 Magellan Drive Pacifica, CA	03/07/2014	\$257,500 (\$573,509.56/Acre)	Land	Commercial/Other (land)
4	2107 Palmetto Ave Pacifica, CA	12/10/2013	\$350,000 (\$1,129,032.25/Acre)	Land	Commercial/Other (land)
5	493 Eastmoor Ave Daly City, CA	09/10/2013	\$750,000 (\$2,038,053.71/Acre)	Land	Commercial/Other (land)

## Valuation Analysis - Property #9

City of Daly City as Successor Agency to Former Redevelopment Agency  
 Long-Range Property Management Plan dated March 2015

Subject Property	City			Lot Size (Acres)	
Geneva Library Site - 2960 Geneva Ave	Daly City			0.11 AC	

Comparable Sales (Attached)	City	Sale Date	Sale Price	Lot Size (Acres)	Price / Acre
1) 2022 Palmetto Avenue	Pacifica	5/14/2014	\$220,000	0.18 AC	\$1,219,082 / AC
2) 466 Kings Rd	Brisbane	5/7/2014	\$65,000	0.13 AC	\$504,886 / AC
3) 1060 Date Street	Montara	1/23/2014	\$160,000	0.11 AC	\$1,393,920 / AC
4) 224 Del Monte Road	Half Moon Bay	4/3/2013	\$135,000	0.14 AC	\$973,609 / AC
<b>Average</b>			<b>\$145,000</b>	<b>0.14 AC</b>	<b>\$1,022,874 / AC</b>

Preliminary Subject Valuation	
Subject Property Size	0.11
Average Comparable Price / Acre	\$1,022,874 / AC
<b>Subject at Average Price / Acre</b>	<b>\$117,410</b>

**Notes:**

Sample Set = Commercial land sales between 0.1 and 0.2 acres within last 2 years within 15 miles of Site

Structure in poor condition with limited remaining useful life. Contributory value of structure and cost to demolish are assumed to offset one another.

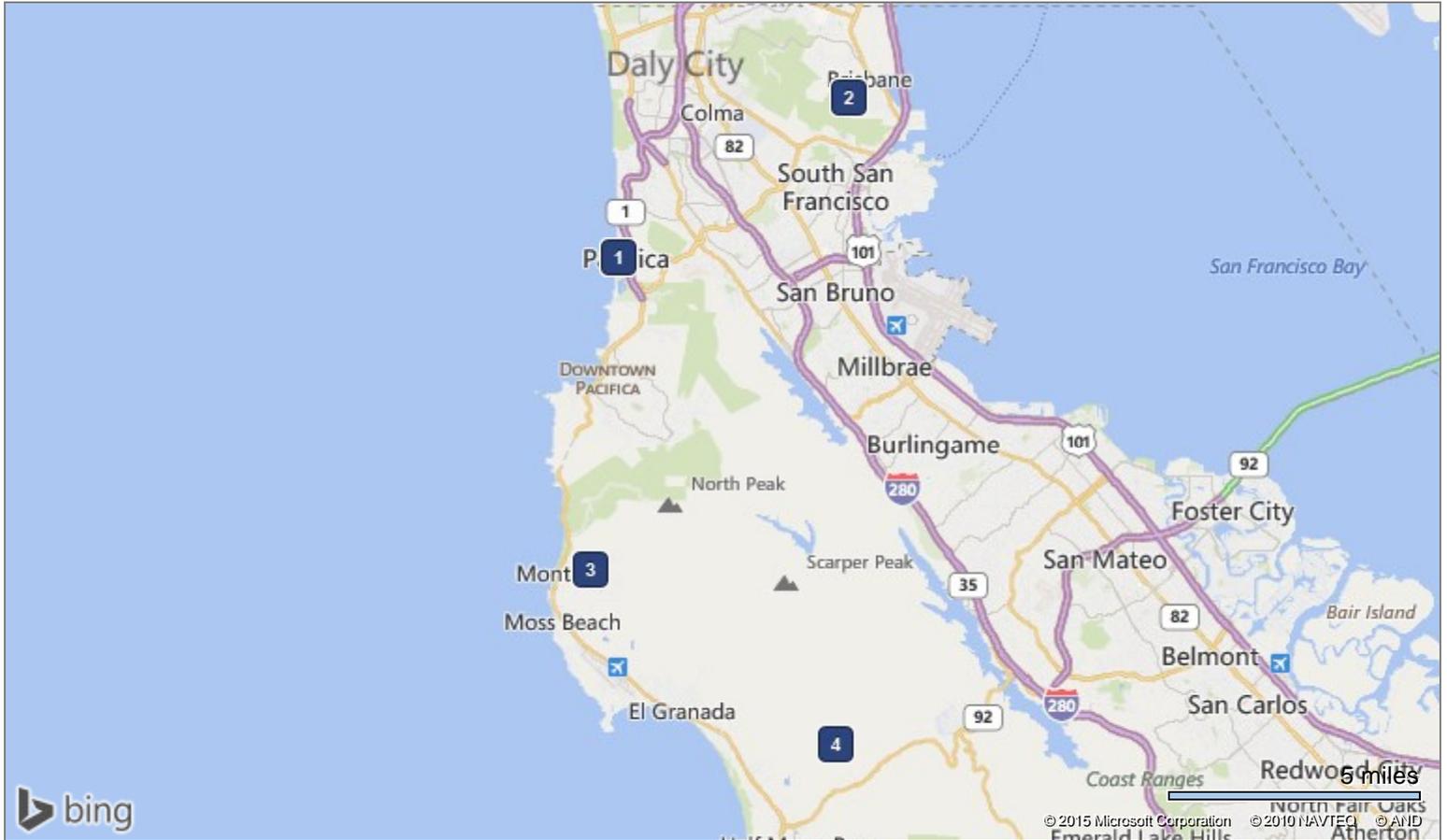


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## Sale Map w/ Line Item Report for Land

### Map



	Property Address	Sale Date	Sale Price	Property Type	Subtype
1	2022 Palmetto Avenue Pacifica, CA	05/14/2014	\$220,000 (\$1,219,081.73/Acre)	Land	Commercial/Other (land)
2	466 Kings Rd Brisbane, CA	05/07/2014	\$65,000 (\$504,885.76/Acre)	Land	Commercial/Other (land)
3	1060 Date Street Montara, CA	01/23/2014	\$160,000 (\$1,393,920.07/Acre)	Land	Commercial/Other (land)
4	224 Del Monte Road Half Moon Bay, CA	04/03/2013	\$135,000 (\$973,609.42/Acre)	Land	Commercial/Other (land)

## Valuation Analysis - Property #10

City of Daly City as Successor Agency to Former Redevelopment Agency

Long-Range Property Management Plan dated March 2015

Subject Property	City	Lot Size (Acres)
Geneva Fire Station Site - 3001 Geneva Avenue (NEC Geneva & Schwerin)	Daly City	0.14 AC

Comparable Sales (Attached)	City	Sale Date	Sale Price	Lot Size (Acres)	Price / Acre
1130 Chester Street	Oakland	12/29/2014	\$105,000	0.08 AC	\$1,330,367 / AC
1731 Goss Street	Oakland	11/21/2014	\$70,000	0.12 AC	\$607,531 / AC
1715 Goss Street	Oakland	11/21/2014	\$45,000	0.06 AC	\$780,956 / AC
1775 Chase Street	Oakland	11/14/2014	\$85,000	0.12 AC	\$724,721 / AC
1428 Center Street	Oakland	10/16/2014	\$100,000	0.07 AC	\$1,452,000 / AC
829 Wood Street	Oakland	7/31/2014	\$106,000	0.11 AC	\$961,950 / AC
1466 13th Street	Oakland	4/28/2014	\$79,500	0.06 AC	\$1,331,931 / AC
1619 11th Street	Oakland	4/28/2014	\$65,500	0.06 AC	\$1,104,172 / AC
1469 12th Street	Oakland	4/1/2014	\$35,000	0.04 AC	\$871,698 / AC
<b>Average</b>			<b>\$76,778</b>	<b>0.08 AC</b>	<b>\$1,018,370 / AC</b>

Preliminary Subject Valuation	
Subject Property Size	0.14
Average Comparable Price / Acre	\$1,018,370 / AC
<b>Subject at Average Price / Acre</b>	<b>\$143,638</b>

### Notes:

Sample Set = Low/med density residential land sales between 0.1 and 0.2 acres within last 2 years within 15 miles of Site



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## Sale Map w/ Line Item Report for Land

### Map



Property Address	Sale Date	Sale Price	Property Type	Subtype
1 1130 Chester Street Oakland, CA	12/29/2014	\$105,000 (\$1,330,366.49/Acre)	Land	Residential (land)
2 1731 Goss Street Oakland, CA	11/21/2014	\$70,000 (\$607,531.31/Acre)	Land	Residential (land)
3 1715 Goss Street Oakland, CA	11/21/2014	\$45,000 (\$780,956.19/Acre)	Land	Residential (land)
4 1775 Chase Street Oakland, CA	11/14/2014	\$85,000 (\$724,721.09/Acre)	Land	Residential (land)
5 1428 Center Street Oakland, CA	10/16/2014	\$100,000 (\$1,452,000.07/Acre)	Land	Residential (land)
6 829 Wood Street Oakland, CA	07/31/2014	\$106,000 (\$961,950.33/Acre)	Land	Residential (land)
7 1466 13th Street Oakland, CA	04/28/2014	\$79,500 (\$1,331,930.70/Acre)	Land	Residential (land)
8 1619 11th Street Oakland, CA	04/28/2014	\$65,500 (\$1,104,171.78/Acre)	Land	Residential (land)
9 1469 12th Street Oakland, CA	04/01/2014	\$35,000 (\$871,698.23/Acre)	Land	Residential (land)

**San Mateo County Consolidated Successor Agency Oversight Board**  
**Dissolution Update - Assets**  
**Daly City RDA**

LRPMP Item No.	Property Type <sup>1</sup>	Address/Location of Property	Parcel/Account Number	Named Owner <sup>2</sup>	Valuation		Permissible Use per LRPMP		Current Use <sup>6</sup>	Disposition Status <sup>7</sup>	Completion Date <sup>8</sup>	Other Comments <sup>9</sup>
					Current Value	Basis <sup>4</sup>	Category <sup>4</sup>	Detail <sup>5</sup>				
1	Land	Hillcrest Drive/Mission Circle	003-042-090	City of Daly City	\$0	ion (revenue does not exceed n	Gov't Use	Public Parking	Parking Lot	Retain for public use	N/A	
2	Land/Office Building	Mission Street&Bepler Street	042-010, 020, 150, 160, 180,	City of Daly City	\$0	ion (revenue does not exceed n	Gov't Use	Public Parking/Food Distribution	Public Parking/Food Distribution	Retain for public use	N/A	
3	Land	San Jose Avenue & Bepler Street	003-041-390	City of Daly City	\$0	ion (revenue does not exceed n	Gov't Use	Public Parking	Parking Lot	Retain for public use	N/A	
4	Building	125 Accacia Street	005-123-170	City of Daly City	\$0	ion (revenue does not exceed n	Gov't Use	Community Center	Community Center/Food Distribution	Retain for public use	N/A	
5	Building	260 Abbot Avenue	003-434-100	City of Daly City	\$362,250	Comparable Sales	Gov't Use	Affordable Rental Housing	Affordable Rental Housing	Retain for public use	N/A	
6	Building/Land	Junipero Serra Blvd/Westlake Ave	002-352-210; 002-352-220;	City of Daly City	\$2,270,750	Comparable Sales	Future Development	Office Development	Parking lot/vacant buildings	'ale for development. Sale to occur in about 12 month	TBD	
7	Land	1837 Junipero Serra Blvd	002-292-310	City of Daly City	\$1,260,868	Comparable Sales	Future Development	Hotel	Vacant land	'ale for development. Sale to occur in about 12 month	TBD	
8	Land	6601 Mission Street	003-224-100	City of Daly City	\$540,000	Appraisal	Future Development	Office/Retail	Vacant land	'ale for development. Sale to occur in about 12 month	TBD	
9	Building	2960 Geneva Avenue	005-124-060	Neil & Angie Hsu	\$650,000	Sales price	Sale	Office/Retail	Vacant building	Property sold	May-17	
10	Land	Geneva Ave/Schwerin St	005-072-310	Habitat for Humanity	\$809,000	Sales price	Sale	Unzoned	Vacant land	Property sold	Mar-17	

**Notes**

Please include all assets of the former RDA at the point of dissolution, include those that have been disposed of prior to July 1, 2018.

1. Indicate if property is Vacant Land, Building or Land & Building. If neither of these, indicate Other and describe the property.
2. Enter name of recorded owner of property with County Assessor.
3. Enter basis for valuation e.g. appraisal, fair market value, book value etc.
4. Permissible use of asset as approved by the DOF (Government Use, Sale, Future Development, Fulfill an Obligation).
5. Details of the purpose that the property is being used for.
6. Indicate purpose that property is currently used for.
7. Describe in detail ultimate disposition of property. If for sale, indicate projected sale date, or if sale is in process.
8. Date on which the asset was, or is expected to be disposed. This field should TBD if the disposition date has not occurred or been determined.
9. Use this space for additional comments such as if property is under lease, if income is currently generating income - by how much annually, etc.



August 15, 2018

Ms. Rose Zimmerman, City Attorney  
Daly City  
333 90th Street  
Daly City, CA 94015

Dear Ms. Zimmerman:

Subject: Last and Final ROPS Determination

Pursuant to Health and Safety Code (HSC) section 34191.6 (b) the Daly City Successor Agency (Agency) submitted a Last and Final Recognized Obligation Payment Schedule (Last and Final ROPS) to the California Department of Finance (Finance) on May 7, 2018. Finance has completed its review of the Agency's Last and Final ROPS.

HSC section 34191.6 (c) authorizes Finance to make amendments or changes to the Last and Final ROPS if the changes are agreed to in writing by the Agency. The Agency has agreed in writing to the following changes made by Finance to the Agency's Last and Final ROPS:

- Item No. 2 – Daly City (City) Loans have been reduced by \$406,203,818. The Agency originally requested \$443,852,408, which represents the total estimated amount of available Redevelopment Property Tax Trust Fund (RPTTF) to be deposited by the San Mateo County Auditor-Controller (CAC) between fiscal years 2018-19 and 2044-45, rather than the amounts necessary to repay the loans. The total outstanding loan balance is actually \$37,648,590 and Finance worked with the Agency to establish an acceptable repayment schedule.

Based on this schedule, the Agency will repay \$17,486,307 in principal loan balances and \$20,162,283 in interest, for a total of \$37,648,590. Therefore, the total amount requested has been reduced by \$406,203,818, from \$443,852,408 to \$37,648,590, which also includes an adjustment to reconcile the amount of RPTTF funding approved on ROPS 18-19.

- Item No. 3 – Administrative Allowance has been reduced to zero. The Agency originally requested \$1,305,666 in administrative costs. Pursuant to HSC section 34171 (b), the administrative cost allowance (ACA) shall be up to three percent of actual property tax distributed by the CAC in the preceding fiscal year for payment of approved enforceable obligations, reduced by the Agency's ACA and loan repayments made to the City. Because the sole remaining obligation of the Agency is a City Loan, the Agency is ineligible for an ACA. Therefore, the total amount requested has been reduced by \$1,305,666 to zero, which also includes an adjustment to reconcile the amount of RPTTF funding approved on ROPS 18-19.

Finance is approving the Agency's Last and Final ROPS with the above amendments and changes. These changes are reflected in the approved Last and Final ROPS.

The Agency's maximum approved RPTTF distribution for the Last and Final ROPS is \$37,648,590 as summarized in the Approved RPTTF Distribution table.

Approved Last and Final ROPS RPTTF Distributions							
ROPS Period	A Periods			B Periods			Annual Total
	RPTTF	Admin RPTTF	A Period Total	RPTTF	Admin RPTTF	B Period Total	
Total requested	221,926,204	652,833	222,579,037	221,926,204	652,833	222,579,037	\$445,158,074
Total adjustments	(184,277,614)	(652,833)	(184,930,447)	(221,926,204)	(652,833)	(222,579,037)	(407,509,484)
<b>Total RPTTF approved for distribution</b>							
ROPS 19-20	1,081,044	0	1,081,044	0	0	0	1,081,044
ROPS 20-21	1,093,898	0	1,093,898	0	0	0	1,093,898
ROPS 21-22	1,142,502	0	1,142,502	0	0	0	1,142,502
ROPS 22-23	1,187,765	0	1,187,765	0	0	0	1,187,765
ROPS 23-24	1,235,632	0	1,235,632	0	0	0	1,235,632
ROPS 24-25	1,285,294	0	1,285,294	0	0	0	1,285,294
ROPS 25-26	1,336,960	0	1,336,960	0	0	0	1,336,960
ROPS 26-27	1,390,691	0	1,390,691	0	0	0	1,390,691
ROPS 27-28	1,446,571	0	1,446,571	0	0	0	1,446,571
ROPS 28-29	1,504,686	0	1,504,686	0	0	0	1,504,686
ROPS 29-30	1,565,125	0	1,565,125	0	0	0	1,565,125
ROPS 30-31	1,627,983	0	1,627,983	0	0	0	1,627,983
ROPS 31-32	1,693,354	0	1,693,354	0	0	0	1,693,354
ROPS 32-33	1,761,341	0	1,761,341	0	0	0	1,761,341
ROPS 33-34	1,832,047	0	1,832,047	0	0	0	1,832,047
ROPS 34-35	1,905,581	0	1,905,581	0	0	0	1,905,581
ROPS 35-36	1,982,056	0	1,982,056	0	0	0	1,982,056
ROPS 36-37	2,061,591	0	2,061,591	0	0	0	2,061,591
ROPS 37-38	2,144,307	0	2,144,307	0	0	0	2,144,307
ROPS 38-39	2,230,331	0	2,230,331	0	0	0	2,230,331
ROPS 39-40	2,319,797	0	2,319,797	0	0	0	2,319,797
ROPS 40-41	2,412,841	0	2,412,841	0	0	0	2,412,841
ROPS 41-42	1,407,193	0	1,407,193	0	0	0	1,407,193
<b>Total approved RPTTF</b>	<b>37,648,590</b>	<b>0</b>	<b>37,648,590</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$ 37,648,590</b>

Please refer to the approved Last and Final ROPS schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Any agreed upon amendments or changes are reflected in the approved Last and Final ROPS posted on the above website.

This is Finance's determination related to the enforceable obligations reported on the Last and Final ROPS. HSC section 34191.6 (c) (2) allows agencies to submit no more than two requests to amend the approved Last and Final ROPS.

ROPS distributions will occur twice annually, one distribution for the July 1 through December 31 (ROPS A period) and one distribution for the January 1 through June 30 (ROPS B period). The Agency will receive RPTTF distributions up to the maximum approved amount on the Last and Final ROPS.

The Agency shall not expend more than the amount approved for each enforceable obligations listed and approved on the Last and Final ROPS. All unspent RPTTF received for enforceable obligations by the Agency should be retained for distribution to the affected taxing entities pursuant to HSC section 34191.6 (d) (2) (G). Further, any revenues, interest, and earnings of the Agency not authorized for use pursuant to the approved Last and Final ROPS shall be remitted the CAC pursuant to HSC section 34191.6 (c) (3). Pursuant to HSC section 34187 (e), once an agency has retired or paid off all enforceable obligations and all real property has been disposed of, the Agency is required to dispose of all remaining assets and remit any proceeds to the CAC for distribution to the affected taxing entities.

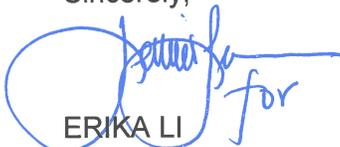
The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the Last and Final ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF. However, HSC section 34191.6 (c) (5) provides mechanisms for the Agency to pay enforceable obligations if insufficient RPTTF is available on an approved Last and Final ROPS.

HSC section 34187 (b) defines the process of final dissolution of the Agency. When all enforceable obligations have been retired or paid off, all real property has been disposed of, and all outstanding litigation has been resolved, the Agency shall, within 30 days of meeting these conditions, submit to the Oversight Board (OB) a request to formally dissolve. The OB shall approve the request within 30 days and submit the request to Finance's review.

Pursuant to HSC section 34191.6 (c), Last and Final ROPS approved less than 15 days before the date of the RPTTF distribution shall not be effective until the subsequent RPTTF distribution period; therefore, if an agency receives a Last and Final ROPS approval after this cutoff date, the most recent annual ROPS 18-19 approval would remain effective through June 30, 2019.

Please direct inquiries to Nichelle Jackson, Supervisor, or Alex Watt, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI  
Program Budget Manager

cc: Mr. Lawrence Chiu, Director of Finance & Administrative Services, Daly City  
Ms. Shirley Tourel, Auditor-Controller, San Mateo County

## Attachment 3

**Approved Approved Last and Final Recognized Obligation Payment Schedule (ROPS) - Summary  
 Filed for the July 1, 2017 through June 30, 2048 Period**

<b>Successor Agency:</b>	<u>Daly City</u>
<b>County:</b>	<u>San Mateo</u>
<b>Initial ROPS Period</b>	<u>ROPS 19-20A</u>
<b>Final ROPS Period</b>	<u>ROPS 41-42A</u>

<b>Requested Funding for Enforceable Obligations</b>	<b>Total Outstanding Obligation</b>
<b>A Enforceable Obligations Funded as Follows (B+C):</b>	<b>\$ -</b>
B Bond Proceeds	-
C Other Funds	-
<b>D Redevelopment Property Tax Trust Fund (RPTTF) (E+F):</b>	<b>\$ 37,648,590</b>
E RPTTF	37,648,590
F Administrative RPTTF	-
<b>G Total Outstanding Enforceable Obligations (A+D):</b>	<b>\$ 37,648,590</b>

Certification of Oversight Board Chairman:  
 Pursuant to Section 34177 (o) of the Health and Safety code, I  
 hereby certify that the above is a true and accurate Recognized  
 Obligation Payment Schedule for the above named agency.

<hr/>	
Name	Title
<hr/>	
/s/	
Signature	Date

**DALY CITY Approved Last and Final Recognized Obligation Payment Schedule (ROPS) - Summary by ROPS Period**  
**July 1, 2019 through December 31, 2041**

<b>A Period</b>					
<b>July - December</b>					
ROPS Period	Fund Sources				Six-Month Total
	Bond Proceeds	Other Funds	RPTTF	Admin RPTTF	
	\$ -	\$ -	\$ 37,648,590	\$ -	\$ 37,648,590
ROPS 17-18A	-	-	-	-	\$ -
ROPS 18-19A	-	-	-	-	\$ -
ROPS 19-20A	-	-	1,081,044	-	\$ 1,081,044
ROPS 20-21A	-	-	1,093,898	-	\$ 1,093,898
ROPS 21-22A	-	-	1,142,502	-	\$ 1,142,502
ROPS 22-23A	-	-	1,187,765	-	\$ 1,187,765
ROPS 23-24A	-	-	1,235,632	-	\$ 1,235,632
ROPS 24-25A	-	-	1,285,294	-	\$ 1,285,294
ROPS 25-26A	-	-	1,336,960	-	\$ 1,336,960
ROPS 26-27A	-	-	1,390,691	-	\$ 1,390,691
ROPS 27-28A	-	-	1,446,571	-	\$ 1,446,571
ROPS 28-29A	-	-	1,504,686	-	\$ 1,504,686
ROPS 29-30A	-	-	1,565,125	-	\$ 1,565,125
ROPS 30-31A	-	-	1,627,983	-	\$ 1,627,983
ROPS 31-32A	-	-	1,693,354	-	\$ 1,693,354
ROPS 32-33A	-	-	1,761,341	-	\$ 1,761,341
ROPS 33-34A	-	-	1,832,047	-	\$ 1,832,047
ROPS 34-35A	-	-	1,905,581	-	\$ 1,905,581
ROPS 35-36A	-	-	1,982,056	-	\$ 1,982,056
ROPS 36-37A	-	-	2,061,591	-	\$ 2,061,591
ROPS 37-38A	-	-	2,144,307	-	\$ 2,144,307
ROPS 38-39A	-	-	2,230,331	-	\$ 2,230,331
ROPS 39-40A	-	-	2,319,797	-	\$ 2,319,797
ROPS 40-41A	-	-	2,412,841	-	\$ 2,412,841
ROPS 41-42A	-	-	1,407,193	-	\$ 1,407,193

<b>B Period</b>						
<b>January - June</b>						
ROPS Period	Fund Sources					Twelve-Month Total
	Bond Proceeds	Other Funds	RPTTF	Admin RPTTF	Six-Month Total	
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,648,590
ROPS 17-18B	-	-	-	-	\$ -	\$ -
ROPS 18-19B	-	-	-	-	\$ -	\$ -
ROPS 19-20B	-	-	-	-	\$ -	\$ 1,081,044
ROPS 20-21B	-	-	-	-	\$ -	\$ 1,093,898
ROPS 21-22B	-	-	-	-	\$ -	\$ 1,142,502
ROPS 22-23B	-	-	-	-	\$ -	\$ 1,187,765
ROPS 23-24B	-	-	-	-	\$ -	\$ 1,235,632
ROPS 24-25B	-	-	-	-	\$ -	\$ 1,285,294
ROPS 25-26B	-	-	-	-	\$ -	\$ 1,336,960
ROPS 26-27B	-	-	-	-	\$ -	\$ 1,390,691
ROPS 27-28B	-	-	-	-	\$ -	\$ 1,446,571
ROPS 28-29B	-	-	-	-	\$ -	\$ 1,504,686
ROPS 29-30B	-	-	-	-	\$ -	\$ 1,565,125
ROPS 30-31B	-	-	-	-	\$ -	\$ 1,627,983
ROPS 31-32B	-	-	-	-	\$ -	\$ 1,693,354
ROPS 32-33B	-	-	-	-	\$ -	\$ 1,761,341
ROPS 33-34B	-	-	-	-	\$ -	\$ 1,832,047
ROPS 34-35B	-	-	-	-	\$ -	\$ 1,905,581
ROPS 35-36B	-	-	-	-	\$ -	\$ 1,982,056
ROPS 36-37B	-	-	-	-	\$ -	\$ 2,061,591
ROPS 37-38B	-	-	-	-	\$ -	\$ 2,144,307
ROPS 38-39B	-	-	-	-	\$ -	\$ 2,230,331
ROPS 39-40B	-	-	-	-	\$ -	\$ 2,319,797
ROPS 40-41B	-	-	-	-	\$ -	\$ 2,412,841
ROPS 41-42B	-	-	-	-	\$ -	\$ 1,407,193

**DALY CITY APPROVED LAST AND FINAL ROPS**  
**July 1, 2019 through December 31, 2041**  
**(Report Amounts in Whole Dollars)**

A	B	C	D	E	F	G	H	I	AB	AJ	AR	AZ
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Obligation	19-20A	20-21A	21-22A	22-23A
									(July - December)	(July - December)	(July - December)	(July - December)
									Fund Sources	Fund Sources	Fund Sources	Fund Sources
									RPTTF	RPTTF	RPTTF	RPTTF
								\$ 37,648,590	\$ 1,081,044	\$ 1,093,898	\$ 1,142,502	\$ 1,187,765
2	City Loan Reinstaed Pursuant to Section 34191.4	City/County Loan (Prior 06/28/11), Cash	12/20/1971	7/12/2044	City of Daly City	City Loan		37,648,590	1,081,044	1,093,898	1,142,502	1,187,765

A	B	BH	BP	BX	CF	CN	CV	DD	DL	DT	EB	EJ
		<b>23-24A</b>	<b>24-25A</b>	<b>25-26A</b>	<b>26-27A</b>	<b>27-28A</b>	<b>28-29A</b>	<b>29-30A</b>	<b>30-31A</b>	<b>31-32A</b>	<b>32-33A</b>	<b>33-34A</b>
		<b>(July -</b>										
		<b>December)</b>										
		<b>Fund</b>										
		<b>Sources</b>										
Item #	Project Name/Debt Obligation	RPTTF										
		\$ 1,235,632	\$ 1,285,294	\$ 1,336,960	\$ 1,390,691	\$ 1,446,571	\$ 1,504,686	\$ 1,565,125	\$ 1,627,983	\$ 1,693,354	\$ 1,761,341	\$ 1,832,047
2	City Loan Reinstaed Pursuant to Section 34191.4	1,235,632	1,285,294	1,336,960	1,390,691	1,446,571	1,504,686	1,565,125	1,627,983	1,693,354	1,761,341	1,832,047

A	B	ER	EZ	FH	FP	FX	GF	GN	GV	IP
		<b>34-35A</b>	<b>35-36A</b>	<b>36-37A</b>	<b>37-38A</b>	<b>38-39A</b>	<b>39-40A</b>	<b>40-41A</b>	<b>41-42A</b>	
		<b>(July -</b>								
		<b>December)</b>								
		<b>Fund</b>								
		<b>Sources</b>								
Item #	Project Name/Debt Obligation	RPTTF	<b>Total</b>							
		\$ 1,905,581	\$ 1,982,056	\$ 2,061,591	\$ 2,144,307	\$ 2,230,331	\$ 2,319,797	\$ 2,412,841	\$ 1,407,193	\$ 37,648,590
2	City Loan Reinstaed Pursuant to Section 34191.4	1,905,581	1,982,056	2,061,591	2,144,307	2,230,331	2,319,797	2,412,841	1,407,193	\$ 37,648,590

# San Mateo County Countywide Oversight Board

Date: September 14 , 2018 Agenda Item 9  
To: San Mateo County Countywide Oversight Board  
From: Shirley Tourel, Assistant Controller  
Subject: Report on Redevelopment Agency Dissolution Status Update – City of San Carlos

## **Background and Discussion**

The San Mateo County Countywide Oversight Board (the “Board”) was created pursuant to Health and Safety Code (HSC) 34179(j) to provide guidance and oversight to the successor agencies who are tasked with winding down the affairs of redevelopment agencies (RDAs).

This item is intended to inform the Board of the remaining wind-down activities of the former City of San Carlos Redevelopment Agency. The attachments to this memo were prepared by the Successor Agency (SA) of San Carlos and provide an overview of the remaining expenditures/obligations and disposition status of assets.

Suzy Kim of RSG and the SA’s consultant will be presenting to the Board.

## **Recommendation**

This item is for information and discussion purposes only. No action required of the Board.

## **Fiscal Impact**

None

## **Attachment**

City of San Carlos RDA Dissolution - Successor Agency Staff Report

# San Mateo County Countywide Oversight Board

Date: September 14, 2018

To: San Mateo County Countywide Oversight Board

From: Martin Romo, Economic Development & Housing Manager, City of San Carlos  
Suzy Kim, Consultant, RSG, Inc.

Subject: Dissolution Status Report from the Successor Agency

Former RDA: San Carlos

## **Background**

This agenda item summarizes the dissolution status of the former redevelopment agency (RDA). It includes a summary of the disposition of assets, remaining obligations, pending litigation, the status of the Last and Final Recognized Obligation Payment Schedule (ROPS), and any other items pertaining to the winding-down of the affairs of the former RDA.

## **Discussion**

### **A. Disposition of Assets**

The prior Oversight Board to the San Carlos Successor Agency approved a Long Range Property Management Plan (LRPMP) in September 2013. The LRPMP outlined the planned disposition of six properties, of which four were transferred to the City as housing successor agency and two were designated for transfer to the City for their long term redevelopment. By May 2014, the City communicated to the Department of Finance that all taxing agencies approved compensation agreements, as required under the Health and Safety Code, and the DOF approved the LRPMP accordingly in June 2014, after which no real property remained with the Successor Agency. There are no remaining assets to dispose.

### **B. Outstanding Obligations**

San Carlos has approximately \$20.4 million in total outstanding obligations. These consist of:

- 2018 Tax Allocation Refunding Bonds (formerly the 2007 Tax Allocation Bonds): The Agency's bonds were refinanced in 2018 to reduce debt service costs by approximately \$1.4 million. DOF approved the refinancing in March 2018, and the refinancing closed in April 2018. The 2018 Tax Allocation Refunding Bonds will be placed on the ROPS 19-20 to replace the 2007 bonds. The bonds will be paid off in 2033.

- **Bond Fiscal Agent Fees:** The bond trustee charges an annual fee to administer the bonds. The fee varies each year based on the outstanding principal balance, but is anticipated to be up to \$3,400 per year. This item will retire when the bonds are paid off in 2033.
- **San Carlos Elms Installment Note:** This long-term purchase note has an outstanding balance of approximately \$5 million with fixed monthly payments. It will be paid off in 2035.
- **Administrative Cost Allowance:** The Successor Agency had an administrative budget of \$60,000 on the ROPS 18-19, which is less than the \$250,000 permitted.

Additional line items appeared on the ROPS 18-19 that have no remaining obligation. These are listed and described in the RDA Dissolution Status Detailed Report (Attachment 1).

#### C. Litigation

The Successor Agency is not aware of any matters currently in litigation. If the Agency becomes aware of existing or potential litigation, the matter(s) would be brought forward to the Oversight Board in Closed Session, as appropriate.

#### D. Last and Final ROPS

The Successor Agency intends to file a Last and Final ROPS after the ROPS 19-20 is approved in the Spring of 2019. The 2018 Tax Allocation Refunding Bonds are considered a new enforceable obligation that must be approved on an annual ROPS before San Carlos is eligible to file a Last and Final ROPS. DOF has advised the Successor Agency to wait until the ROPS 19-20 is approved rather than filing the ROPS 19-20 and Last and Final ROPS at the same time in case there are unforeseen issues with the ROPS 19-20.

#### **Conclusion**

The Successor Agency's remaining obligations are limited to bonds, a note with fixed payments, and administrative costs. San Carlos is dedicated to winding down its obligations in an expeditious manner.

#### **Attachments**

1. RDA Dissolution Status Detailed Report – San Carlos
2. Department of Finance Approved LRPMP – San Carlos (*include DOF approval letter*)

**San Mateo County Consolidated Successor Agency Oversight Board**  
**Dissolution Update - Assets**  
**San Carlos RDA**

LRPMP Item No.	Property Type <sup>1</sup>	Address/Location of Property	Parcel/Account Number	Named Owner <sup>2</sup>	Valuation		Permissible Use per LRPMP		Current Use <sup>6</sup>	Disposition Status <sup>7</sup>	Completion Date <sup>8</sup>	Other Comments <sup>9</sup>
					Current Value	Basis <sup>4</sup>	Category <sup>4</sup>	Detail <sup>5</sup>				
1	Land & Building	1245 San Carlos Avenue	050-132-180	San Carlos RDA	2,000,000.00	estimate	Future Dev	Wheeler Plaza	Redevelopment S	Disposed	9-Jun-14	Comp Agmts Done
2	Land & Building	616 Laurel Street	050-132-230	San Carlos RDA	0	estimate	Future Dev	Wheeler Plaza	Redevelopment S	Disposed	9-Jun-14	Comp Agmts Done

**Notes**  
Please include all assets of the former RDA at the point of dissolution, include those that have been disposed of prior to July 1, 2018.

1. Indicate if property is Vacant Land, Building or Land & Building. If neither of these, indicate Other and describe the property.
2. Enter name of recorded owner of property with County Assessor.
3. Enter basis for valuation e.g. appraisal, fair market value, book value etc.
4. Permissible use of asset as approved by the DOF (Government Use, Sale, Future Development, Fulfill an Obligation).
5. Details of the purpose that the property is being used for.
6. Indicate purpose that property is currently used for.
7. Describe in detail ultimate disposition of property. If for sale, indicate projected sale date, or if sale is in process.
8. Date on which the asset was, or is expected to be disposed. This field should TBD if the disposition date has not occurred or been determined.
9. Use this space for additional comments such as if property is under lease, if income is currently generating income - by how much annually, etc.

**San Mateo County Consolidated Successor Agency Oversight Board  
Dissolution Update - Outstanding Obligations  
San Carlos RDA**

Obligation Type	Remaining Balance	Annual Payment	Projected Payoff	Comments
2007 Taxable Bond	\$ -	n/a	FY 2018-19	The final payment was made on this bond in September 2018
2007 Refunding Bond (Non-Housing)	\$ -	n/a	n/a	This bond was refunded in 2018 (see 2018 Refunding Bond)
2007 Refunding Bond (Housing)	\$ -	n/a	n/a	This bond was refunded in 2018 (see 2018 Refunding Bond)
Fiscal Agent Fees	\$ 35,000		FY 2033-34	The remaining balance is approximate as the annual fee varies each year based on the outstanding principal balance.
Installment Note - 657 Walnut	\$ -	n/a	n/a	This note was paid off in FY 2017-18.
Installment Note - San Carlos Elms	\$ 5,106,133	\$ 305,400	FY 2034-35	This note will be paid off in June 2035.
Contract for Legal Services (for property disposition)	\$ -	\$ -	n/a	No further costs are anticipated for this item.
Successor Agency Administrative Allowance	\$ 960,000	\$ 60,000	FY 2034-35	The remaining balance will likely be smaller after a Last and Final ROPS is filed.
2018 Refunding Bond	\$ 14,343,367	Varies	FY 2033-34	This will be added to the ROPS 19-20 to replace the 2007 bonds. The bonds will be paid off in September 2033.

**Note**  
*If there are factors, legal or otherwise, that hinder the SA from accelerating the payment to minimize cost, please indicate under "Comments."  
 If the SA is anticipating to refinance any existing bond, please indicate under "Comments" when you expect to bring the item to the OB for approval.*

**San Mateo County Consolidated Successor Agency Oversight Board  
Dissolution Update - Pending Litigation  
San Carlos RDA**

Is the former RDA a party to a lawsuit, currently or in the future?

No

If yes, please provide details and status of case.

Case No.	n/a
----------	-----

Which Court	
-------------	--

Litigants	
-----------	--

Status of Case	
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Additional comments:

**San Mateo County Consolidated Successor Agency Oversight Board  
Dissolution Update - Last and Final ROPS  
(Insert Name) RDA**

**Is your SA eligible to submit a Last and Final ROPS?**

No, the 2018 Refunding Bonds need to be approved on the ROPS 19-20 before San Carlos is eligible to submit a Last and Final ROPS.

**If yes, when do you anticipate filing a Last and Final ROPS (Month/Year)?**

San Carlos anticipates filing a Last and Final ROPS in the Summer or Fall of 2019, after the ROPS 19-20 is approved.

**If your SA does not plan to file a Last and Final, explain why.**

n/a



June 9, 2014

Mr. Al Savay, Community Development Director  
City of San Carlos  
600 Elm Street  
San Carlos, CA 94070

Dear Mr. Savay:

Subject: Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of San Carlos Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on May 8, 2013. The Agency subsequently submitted a revised LRPMP to Finance on September 17, 2013. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on April 18, 2013. Further, based on our review and application of the law, we are approving the Agency's use or disposition of all the properties listed on the LRPMP. Our approval of the LRPMP also took into account the corresponding Agency letter dated May 6, 2014, which specified that a compensation agreement was obtained from each of the taxing entities approving the sale of 1245 San Carlos Avenue to the Developer of the Wheeler Plaza Project (Project) for \$1. The taxing entities found that the Project will be of substantial benefit to the City of San Carlos, the regional community, and all of the affected taxing entities.

In accordance with HSC section 34191.4, upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3 the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

Agency actions taken pursuant to a Finance approved LRPMP which requires the Agency to enter into a new agreement are subject to oversight board (OB) approval per HSC section 34181 (f). Any OB action approving a new agreement in connection with the LRPMP should be submitted to Finance for approval.

Mr. Al Savay  
June 9, 2014  
Page 2

Please direct inquiries to Wendy Griffe, Supervisor, or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Tracy Kwok, Financial Services Manager, City of San Carlos  
Mr. Bob Adler, Auditor-Controller, San Mateo County  
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California State  
Controller's Office  
California State Controller's Office

**RESOLUTION OB-009**

**RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAN CARLOS  
SUCCESSOR AGENCY APPROVING THE  
AMENDED LONG-RANGE PROPERTY MANAGEMENT PLAN**

**WHEREAS**, pursuant to Part 1.85 of Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*; the "Dissolution Act"), on February 1, 2012, the San Carlos Redevelopment Agency (the "RDA") was dissolved and the San Carlos Successor Agency (the "Successor Agency") succeeded to all assets, properties, contracts, leases, books and records, buildings, and equipment of the former RDA and, except as repealed, restricted, or revised by the Dissolution Act, was vested with all authority, rights, powers, duties and obligations under the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) previously vested with the former RDA; and

**WHEREAS**, Section 34179.7 of the Dissolution Act provides that, upon a successor agency's full payment of the amounts determined in Sections 34179.6 and 34183.5 of the Dissolution Act, the California Department of Finance shall issue a "finding of completion" to a successor agency, which enables a successor agency to spend remaining bond proceeds of the former redevelopment agency, dispose of property, and repay loans made by a former redevelopment agency to the entity that formed the former agency; and

**WHEREAS**, the California Department of Finance issued a finding of completion to the Successor Agency on April 18, 2013; and

**WHEREAS**, pursuant to Section 34191.5 of the Dissolution Act, within six (6) months of the issuance of a finding of completion, the Successor Agency must submit to the Oversight Board of the San Carlos Successor Agency (the "Oversight Board") and the California Department of Finance for approval a long-range property management plan (the "LRPMP"), which shall inventory the remaining properties of the Successor Agency and address the use or disposition of all such properties; and

**WHEREAS**, as of the dissolution of the former RDA, it owned six (6) parcels of property within the San Carlos Redevelopment Project, four (4) of which were acquired with moneys from the former RDA's Low and Moderate Income Housing Fund ("LMIHF"); and

**WHEREAS**, by Resolution No. 2012-029, adopted on May 29, 2012, the City of San Carlos (the "City") elected to retain the housing assets and functions of the former RDA, which included the four (4) properties acquired with moneys from the former RDA's LMIHF (the "Housing Properties"); and

**WHEREAS**, the two remaining real property assets of the Successor Agency are parcels acquired with moneys from the general fund of the former RDA, 1245 San Carlos Avenue and 616 Laurel Street; and

**WHEREAS**, the City and Silverstone Development--Northern California, LLC (the "Developer") prepared a proposed Disposition and Development Agreement (the "DDA") providing for the development by the Developer of a mixed-use project, including residential and

commercial condominium spaces and a public parking garage (the "Wheeler Plaza Project") on an assembled site consisting of a portion of the City-owned Wheeler Plaza parking lot, two (2) of the housing properties of the former RDA (collectively referred to in the DDA as the "City Parcels"), and the parcel held by the Successor Agency at 1245 San Carlos Avenue (referred to in the DDA as the "Successor Agency Parcel"); and

**WHEREAS**, pursuant to the DDA, the remaining portion of the Wheeler Plaza parking lot (referred to in the DDA as the "Access Parcel") and the parcel held by the Successor Agency at 616 Laurel Street (referred to in the DDA as the "Temporary Parking and Public Plaza Property") will be used by the Developer under a separate license agreement in order to provide temporary parking and access during construction and by the City thereafter to provide permanent access and a public plaza serving the Wheeler Plaza Project and adjacent properties; and

**WHEREAS**, pursuant to the DDA, the Developer's acquisition of fee title to the City Parcels and the Successor Agency Parcel and right to use the Access Parcel and the Temporary Parking and Public Plaza Property will be for nominal consideration, which is necessary in order to make development of the Wheeler Plaza Project economically feasible as more particularly described in the staff report accompanying this resolution; and

**WHEREAS**, the proposed DDA was approved by the City Council on April 8, 2013, by Resolution 2013-030; and

**WHEREAS**, to implement and effectuate the DDA, the City and the Successor Agency prepared a Cooperation Agreement pursuant to which the Successor Agency agreed to convey the Successor Agency Parcel to the Developer and the Temporary Parking and Public Plaza Property to the City for the purposes of the Wheeler Plaza Project; the Cooperation Agreement contained all information required to be included in the LRPMP by Section 34191.5 of the Dissolution Act; and

**WHEREAS**, the Cooperation Agreement further implemented the DDA by providing for certain contributions by the Successor Agency, from remaining available bond proceeds of the Successor Agency, to the costs of relocation assistance and benefits to the existing tenants of 657 Walnut Street and to the costs of environmental remediation of the City Parcels or Successor Agency Parcel; and

**WHEREAS**, the Cooperation Agreement was approved by the City and the Successor Agency on April 8, 2013, by Resolutions 2013-031 and 2013-032, respectively; and

**WHEREAS**, the relocation plan for 657 Walnut Street was approved by the City on April 8, 2013, by Resolution 2013-029; and

**WHEREAS**, on April 30, 2013, the San Carlos Oversight Board approved Resolution OB-007, approving the Cooperation Agreement for the Wheeler Plaza Project, including the LRPMP of the Successor Agency, and directed the Successor Agency to transmit Resolution OB-007 and the Cooperation Agreement/LRPMP to the California Department of Finance for review and approval pursuant to Section 34191.5 of the Dissolution Act; and

**WHEREAS**, as summarized in the staff report accompanying this resolution, the California Department of Finance rejected, in part, Oversight Board Resolution OB-007 and the Cooperation Agreement/LRPMP; and

**WHEREAS**, the Successor Agency has prepared an amended LRPMP (the "Amended LRPMP") in the form attached to the staff report accompanying this resolution, which generally contains the same information presented in the Cooperation Agreement/LRPMP initially approved, and the accompanying staff report thereto, but specifies with greater particularity that the Successor Agency Parcel (1245 San Carlos Avenue) is being sold to the Developer for the nominal consideration of ONE DOLLAR (\$1.00);

**NOW, THEREFORE**, the Oversight Board for the San Carlos Successor Agency does hereby resolve as follows:

**Section 1. Recitals.** The Recitals set forth above are true and correct and incorporated herein by this reference.

**Section 2. Approval of Amended LRPMP.** The Oversight Board hereby approves the Amended LRPMP.

**Section 3. Transmittal to Oversight Board.** The Oversight Board hereby authorizes and directs the Successor Agency to transmit the Amended LRPMP and a copy of this resolution to the California Department of Finance, pursuant to Section 34191.5(b) of the Dissolution Act.

**PASSED AND ADOPTED** at a meeting of the Oversight Board for the San Carlos Successor Agency this 5th day of September, 2013, by the following vote:

**AYES:** CHRISTENSEN, MALTBIE, EATON, GRASSILLI, SCANNELL, PORTER

**NOES:** NONE

**ABSENT:** LIANIDES

**ABSTAIN:** NONE

  
Secretary of the Oversight Board

APPROVED:

  
Chair of the Oversight Board

**ATTACHMENT 7**

Amended  
Long Range Property Management Plan  
for the  
San Carlos Successor Agency

Prepared by the  
San Carlos Successor Agency

August 2013

**I. Introduction**

This Amended Long-Range Property Management Plan (“LRPMP”) for the San Carlos Successor Agency (the “Successor Agency”) has been prepared pursuant to Section 34191.5 of the Health and Safety Code. The Successor Agency owns two remaining parcels of real property: 1245 San Carlos Avenue and 616 Laurel Street (together, the “Successor Agency Parcels”). The initial long-range property management plan was contained in the Cooperation Agreement between the Successor Agency and the City of San Carlos (the “City”) approved by the Successor Agency on April 8, 2013, by Resolution 2013-032.

**II. Inventory Information**

A. Date of Acquisition and Purchase Price

<u>Property Address</u>	<u>Date Acquired</u>	<u>Purchase Price</u>
1245 San Carlos Avenue	12/15/2010	\$2,800,000
616 Laurel Street	3/31/2011	\$2,200,000

B. Purpose for Which Property Was Acquired

The Successor Agency Parcels were acquired by the former San Carlos Redevelopment Agency (the “RDA”) to be assembled with adjacent parcels and redeveloped into a mixed-use project including a public parking structure, retail space, public space and condominium units.

C. Parcel Data and Current General Plan Designation and Zoning

<u>Property Address</u>	<u>APN</u>	<u>Lot Size</u>	<u>General Plan Designation</u>	<u>Zoning</u>
1245 San Carlos Avenue	050-132-180	7,360 s.f.	Mixed Use, Medium Density	Mixed Use Downtown Core
616 Laurel Street	050-132-230	8,725 s.f.	Mixed Use, Medium Density	Mixed Use Downtown Core

Allowable uses under the General Plan designation include commercial uses and residential development of up to 50 units per net acre. The Redevelopment Plan for the San Carlos Redevelopment Project provides for conformance with the goals, objectives and policies of the San Carlos General Plan.

D. Estimate of Current Value

The current market “as is” value of 1245 San Carlos Avenue is estimated to be \$2,000,000.00 or less because the building is now vacant. The property was fully leased and generating income when it was purchased by the RDA. An appraisal was conducted in June 2008 with an opinion of value at \$2,400,000.

616 Laurel Street was acquired for and is designated/restricted for use for a governmental purpose – a public plaza serving the proposed mixed-use development described in Section II.B above. Consequently, it has no current market value.

E. Estimate of Lease, Rental, or Other Revenues Generated by the Property, and Description of Contractual Requirements for Disposition of those Funds

The buildings on both of the Successor Agency Parcels are vacant and there are no contractual arrangements that would generate revenues from the properties.

F. History of Environmental Contamination

1. 1245 San Carlos Avenue

An environmental site assessment performed in 1997 for a person other than the City of San Carlos (the "City") disclosed the presence of certain building materials that were suspect for asbestos, given the type and age of the materials, but did not confirm that such materials contained asbestos. Investigation of the building adjacent has led to detection of low concentrations of PCE in soil, groundwater, and higher concentrations in soil vapor and indoor air. It has been recommended that, through redevelopment of the site, the soils will be removed, managed separately and disposed appropriately, thereby mitigating the primary source of vapor intrusion.

2. 616 Laurel Street

The City/RDA had an environmental investigation conducted on the building which determined there were significant levels of asbestos in the building materials and extensive use of lead-based paint. The abatement cost to dispose of these materials was estimated at \$75,794.00.

G. Potential for Transit-Oriented Development and Advancement of Planning Objectives of the City and Successor Agency

The Successor Agency Parcels are one block away from the San Carlos Caltrain station and, together with adjacent parcels owned by the City, have been the subject of planning for transit-oriented development for more than ten years. A proposed mixed-use project on the Successor Agency Parcels and City properties has been a prominent component of the former RDA's Five-Year Implementation Plans in previous planning cycles. It has been one of the City's top five Economic Development Plan priorities since 2007 and is a strategic objective in the City Council's Strategic Plan.

H. Brief History of Previous Development Proposals and Activity

1. 1245 San Carlos Avenue

Following RDA purchase of two properties adjacent to the City surface parking lot known as "Wheeler Plaza" in 2001, the City and RDA explored several development proposals for the combined site but did not proceed at that time. Following adoption of the City's Economic Development Plan in 2007 and subsequent RDA Implementation Plans, City/RDA staff became very active in evaluating development scenarios and feasibility, which eventually led to the purchase of the adjacent 1245 San Carlos Avenue property and the process that identified the developer of the combined site, as discussed in more detail in Section III below.

2. 616 Laurel Street

This property was vacated by a local grocer which moved to a better facility that allowed for expansion and modernization. The existing building is in disrepair and contains asbestos and lead-based paint. Before the RDA acquired the property, a developer had proposed to renovate the building but sought a significant financial contribution from the RDA to purchase a subdivided interest in the property. There have been no other offers to purchase or develop the property.

**III. Disposition and Use of 1245 San Carlos Avenue and 616 Laurel Street**

A. The Wheeler Plaza Project

Both 1245 San Carlos Avenue and 616 Laurel Street are proposed to be involved in the development of the Wheeler Plaza Project. The Wheeler Plaza Project generally consists of (1) a parking garage with at least 427 parking spaces housed on three levels, with a below-ground level containing approximately 190 parking spaces for use by residents of the residential units and two levels, one ground level and one above-ground level, containing at least 237 parking spaces for use by the general public; (2) approximately 9,855 square feet of ground level retail or restaurant space; (3) 108 residential condominium dwellings and landscaped courtyard space to be constructed on top of the commercial space and parking garage; and (4) related landscaping and public and private improvements.

A site map of the Wheeler Plaza Project is attached as Exhibit A. On the Map of the Site, 1245 San Carlos Avenue is identified as the "Successor Agency Parcel" and 616 Laurel Street is identified as the "Temporary Parking & Public Plaza Property."

The development of the Wheeler Plaza Project is governed by a proposed disposition and development agreement (the "DDA") between the City and Silverstone Development – Northern California, LLC (the "Developer"). The DDA calls for the Developer to construct the Wheeler Plaza Project within a certain time frame, according to a specific scope of development and pursuant to specific conditions.

B. 1245 San Carlos Avenue

1245 San Carlos Avenue is proposed to be sold to Silverstone Development – Northern California, LLC (the "Developer") for one dollar (\$1.00) and developed, along with adjacent City-owned property, as the Wheeler Plaza Project.

The Successor Agency will authorize the sale of 1245 San Carlos Avenue to the Developer in a proposed amended Cooperation Agreement between the City and the Successor Agency (the "Amended Cooperation Agreement"). The Amended Cooperation Agreement instructs the Executive Director of the Successor Agency to execute a grant deed conveying title to 1245 San Carlos Avenue to the Developer. The grant deed for 1245 San Carlos Avenue will be delivered into escrow along with grant deeds for the three City parcels also being sold to the Developer. In the event the DDA is terminated for any reason prior to the conveyance of 1245 San Carlos Avenue to the Developer, the grant deed for 1245 San Carlos Avenue would be returned to the Successor Agency and destroyed.

The City is not retaining 1245 San Carlos Avenue for future development. Fee title to 1245 San Carlos Avenue will be conveyed directly to the Developer for development of the Wheeler Plaza Project. The City will oversee the development of the Wheeler Plaza Project through the provisions of the DDA. The separate Amended Cooperation Agreement is a mechanism to provide for the sale of 1245 San Carlos Avenue from the Successor Agency to the Developer without entangling the Successor Agency in the overall DDA.

The purchase price of one dollar (\$1.00) for 1245 San Carlos Avenue is based on a financial proforma prepared for the overall Wheeler Plaza Project by the City's economic development advisor. The proforma estimates that the project is expected only to break even and that there is no room for more than nominal consideration for the properties being conveyed to the Developer by the City and the Successor Agency.

Inclusion of 1245 San Carlos Avenue in the Wheeler Plaza Project maximizes the value of the parcel when estimates of increased property tax shares resulting from the development of the Wheeler Plaza Project are taken into account. The development of the Wheeler Plaza Project will generate over \$70 million of incremental assessed value, which is far greater than the liquidation sale of 1245 San Carlos Avenue would generate. Exhibit B attached to this Amended LRPMP provides a preliminary estimate of annual property tax shares as a result of the development of the Wheeler Plaza Project for the larger taxing entities of the former RDA. These estimates are compared to taxing entity shares of a sale of 1245 San Carlos Avenue at its estimated value of \$2,000,000. The long-term financial benefit of the Wheeler Plaza Project to the taxing entities is clear.

C. 616 Laurel Street

Under the Amended Cooperation Agreement, 616 Laurel Street will be transferred to the City as a governmental use property, to be developed by the City as a public plaza following the completion of the parking garage portion of the Wheeler Plaza Project. The former RDA purchased this property with the intent of integrating the site into the Wheeler Plaza Project. In community meetings held regarding the conceptual design of the Wheeler Plaza Project, citizens expressed a desire for a community plaza that would link the new parking garage with the existing Laurel Street commercial area.

The public plaza will serve as both an active community gathering space and a pedestrian connection to the public parking garage portion of the Wheeler Plaza Project. During construction of the Wheeler Plaza Project parking garage, 616 Laurel Street will be used as a temporary valet parking lot for downtown business patrons. Following the completion of the parking garage portion of the Wheeler Plaza Project and community meetings to determine site planning and layout, the City will undertake the construction of the public plaza.

As with 1245 San Carlos Avenue, if the DDA is terminated for any reason whatsoever prior to conveyance of 616 Laurel Street to the City, the grant deed for 616 Laurel Street will be returned to the Successor Agency and destroyed.

By letter dated July 25, 2013, the California Department of Finance approved the transfer of 616 Laurel Street to the City for use as a public plaza.

D. Termination of DDA

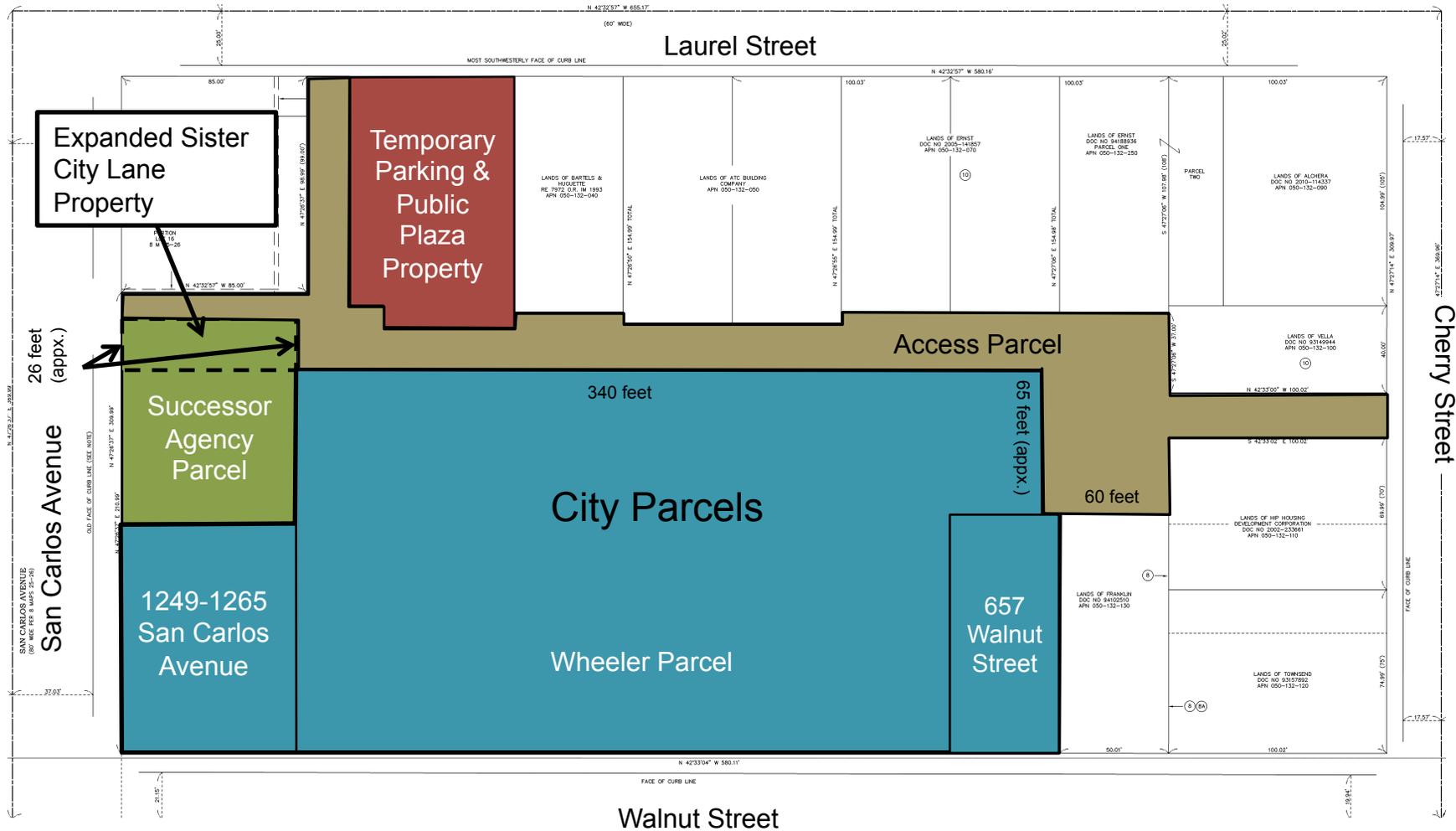
If the DDA is terminated prior to conveyance of the Successor Agency parcels, the Successor Agency would retain ownership of 1245 San Carlos Avenue and 616 Laurel Street and prepare a new LRPMP for these properties.

**IV. Separate List of Governmental Purpose Properties**

As noted in Section III.C above, 616 Laurel Street is proposed to be transferred to the City as a governmental use property, to be developed with a public plaza, and the California Department of Finance approved such a transfer by letter dated July 25, 2013.

Exhibit A  
Map of the Site of the Wheeler Plaza Project

# Map of the Site



The "Site" includes the Successor Agency Parcel, the Wheeler Parcel, 1249-1265 San Carlos Avenue and 657 Walnut Street.

Exhibit B  
Preliminary Estimate of Annual Property Tax Shares Resulting from  
Development of the Wheeler Plaza Project

**SAN CARLOS ELEMENTARY / 21.27% SHARE**  
**Net Impact of Wheeler Plaza Project**

Year	If Property Sold / No Wheeler Plaza	If Wheeler Plaza Project Developed	Net Revenue To District
	\$2M Land Sale \$0 Development	\$1 Land Sale \$72M Development	
Year 1	\$ 425,423	\$ 289,608	\$ (135,815)
2	4,339	24,371	20,031
3	4,426	75,509	71,083
4	4,515	153,943	149,429
5	4,605	157,792	153,187
6	4,697	161,737	157,040
7	4,791	165,780	160,989
8	4,887	169,925	165,038
9	4,985	174,173	169,188
10	5,084	178,527	173,443
11	5,186	182,990	177,804
12	5,290	187,565	182,275
13	5,395	192,254	186,859
14	5,503	197,061	191,557
15	5,613	201,987	196,374
16	5,726	207,037	201,311
17	5,840	212,213	206,373
18	5,957	217,518	211,561
19	6,076	222,956	216,880
20	6,198	228,530	222,332
Total	524,535	3,601,475	3,076,940
NPV			2,189,771
Return			62%

**SEQUOIA HIGH SCHOOL / 17.89% SHARE**  
**Net Impact of Wheeler Plaza Project**

Year	If Property Sold / No Wheeler Plaza	If Wheeler Plaza Project Developed	Net Revenue To District
	\$2M Land Sale \$0 Development	\$1 Land Sale \$72M Development	
Year 1	\$ 357,814	\$ 231,357	\$ (126,457)
2	3,650	20,498	16,848
3	3,723	63,509	59,786
4	3,797	129,479	125,681
5	3,873	132,716	128,842
6	3,951	136,033	132,083
7	4,030	139,434	135,405
8	4,110	142,920	138,810
9	4,192	146,493	142,301
10	4,276	150,155	145,879
11	4,362	153,909	149,548
12	4,449	157,757	153,308
13	4,538	161,701	157,163
14	4,629	165,744	161,115
15	4,721	169,887	165,166
16	4,816	174,134	169,319
17	4,912	178,488	173,576
18	5,010	182,950	177,940
19	5,110	187,524	182,413
20	5,213	192,212	186,999
Total	441,175	3,016,899	2,575,724
NPV			1,829,544
Return			58%

**SAN MATEO JUNIOR COLLEGE / 7.77% SHARE**  
**Net Impact of Wheeler Plaza Project**

Year	If Property Sold / No Wheeler Plaza	If Wheeler Plaza Project Developed	Net Revenue To District
	\$2M Land Sale \$0 Development	\$1 Land Sale \$72M Development	
Year 1	\$ 155,381	\$ 7,008	\$ (148,373)
2	1,585	8,901	7,316
3	1,617	27,579	25,962
4	1,649	56,226	54,577
5	1,682	57,632	55,950
6	1,716	59,072	57,357
7	1,750	60,549	58,799
8	1,785	62,063	60,278
9	1,821	63,615	61,794
10	1,857	65,205	63,348
11	1,894	66,835	64,941
12	1,932	68,506	66,574
13	1,971	70,219	68,248
14	2,010	71,974	69,964
15	2,050	73,773	71,723
16	2,091	75,618	73,527
17	2,133	77,508	75,375
18	2,176	79,446	77,270
19	2,219	81,432	79,213
20	2,264	83,468	81,204
Total	191,580	1,216,629	1,025,049
NPV			701,020
Return			28%

**SAN MATEO COUNTY GENERAL / 27.15% SHARE**  
**Net Impact of Wheeler Plaza Project**

Year	If Property Sold / No Wheeler Plaza	If Wheeler Plaza Project Developed	Net Revenue To District
	\$2M Land Sale \$0 Development	\$1 Land Sale \$72M Development	
Year 1	\$ 543,024	\$ 24,490	\$ (518,534)
2	5,539	31,108	25,569
3	5,650	96,383	90,733
4	5,763	196,499	190,736
5	5,878	201,411	195,533
6	5,995	206,446	200,451
7	6,115	211,608	205,492
8	6,238	216,898	210,660
9	6,362	222,320	215,958
10	6,490	227,878	221,389
11	6,619	233,575	226,956
12	6,752	239,415	232,663
13	6,887	245,400	238,513
14	7,025	251,535	244,510
15	7,165	257,823	250,658
16	7,308	264,269	256,961
17	7,455	270,876	263,421
18	7,604	277,648	270,044
19	7,756	284,589	276,833
20	7,911	291,703	283,793
Total	669,535	4,251,874	3,582,339
NPV			2,449,925
Return			28%

# CITY OF SAN CARLOS

## CITY COUNCIL

MARK OLBERT, MAYOR  
RON COLLINS, VICE MAYOR  
ROBERT GRASSILLI  
MATT GROCOTT  
CAMERON JOHNSON



CITY MANAGER  
600 ELM STREET  
SAN CARLOS, CALIFORNIA 94070-3085

TELEPHONE: (650) 802-4228  
FAX: (650) 595-6729

WEB: <http://www.cityofsancarlos.org>

May 6, 2014

Lorelei Bruns  
Analyst, Local Government Unit  
Department of Finance  
915 L Street  
Sacramento, CA 95814-3706

## **RE: San Carlos Amended Long Range Property Management Plan (August 2013)**

Dear Ms. Bruns:

On September 5, 2013, by Resolution No. OB-009, the Oversight Board ("Oversight Board") for the San Carlos Successor Agency ("Successor Agency") approved the Amended Long Range Property Management Plan of the Successor Agency ("LRPMP"). The Oversight Board-approved LRPMP was then submitted to the Department of Finance ("Finance") on September 17, 2013 for approval. The LRPMP provided for the sale of property at 1245 San Carlos Avenue for \$1 to the developer of the Wheeler Plaza Project. On November 25, 2013, you advised me by telephone that Finance could not approve a property sale for \$1 or any type of future development without a compensation agreement from the taxing entities. In a follow-up email, you reconfirmed your previous advice and asked for an update on our LRPMP status/intention.

Based on your advice, the City and Successor Agency have now obtained compensation agreements from each of the taxing entities (other than the City which is a sponsoring entity) that receive property taxes from the San Carlos Redevelopment Project Area in which 1245 San Carlos Avenue is located. The information concerning the identity of the other taxing entities and their respective property tax shares within the San Carlos Redevelopment Project Area was obtained from, and confirmed for accuracy and completeness by, the San Mateo County Auditor-Controller.

**ALL OF THE TAXING ENTITIES APPROVED THE SALE OF 1245 SAN CARLOS AVENUE TO THE DEVELOPER OF THE WHEELER PLAZA PROJECT FOR \$1. In addition, the Oversight Board has approved the sale of 1245 San Carlos Avenue to the developer of the Wheeler Plaza Project for \$1 on multiple occasions -- two approvals of the Cooperation Agreement between the City and the Successor Agency related to the Wheeler Plaza Project on April 30, 2013, and September 5, 2013, and the approval of the Amended LRPMP on September 5, 2013.**

The taxing entities and the respective date of compensation agreement approval by each is listed below:

Taxing Entity	Approval
Midpeninsula Regional Open Space District	Adopted 3/12/14
Mid-Peninsula Water District	Adopted 3/27/14
Redwood City School District	Adopted 3/26/14
San Mateo County Board of Education	Adopted 3/19/14
Sequoia Healthcare District	Adopted 2/12/14
San Mateo County Harbor District	Adopted 2/9/14
Bay Area Air Quality Management District	Adopted 3/4/14
San Mateo County Mosquito/Vector Control District	Adopted 2/12/14
San Mateo County	Adopted 3/11/14
San Mateo County Free Library System	Adopted 3/11/14
Harbor Industrial Sewer District	Adopted 3/11/14
Belmont-Redwood Shores School District	Adopted 4/17/14
Sequoia Union High School District	Adopted 4/9/14
San Mateo County Community College District	Adopted 4/23/14
San Carlos Elementary School District	Adopted 6/27/13

On the basis of the approvals by the Oversight Board and the approved compensation agreements of each taxing entity, the Successor Agency hereby requests approval of its LRPMP.

Please let us know if you have any questions or need additional information or clarification in connection with your consideration of this letter and the Successor Agency's LRPMP.

Very truly yours,



Jeff Maltbie  
Executive Director

# San Carlos Elementary School District

**RESOLUTION 21:12/13**

**RESOLUTION OF THE SAN CARLOS SCHOOL DISTRICT  
EXPRESSING SUPPORT FOR THE WHEELER PLAZA  
PROJECT IN THE CITY OF SAN CARLOS AND  
DETERMINING THE COMPENSATION TO THE DISTRICT  
FOR THE PROJECT'S USE OF PROPERTIES OF THE SAN  
CARLOS SUCCESSOR AGENCY**

WHEREAS, the City of San Carlos (the "City") and Silverstone Development--Northern California, LLC (the "Developer") have entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of a mixed-use project, including residential and commercial condominium spaces and a public parking garage commonly referred to as the "Wheeler Plaza Project"; and

WHEREAS, the Wheeler Plaza Project development proposal was presented on April 24, 2013, to the San Carlos Oversight Board, which represents the San Carlos School District and all other affected taxing entities, and the Oversight Board approved the contribution of properties to the Project by the San Carlos Successor Agency; and

WHEREAS, the properties to be contributed to the Wheeler Plaza Project by the San Carlos Successor Agency are 616 Laurel Street and 1245 San Carlos Avenue, the last two properties owned by the San Carlos Successor Agency; the property at 616 Laurel Street will be conveyed to the City of San Carlos at no cost and the property at 1245 San Carlos Avenue will be sold to the Developer for \$1; and

WHEREAS, development of the Wheeler Plaza Project has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted in 2007 and 2010; and

**WHEREAS**, the Wheeler Plaza Project presents a unique catalyst opportunity for the continuing success and vitality of downtown San Carlos; and

**WHEREAS**, development of the Wheeler Plaza Project will not only enhance downtown San Carlos, but will produce significant revenues for the affected taxing entities; and

**WHEREAS**, the Wheeler Plaza Project cannot proceed without the inclusion of the properties at 616 Laurel Street and 1245 San Carlos Avenue, and the revenues to be derived from the development of the Wheeler Plaza Project exceed the one-time revenues that might be generated by a liquidation sale of those properties;

**NOW, THEREFORE**, the San Carlos School District does hereby resolve that the Wheeler Plaza Project will be of substantial benefit to the City of San Carlos, the regional community and all of the affected taxing entities, will provide revenues to the San Carlos School District greater than would be generated by a liquidation sale of the two remaining properties owned by the San Carlos Successor Agency, and does hereby express its support for the Wheeler Plaza Project.

**NOW, THEREFORE**, the San Carlos School District does hereby further resolve that this Resolution shall constitute the compensation agreement related to the Wheeler Plaza Project, to the extent required by Health and Safety Code Section 34180(f), between the City of San Carlos and the San Carlos School District.

**PASSED AND ADOPTED** by the San Carlos School District this 27th day of June, 2013, by the following vote:

AYES: 4

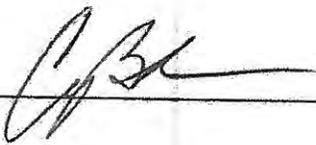
NOES: 0

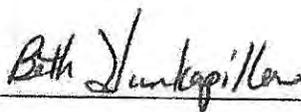
ABSENT: 1 (Elliott)

ABSTAIN: 0

ATTEST:

APPROVED:

  
\_\_\_\_\_

  
\_\_\_\_\_

# San Mateo County Harbor District

RESOLUTION NO. **03-14**

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE  
SAN MATEO COUNTY HARBOR DISTRICT EXPRESSING  
SUPPORT FOR CONTRIBUTION OF THE PROPERTY AT 1245 SAN  
CARLOS AVENUE TO THE WHEELER PLAZA PROJECT IN THE  
CITY OF SAN CARLOS AND APPROVING A COMPENSATION  
AGREEMENT WITH THE CITY AND SAN CARLOS SUCCESSOR AGENCY**

**WHEREAS**, the City of San Carlos (the "City") and Silverstone Development--Northern California, LLC (the "Developer") entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of a mixed-use project, including residential and commercial condominium spaces and a public parking garage, commonly referred to as the "Wheeler Plaza Project"; and

**WHEREAS**, development of the Wheeler Plaza Project has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted in 2007 and 2010; and

**WHEREAS**, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the San Carlos Successor Agency (the "Successor Agency") identified as 1245 San Carlos Avenue; and

**WHEREAS**, in order to provide for contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project, the City and the Successor Agency entered into a Cooperation Agreement providing for the sale of that property to the Developer pursuant to the DDA for the sum of \$1, which represents the fair reuse value of the property in light of the covenants, conditions and development costs required by the DDA; and

**WHEREAS**, the transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF"); and

**WHEREAS**, the Wheeler Plaza Project presents a unique catalyst development opportunity for the continuing success and vitality of downtown San Carlos; and

**WHEREAS**, development of the Wheeler Plaza Project will not only enhance downtown San Carlos, but will produce significant revenues for all affected taxing entities; and

**WHEREAS**, the taxing entities that will benefit from the development of the Wheeler Plaza Project (the "affected taxing entities") are listed, together with their respective property tax shares, in Exhibit A, attached hereto and incorporated herein by this reference; and

**WHEREAS**, the San Carlos Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and reviewed a slightly modified proposal at its meeting on September 9, 2013, and at both meetings approved the contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project; and

**WHEREAS**, DOF, by letters dated July 25, 2013, and November 1, 2013, objected to the approvals by the San Carlos Oversight Board authorizing contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project without obtaining compensation agreements with all the affected taxing entities; and

WHEREAS, in order to satisfy the requirement presented by DOF, the City and the Successor Agency are requesting approval of a compensation agreement by each of the affected taxing entities; and

WHEREAS, the compensation to be derived by each of the affected taxing entities from the contribution of the 1245 San Carlos Avenue property to, and the development of, the Wheeler Plaza Project is described in Exhibit B, attached hereto and incorporated herein by this reference;

NOW, THEREFORE, the Board of Commissioners of the San Mateo County Harbor District does hereby resolve as follows:

**Section 1.** The Board of Commissioners hereby finds that the Wheeler Plaza Project will be of substantial benefit to the City of San Carlos, the regional community and all of the affected taxing entities, will provide revenues to the San Mateo County Harbor District greater than would be generated by a liquidation sale of the 1245 San Carlos Avenue property, and does hereby express its support for contribution of such property to the Wheeler Plaza Project.

**Section 2.** The Board of Commissioners hereby finds and determines: (a) that the sale of the 1245 San Carlos Avenue property to the Developer for the Wheeler Plaza Project for the sum of \$1 ("disposition price") is approved; (b) that the compensation to the San Mateo County Harbor District from the contribution of such property, consisting of the revenues to be derived from development of the Wheeler Plaza Project (as described in Exhibit B), is approved; and (c) that if, for any reason, Developer and City determine to increase the disposition price for the sale of the 1245 San Carlos Avenue property to an amount greater than the stated disposition price ("alternate disposition price"), such alternate disposition price is approved, subject to City's and Successor Agency's agreement that the San Mateo County Harbor District shall receive a pro rata share of the net proceeds, if any, resulting from sale of such property at the alternate disposition price.

**Section 3.** The Board of Commissioners hereby determines that this resolution shall constitute the compensation agreement between the City, the Successor Agency and the San Mateo County Harbor District, to the extent required by Health and Safety Code Section 34180(f), and directs that a copy of this resolution be provided to the City and the Successor Agency. The Board of Commissioners further authorizes and directs the General Manager to execute on behalf of the San Mateo County Harbor District, if necessary and appropriate, a separately prepared form of compensation agreement, consistent with the terms set forth in this resolution.

**PASSED AND ADOPTED** by the Board of Commissioners of the San Mateo County Harbor District this 7 day of February, 2014, by the following vote:

AYES: 3  
NOES:  
ABSENT 2 (Brennan, Bernardo)  
ABSTAIN: 0

ATTEST: 0

APPROVED:



# Sequoia Healthcare District

**RESOLUTION NO. 14-1**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SEQUOIA HEALTHCARE DISTRICT EXPRESSING SUPPORT FOR  
CONTRIBUTION OF THE PROPERTY AT 1245 SAN CARLOS AVENUE  
TO THE WHEELER PLAZA PROJECT IN THE CITY OF SAN CARLOS  
AND APPROVING A COMPENSATION AGREEMENT WITH THE  
CITY AND SAN CARLOS SUCCESSOR AGENCY**

**WHEREAS**, the City of San Carlos (the “City”) and Silverstone Development--Northern California, LLC (the “Developer”) entered into a Disposition and Development Agreement (the “DDA”) providing for the development by the Developer of a mixed-use project, including residential and commercial condominium spaces and a public parking garage, commonly referred to as the “Wheeler Plaza Project”; and

**WHEREAS**, development of the Wheeler Plaza Project has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted in 2007 and 2010; and

**WHEREAS**, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the San Carlos Successor Agency (the “Successor Agency”) identified as 1245 San Carlos Avenue; and

**WHEREAS**, in order to provide for contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project, the City and the Successor Agency entered into a Cooperation Agreement providing for the sale of that property to the Developer pursuant to the DDA for the sum of \$1, which represents the fair reuse value of the property in light of the covenants, conditions and development costs required by the DDA; and

**WHEREAS**, the transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance (“DOF”); and

**WHEREAS**, the Wheeler Plaza Project presents a unique catalyst development opportunity for the continuing success and vitality of downtown San Carlos; and

**WHEREAS**, development of the Wheeler Plaza Project will not only enhance downtown San Carlos, but will produce significant revenues for all affected taxing entities; and

**WHEREAS**, the taxing entities that will benefit from the development of the Wheeler Plaza Project (the “affected taxing entities”) are listed, together with their respective property tax shares, in Exhibit A, attached hereto and incorporated herein by this reference; and

**WHEREAS**, the San Carlos Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and reviewed a slightly modified proposal at its meeting on September 9, 2013, and at both meetings approved the contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project; and

**WHEREAS**, DOF, by letters dated July 25, 2013, and November 1, 2013, objected to the approvals by the San Carlos Oversight Board authorizing contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project without obtaining compensation agreements with all the affected taxing entities; and

WHEREAS, in order to satisfy the requirement presented by DOF, the City and the Successor Agency are requesting approval of a compensation agreement by each of the affected taxing entities; and

WHEREAS, the compensation to be derived by each of the affected taxing entities from the contribution of the 1245 San Carlos Avenue property to, and the development of, the Wheeler Plaza Project is described in Exhibit B, attached hereto and incorporated herein by this reference;

NOW, THEREFORE, the Board of Directors of the Sequoia Healthcare District does hereby resolve as follows:

**Section 1.** The Board of Directors hereby finds that the Wheeler Plaza Project will be of substantial benefit to the City of San Carlos, the regional community and all of the affected taxing entities, will provide revenues to the Sequoia Healthcare District greater than would be generated by a liquidation sale of the 1245 San Carlos Avenue property, and does hereby express its support for contribution of such property to the Wheeler Plaza Project.

**Section 2.** The Board of Directors hereby finds and determines: (a) that the sale of the 1245 San Carlos Avenue property to the Developer for the Wheeler Plaza Project for the sum of \$1 ("disposition price") is approved; (b) that the compensation to the Sequoia Healthcare District from the contribution of such property, consisting of the revenues to be derived from development of the Wheeler Plaza Project (as described in Exhibit B), is approved; and (c) that if, for any reason, Developer and City determine to increase the disposition price for the sale of the 1245 San Carlos Avenue property to an amount greater than the stated disposition price ("alternate disposition price"), such alternate disposition price is approved, subject to City's and Successor Agency's agreement that the Sequoia Healthcare District shall receive a pro rata share of the net proceeds, if any, resulting from sale of such property at the alternate disposition price.

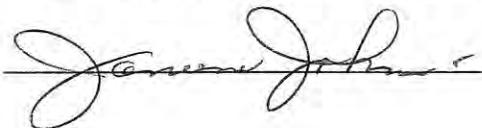
**Section 3.** The Board of Directors hereby determines that this resolution shall constitute the compensation agreement between the City, the Successor Agency and the Sequoia Healthcare District, to the extent required by Health and Safety Code Section 34180(f), and directs that a copy of this resolution be provided to the City and the Successor Agency. The Board of Directors further authorizes and directs the Chief Executive Officer to execute on behalf of the Sequoia Healthcare District, if necessary and appropriate, a separately prepared form of compensation agreement, consistent with the terms set forth in this resolution.

**PASSED AND ADOPTED** by the Board of Directors of the Sequoia Healthcare District this 12<sup>th</sup> day of FEBRUARY, 2014, by the following vote:

AYES: DIRECTORS FARO, GRIFFIN, KANE AND SHEFREN  
NOES: NONE  
ABSENT: DIRECTOR HICKEY  
ABSTAIN: NONE

ATTEST: JANEENE JOHNSON  
CLERK OF THE BOARD

APPROVED: LEE MICHELSON, CEO



Bay Area Air Quality Management District

## COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (this "Agreement") is entered into as of March 4, 2014 (the "Effective Date"), by and between the CITY OF SAN CARLOS, a California municipal corporation ("City"), the SAN CARLOS SUCCESSOR AGENCY, the Successor Agency to the City of San Carlos Redevelopment Agency ("Successor Agency"), and the BAY AREA AIR QUALITY MANAGEMENT DISTRICT, a \_\_\_\_\_ ("District").

### RECITALS

A. The City of San Carlos Redevelopment Agency (the "Redevelopment Agency") was activated by the City Council of the City of San Carlos (the "City Council") as a redevelopment agency under the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).

B. On June 28, 2011, the California Legislature enacted, and the Governor signed, Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature ("ABx1 26") to dissolve all redevelopment agencies in the State of California. ABx1 26 added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*; the "Dissolution Law").

C. On January 9, 2012, and pursuant to Health and Safety Code Section 34173, the City Council declared that the City of San Carlos (the "City") would act as the Successor Agency to the Redevelopment Agency (the "Successor Agency"). On February 1, 2012, the Redevelopment Agency was dissolved.

D. On June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 ("AB 1484"), which, among other things, made certain revisions to the Dissolution Law.

E. The Successor Agency is a separate public entity and is responsible for taking certain actions pursuant to the Dissolution Law.

F. The Oversight Board to the Successor Agency to the Redevelopment Agency ("Oversight Board") has been established to oversee and approve certain of the actions taken by the Successor Agency in connection with the winding down of the affairs of the former Redevelopment Agency.

G. The City owns property currently used as public parking and commonly known as "Wheeler Plaza"; the development of a mixed-use project on Wheeler Plaza and adjacent real properties acquired by the former Redevelopment Agency adjacent to Wheeler Plaza, including residential units, commercial space and a public parking garage, commonly referred to as the "Wheeler Plaza Project," has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted by the City in 2007 and 2010.

H. Pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of the real property of the former Redevelopment Agency for the Wheeler Plaza Project. The LRPMP was submitted to the Oversight Board and the Department of Finance for approval in accordance with section 34191.5 following the issuance to the Successor Agency of a finding of completion.

I. The City and Silverstone Development--Northern California, LLC (the "Developer"), entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of the Wheeler Plaza Project, which DDA was approved by the City Council on April 8, 2013.

J. According to the City, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the Successor Agency identified as 1245 San Carlos Avenue (the "Property").

K. The City and the Successor Agency entered into a Cooperation Agreement (the "Cooperation Agreement") providing for the Successor Agency's sale of the Property to the Developer consistent with the terms of the DDA for the sum of \$1.00, which sum, according to the City, represents the fair reuse value of the Property in light of the covenants, conditions and development costs required by the DDA. The transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF").

L. The Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and approved the contribution of the Property to the Wheeler Plaza Project.

M. By letter dated July 25, 2013, the DOF refused to approve the original arrangement; the Successor Agency subsequently amended the Cooperation Agreement and LRPMP to, in part, provide more clearly that the Successor Agency will be selling the Property directly to the Developer.

N. The Oversight Board reviewed the Amended Cooperation Agreement and LRPMP at its meeting on September 9, 2013, and again approved the contribution of the Property to the Wheeler Plaza Project.

O. The Successor Agency submitted the Oversight Board's approval of the Amended Cooperation Agreement and Amended LRPMP to DOF on September 17, 2013, and DOF, by letter dated November 1, 2013, is requiring that compensation agreements be reached with each of the affected taxing entities pursuant to Health and Safety Code section 34180(f)(1).

P. The taxing entities that receive "residual distributions" through the redevelopment agency dissolution process under the Dissolution Law and that would receive a portion of the proceeds of the sale of the Property if the Property were to be sold at fair market value (hereinafter the "affected taxing entities") are listed, together with their respective pro rata shares of such distribution(s), in Exhibit A, attached hereto and incorporated herein by this reference.

## AGREEMENTS

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual promises in this Agreement, the parties agree as follows:

**Section 1.** The City and the Successor Agency assert and represent that each of the foregoing recitals, and each of the following, are true and accurate statements:

- a. Exhibit A lists the affected taxing entities and their respective pro rata shares of the property tax revenues from the property within the boundaries of the San Carlos Redevelopment Project Area, as provided by the Auditor-Controller of the County of San Mateo.
- b. The estimated distribution to be derived by each of the affected taxing entities from the property encompassing the Wheeler Plaza Project, as a result of the contribution of the Property to, and the development of the Wheeler Plaza Project as planned, is set forth in the column of Exhibit B titled "If Wheeler Plaza Project Developed," which Exhibit is attached hereto and incorporated herein by this reference.
- c. The estimated distribution to be derived by each of the affected taxing entities from the property encompassing the Wheeler Plaza Project, if the Property is not contributed to the development of the Wheeler Plaza Project as planned, is set forth in the column of Exhibit B titled "If Property Sold/No Wheeler Plaza."
- d. The estimated fair market value of the Property as of the effective date of this Agreement is Two Million Dollars (\$2,000,000), and the City believes that the Wheeler Plaza Project will not move forward without the sale of the Property to the Developer for the sum of \$1.00.
- e. The obligations on the current Recognized Obligation Payment Schedule ("ROPS") of the Successor Agency include obligations that will continue until sometime in calendar year 2035 (i.e., not earlier than 20 years from the effective date of this Agreement). Accordingly, whether or not an affected taxing entity is within the same Tax Rate Area ("TRA") as the Wheeler Plaza Project should not be a factor affecting the distribution of property tax revenues from the property encompassing the Wheeler Plaza Project during that 20 year period.

**Section 2.** The District approves the sale of the Property to the Developer for the Wheeler Plaza Project for the sum of \$1.00 ("disposition price"), provided that the Property is included as part of the Wheeler Plaza Project as contemplated by the City and the Developer. The District understands that the compensation to the District from the contribution of the Property will consist of increased property tax revenues to be derived from development of the Wheeler Plaza Project (as estimated in Exhibit B). The District further understands (a) that the estimates provided in Exhibit B are based on information provided by the Auditor-Controller of the County of San Mateo as to the identity of the affected taxing entities and their respective pro rata shares, (b) that the estimates provided in Exhibit B are based on certain assumptions, including an overall development value for the completed Wheeler Plaza Project, and (c) that the City cannot and is not making any guarantee that the District will receive any specific amount of increased property tax revenues.

**Section 3.** If, for any reason, Developer and City determine to increase the disposition price for the sale of the Property to an amount greater than the stated disposition price ("alternate disposition price"), the City and Successor Agency hereby agree that the District shall receive its pro rata share of the net proceeds, if any, resulting from the sale of the Property at the alternate disposition price in accordance with applicable provisions of the Dissolution Law.

**Section 4.** The parties acknowledge and agree that they are entering into this Agreement in order to satisfy the requirement presented by DOF to the effect that the City and Successor Agency obtain a compensation agreement from each of the affected taxing entities.

**Section 5. Miscellaneous.**

a. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

b. **Governing Law.** This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to conflict of law principles.

c. **No Assignments.** This Agreement may not be assigned by any of the parties hereto.

**IN WITNESS WHEREOF**, this Compensation Agreement between and among the City, the Successor Agency and the District is effective as of the day and year first above written.

CITY OF SAN CARLOS

By  \_\_\_\_\_  
Jeff Maltbie, City Manager

APPROVED AS TO FORM:

By  \_\_\_\_\_

SAN CARLOS SUCCESSOR AGENCY

By  \_\_\_\_\_  
Jeff Maltbie, Executive Director

APPROVED AS TO FORM:

By  \_\_\_\_\_

BAY AREA AIR QUALITY MANAGEMENT  
DISTRICT

By Jack P Broadbent  
Jack P. Broadbent, Air Pollution Control Officer

APPROVED AS TO FORM:

By Brian C. Bunker  
BRIAN C. BUNKER  
DISTRICT COUNSEL

# San Mateo County Mosquito & Vector Control District



**San Mateo County**  
**Mosquito and Vector Control District**  
1351 Rollins Rd  
Burlingame CA 94010  
(650) 344-8592 Fax (650) 344-3843  
www.smcmad.org

## **RESOLUTION M-008-14**

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE  
SAN MATEO COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT  
EXPRESSING SUPPORT FOR CONTRIBUTION OF THE  
PROPERTY AT 1245 SAN CARLOS AVENUE TO THE WHEELER  
PLAZA PROJECT IN THE CITY OF SAN CARLOS AND APPROVING  
A COMPENSATION AGREEMENT WITH THE CITY AND  
SAN CARLOS SUCCESSOR AGENCY**

**WHEREAS**, the City of San Carlos (the "City") and Silverstone Development--Northern California, LLC (the "Developer") entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of a mixed-use project, including residential and commercial condominium spaces and a public parking garage, commonly referred to as the "Wheeler Plaza Project"; and

**WHEREAS**, development of the Wheeler Plaza Project has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted in 2007 and 2010; and

**WHEREAS**, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the San Carlos Successor Agency (the "Successor Agency") identified as 1245 San Carlos Avenue; and

**WHEREAS**, in order to provide for contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project, the City and the Successor Agency entered into a Cooperation Agreement providing for the sale of that property to the Developer pursuant to the DDA for the sum of \$1, which represents the fair reuse value of the property in light of the covenants, conditions and development costs required by the DDA; and

**WHEREAS**, the transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF"); and

**WHEREAS**, the Wheeler Plaza Project presents a unique catalyst development opportunity for the continuing success and vitality of downtown San Carlos; and

**WHEREAS**, development of the Wheeler Plaza Project will not only enhance downtown San Carlos, but will produce significant revenues for all affected taxing entities; and

**WHEREAS**, the taxing entities that will benefit from the development of the Wheeler Plaza Project (the "affected taxing entities") are listed, together with their respective property tax shares, in Exhibit A, attached hereto and incorporated herein by this reference; and

**WHEREAS**, the San Carlos Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and reviewed a slightly modified proposal at its

meeting on September 9, 2013, and at both meetings approved the contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project; and

**WHEREAS**, DOF, by letters dated July 25, 2013, and November 1, 2013, objected to the approvals by the San Carlos Oversight Board authorizing contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project without obtaining compensation agreements with all the affected taxing entities; and

**WHEREAS**, in order to satisfy the requirement presented by DOF, the City and the Successor Agency are requesting approval of a compensation agreement by each of the affected taxing entities; and

**WHEREAS**, the compensation to be derived by each of the affected taxing entities from the contribution of the 1245 San Carlos Avenue property to, and the development of, the Wheeler Plaza Project is described in Exhibit B, attached hereto and incorporated herein by this reference;

**NOW, THEREFORE**, the Board of Trustees of the San Mateo County Mosquito and Vector Control District does hereby resolve as follows:

**Section 1.** The Board hereby finds that the Wheeler Plaza Project will be of substantial benefit to the City of San Carlos, the regional community and all of the affected taxing entities, will provide revenues to the San Mateo County Mosquito and Vector Control District greater than would be generated by a liquidation sale of the 1245 San Carlos Avenue property, and does hereby express its support for contribution of such property to the Wheeler Plaza Project.

**Section 2.** The Board hereby finds and determines: (a) that the sale of the 1245 San Carlos Avenue property to the Developer for the Wheeler Plaza Project for the sum of \$1 ("disposition price") is approved; (b) that the compensation to the San Mateo County Mosquito and Vector Control District from the contribution of such property, consisting of the revenues to be derived from development of the Wheeler Plaza Project (as described in Exhibit B), is approved; and (c) that if, for any reason, Developer and City determine to increase the disposition price for the sale of the 1245 San Carlos Avenue property to an amount greater than the stated disposition price ("alternate disposition price"), such alternate disposition price is approved, subject to City's and Successor Agency's agreement that the San Mateo County Mosquito and Vector Control District shall receive a pro rata share of the net proceeds, if any, resulting from sale of such property at the alternate disposition price.

**Section 3.** The Board hereby determines that this resolution shall constitute the compensation agreement between the City, the Successor Agency and the San Mateo County Mosquito and Vector Control District, to the extent required by Health and Safety Code Section 34180(f), and directs that a copy of this resolution be provided to the City and the Successor Agency. The Board further authorizes and directs the District Manager to execute on behalf of the San Mateo County Mosquito and Vector Control District, if necessary and appropriate, a separately prepared form of compensation agreement, consistent with the terms set forth in this resolution.

**PASSED AND ADOPTED** by the Board of Trustees of the San Mateo County Mosquito and Vector Control District this 12 day February, 2014, by the following vote:

AYES: 17  
NOES: 0  
ABSENT: 3  
ABSTAIN: 0

ATTEST:



APPROVED:



San Mateo County Office of Education

## COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (this "Agreement") is entered into as of March 19, 2014 (the "Effective Date"), by and between CITY OF SAN CARLOS, a California municipal corporation ("City"), SAN CARLOS SUCCESSOR AGENCY, the Successor Agency to the City of San Carlos Redevelopment Agency ("Successor Agency"), and the SAN MATEO COUNTY OFFICE OF EDUCATION ("SMCOE").

### RECITALS

A. The City of San Carlos Redevelopment Agency (the "Redevelopment Agency") was activated by the City Council of the City of San Carlos (the "City Council") as a redevelopment agency under the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).

B. On June 28, 2011, the California Legislature enacted, and the Governor signed, Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature ("ABx1 26") to dissolve all redevelopment agencies in the State of California. ABx1 26 added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*; the "Dissolution Law").

C. On January 9, 2012, and pursuant to Health and Safety Code Section 34173, the City Council declared that the City of San Carlos (the "City") would act as the Successor Agency to the Redevelopment Agency (the "Successor Agency"). On February 1, 2012, the Redevelopment Agency was dissolved.

D. On June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 ("AB 1484"), which, among other things, made certain revisions to the Dissolution Law.

E. The Successor Agency is a separate public entity and is responsible for taking certain actions pursuant to the Dissolution Law.

F. The Oversight Board to the Successor Agency to the Redevelopment Agency ("Oversight Board") has been established to oversee and approve certain of the actions taken by the Successor Agency in connection with the winding down of the affairs of the former Redevelopment Agency.

G. The City owns property currently used as public parking and commonly known as "Wheeler Plaza"; the development of a mixed-use project on Wheeler Plaza and adjacent real properties acquired by the former Redevelopment Agency adjacent to Wheeler Plaza, including residential units, commercial space and a public parking garage, commonly referred to as the "Wheeler Plaza Project," has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted by the City in 2007 and 2010.

H. Pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of the real property of the former Redevelopment Agency for the Wheeler Plaza Project. The LRPMP was submitted to the Oversight Board and the Department of Finance for approval in accordance with section 34191.5 following the issuance to the Successor Agency of a finding of completion.

I. The City and Silverstone Development--Northern California, LLC (the "Developer"), entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of the Wheeler Plaza Project, which DDA was approved by the City Council on April 8, 2013.

J. According to the City, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the Successor Agency identified as 1245 San Carlos Avenue (the "Property").

K. The City and the Successor Agency entered into a Cooperation Agreement (the "Cooperation Agreement") providing for the Successor Agency's sale of the Property to the Developer consistent with the terms of the DDA for the sum of \$1, which sum, according to the City, represents the fair reuse value of the Property in light of the covenants, conditions and development costs required by the DDA. The transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF").

L. The Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and approved the contribution of the Property to the Wheeler Plaza Project.

M. By letter dated July 25, 2013, the DOF refused to approve the original arrangement; the Successor Agency subsequently amended the Cooperation Agreement and LRPMP to, in part, provide more clearly that the Successor Agency will be selling the Property directly to the Developer.

N. The Oversight Board reviewed the Amended Cooperation Agreement and LRPMP at its meeting on September 9, 2013, and again approved the contribution of the Property to the Wheeler Plaza Project.

O. The Successor Agency submitted the Oversight Board's approval of the Amended Cooperation Agreement and Amended LRPMP to DOF on September 17, 2013, and DOF, by letter dated November 1, 2013, has recommended that the Successor Agency may transfer the Property to the City for future development provided it reaches compensation agreements with all of the affected taxing entities pursuant to Health and Safety Code section 34180(f)(1).

P. The City and Successor Agency believe that the sale of the Property directly to the Developer will, if approved through compensation agreements with all of the affected taxing entities, satisfy the recommendations of DOF.

Q. The LRPMP provides for sale of the Property to the Developer and does not contemplate any other disposition of the Property at this time. Any other disposition of the Property will require a revised LRPMP with Oversight Board and DOF approval.

R. The taxing entities that receive "residual distributions" through the redevelopment agency dissolution process under the Dissolution Law and that would receive a portion of the proceeds of the sale of the Property if the Property were to be sold at fair market value (hereinafter the "affected taxing entities") are listed, together with their respective pro rata shares of such distribution(s), in Exhibit A, attached hereto and incorporated herein by this reference; the SMCOE's share is identified as "San Mateo County Office of Education", Account Number 079994.

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual promises in this Agreement, the parties agree as follows:

**Section 1.** The City and the Successor Agency assert and represent that each of the foregoing recitals, and each of the following, are true and accurate statements:

- a. Exhibit A lists the affected taxing entities and their respective pro rata shares of the property tax revenues from the property within the boundaries of the San Carlos Redevelopment Project Area, as provided by the Auditor-Controller of the County of San Mateo.
- b. The estimated incremental increase in the distribution to be derived by the SMCOE as an affected taxing entity from the property encompassing the Wheeler Plaza Project, as a result of the contribution of the Property to, and the development of the Wheeler Plaza Project assuming a total assessed value of \$72,000,000, as planned, is set forth in the column of Exhibit B titled "If Wheeler Plaza Project Developed," which Exhibit is attached hereto and incorporated herein by this reference.
- c. The estimated incremental increase in the distribution to be derived by the SMCOE as an affected taxing entity from the property encompassing the Wheeler Plaza Project, if the Property is not contributed to the development of the Wheeler Plaza Project as planned but is instead sold for \$2,000,000, and the Wheeler Plaza Project is not developed as planned, is set forth in the column of Exhibit B titled "If Property Sold/No Wheeler Plaza."
- d. The estimated fair market value of the Property as of the effective date of this Agreement is Two Million Dollars (\$2,000,000), and the Wheeler Plaza Project will not move forward without the sale of the Property to

the Developer for the sum of \$1.00.

- e. The obligations on the current Recognized Obligation Payment Schedule ("ROPS") of the Successor Agency include obligations that will continue until sometime in calendar year 2035 (i.e., not earlier than 20 years from the effective date of this Agreement). Accordingly, whether or not an affected taxing entity is within the same Tax Rate Area ("TRA") as the Wheeler Plaza Project should not be a factor affecting the distribution of property tax revenues from the property encompassed by the Wheeler Plaza Project during that 20 year period.

**Section 2.** (a) The SMCOE approves the sale of the Property to the Developer for the Wheeler Plaza Project for the sum of \$ 1.00 ("disposition price"), provided that the Property is developed as part of the Wheeler Plaza Project as contemplated by the City and the Developer. The SMCOE understands that the compensation to the SMCOE from the contribution of the Property will consist of increased property tax revenues to be derived from development of the Wheeler Plaza Project (as estimated in Exhibit B). The SMCOE further understands (i) that the estimates provided in Exhibit B are based on information provided by the Auditor-Controller of San Mateo County as to the identity of the affected taxing entities and their respective pro rata shares, (ii) that the estimates provided in Exhibit B are based on certain assumptions, including an overall assessed value of \$72,000,000 for the completed Wheeler Plaza Project, and (iii) that the City cannot and is not making any guarantee that the District will receive any specific amount of increased property tax revenues.

(b) If, for any reason, Developer and City determine to increase the disposition price for the sale of the Property to an amount greater than the stated disposition price ("alternate disposition price"), which alternate disposition price must be approved by the Oversight Board and DOF, the City and Successor Agency hereby agree that the District shall receive its pro rata share of the net proceeds, if any, resulting from the sale of the Property at the approved alternate disposition price in accordance with applicable provisions of the Dissolution Law.

(c) With regard to the Property, the deed restriction right of reverter described in Section 6.8 of the DDA shall identify the Successor Agency as the entity in whose favor the title reverts. If the rights to repurchase, reenter, repossess or reverter are triggered under Section 6.7 or 6.8 of the DDA, and the City is exercising those rights with respect to the "City Parcels" (as defined in the DDA), then the Oversight Board may instruct the City to exercise one or more of those rights on behalf of the Successor Agency as to the Property, and the City shall so exercise those rights.

**Section 3.** The Parties acknowledge and agree that they are entering into this Agreement in order to satisfy the requirement presented by DOF to the effect that the City and Successor Agency enter into a compensation agreement with each of the affected taxing entities.

**Section 4.**

- a. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

b. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to conflict of law principles.

c. No Assignments. This Agreement may not be assigned by any of the parties hereto.

IN WITNESS WHEREOF, this Compensation Agreement between and among the City, the Successor Agency and the SMCOE is effective as of the day and year first above written.

CITY

By: [Signature]

Title: City Manager

APPROVED AS TO FORM:

By: [Signature]

Title: CITY ATTORNEY

SUCCESSOR AGENCY

By: [Signature]

Title: Director

APPROVED AS TO FORM:

By: [Signature]

Title: SA General Counsel

San Mateo County Office of Education

By: [Signature]

Title: County Superintendent of Schools

APPROVED AS TO FORM:

By: [Signature]

Title: Lead Deputy County Counsel

**TAXING ENTITY BREAKDOWN/SAN CARLOS RDA**

<b>Account Number</b>	<b>Account Description</b>	<b>2013-14 Factors</b>
000100	San Mateo County (General)	0.2710544582
001001	San Mateo County (Library)	0.0395124575
018601	City of San Carlos	0.1325095278
030070	Belmont-Redwood Shores School District	0.0069359804
030840	Redwood City School District	0.0043003091
030860	San Carlos School District	0.2027190562
040890	Sequoia Union High School District	0.1786053592
060870	San Mateo County Community College District	0.0775593444
071070	Belmont Fire District	0.0000000000
072450	Harbor Industrial Sewer Maintenance District	0.0000521107
077070	Mid-Peninsula Water District	0.0000313257
078560	Midpeninsula Regional Open Space District	0.0210011640
079020	Bay Area AQMD	0.0023900414
079450	San Mateo County Harbor District	0.0040318776
079600	San Mateo County Mosquito & Vector Control District	0.0021948474
079890	Sequoia Healthcare District	0.0167391555
079994	San Mateo County Office of Education	0.0403629850
		1.0000000000

COUNTY SCHOOL SUPER. / 4.036% SHARE			
Net Impact of Wheeler Plaza Project			
Year	If Property Sold / No Wheeler Plaza	If Wheeler Plaza Project Developed	Net Revenue To District
	\$2.0M Land Sale \$0 Development	\$1 Land Sale \$72M Development	
Year 1	\$ 80,726	\$ 3,641	\$ (77,085)
2	823	4,624	3,801
3	840	14,328	13,488
4	857	29,211	28,355
5	874	29,942	29,068
6	891	30,690	29,799
7	909	31,458	30,548
8	927	32,244	31,317
9	946	33,050	32,104
10	965	33,876	32,912
11	984	34,723	33,739
12	1,004	35,591	34,588
13	1,024	36,481	35,457
14	1,044	37,393	36,349
15	1,065	38,328	37,263
16	1,086	39,286	38,200
17	1,108	40,268	39,160
18	1,130	41,275	40,145
19	1,153	42,307	41,154
20	1,176	43,365	42,189
Total	99,533	632,083	532,550
NPV			364,206
Return			28%

Redwood City School District

**RESOLUTION NO. 18**

**GOVERNING BOARD OF THE REDWOOD CITY SCHOOL DISTRICT**

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**RESOLUTION AUTHORIZING A COMPENSATION AGREEMENT WITH THE CITY OF SAN CARLOS AND THE SAN CARLOS SUCCESSOR AGENCY WITH REGARD TO THE SALE OF THE PROPERTY LOCATED AT 1245 SAN CARLOS AVENUE, AS PART OF THE WHEELER PLAZA PROJECT**

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**RESOLVED**, by the Governing Board of the Redwood City School District, that

**WHEREAS**, the City of San Carlos (City) and Silverstone Development Northern California, LLC (Developer) entered into a Disposition and Development Agreement (DDA) providing for the development of a mixed use project, including residential and commercial condominium spaces and a public parking garage, commonly referred to as the "Wheeler Plaza Project"; and

**WHEREAS**, development of the Wheeler Plaza Project has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the City's Economic Development Plans adopted in 2007 and 2010; and

**WHEREAS**, the City asserts that the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the San Carlos Successor Agency (Successor Agency) identified as 1245 San Carlos Avenue (the Property); and

**WHEREAS**, in order to provide for contribution of the Property to the Wheeler Plaza Project, the City and the Successor Agency entered into a Cooperation Agreement providing for the sale of that property to the Developer pursuant to the DDA for the sum of \$1; and

WHEREAS, the transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance (DOF); and

WHEREAS, the Wheeler Plaza Project presents a unique catalyst development opportunity for the continuing success and vitality of downtown San Carlos; and

WHEREAS, the District is one of the taxing entities that will benefit from the development of the Wheeler Plaza Project

WHEREAS, the San Carlos Oversight Board, which represents the affected taxing entities, has approved the contribution of the Property to the Wheeler Plaza Project; and

WHEREAS, the DOF has recommended that the Successor Agency may transfer the Property to the City for future development provided it reaches compensation agreements with all of the affected taxing entities pursuant to the Health and Safety Code; and

WHEREAS, in order to satisfy the requirement presented by the DOF, the City and the Successor Agency are requesting approval of a compensation agreement by the District and each of the other affected taxing entities; and

WHEREAS, this Board has been presented with a proposed Compensation Agreement and has examined and approved the same as to both form and content, and desires to enter into the same.

**NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the President of the Board be and is hereby authorized and directed to execute said Compensation Agreement on behalf of the District, and the Clerk of this Board shall attest the President's signature thereto.

REGULARLY passed and adopted this 26th day of March, 2014.

NOES AND AGAINST SAID RESOLUTION

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ABSENT

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IN FAVOR OF SAID RESOLUTION

~~Wm. D. Slattery~~  
Dennis P. McBride  
Ajin Maccoy  
[Signature]  
[Signature]  
Jan Christensen  
Jan Christensen, Superintendent  
Secretary, Board of Trustees

## MidPeninsula Regional Open Space District

## COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (this “**Agreement**”) is entered into as of March 12, 2014 (the “**Effective Date**”), by and between the CITY OF SAN CARLOS, a California municipal corporation (“**City**”), the SAN CARLOS SUCCESSOR AGENCY, the Successor Agency to the City of San Carlos Redevelopment Agency (“**Successor Agency**”), and the MIDPENINSULA REGIONAL OPEN SPACE DISTRICT, a public body of the State of California (“**District**”).

### RECITALS

A. The City of San Carlos Redevelopment Agency (the “**Redevelopment Agency**”) was activated by the City Council of the City of San Carlos (the “**City Council**”) as a redevelopment agency under the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).

B. On June 28, 2011, the California Legislature enacted, and the Governor signed, Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature (“**ABx1 26**”) to dissolve all redevelopment agencies in the State of California. ABx1 26 added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*; the “**Dissolution Law**”).

C. On January 9, 2012, and pursuant to Health and Safety Code Section 34173, the City Council declared that the City of San Carlos (the “**City**”) would act as the Successor Agency to the Redevelopment Agency (the “**Successor Agency**”). On February 1, 2012, the Redevelopment Agency was dissolved.

D. On June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 (“**AB 1484**”), which, among other things, made certain revisions to the Dissolution Law.

E. The Successor Agency is a separate public entity and is responsible for taking certain actions pursuant to the Dissolution Law.

F. The Oversight Board to the Successor Agency to the Redevelopment Agency (“**Oversight Board**”) has been established to oversee and approve certain of the actions taken by the Successor Agency in connection with the winding down of the affairs of the former Redevelopment Agency.

G. The City owns property currently used as public parking and commonly known as “**Wheeler Plaza**”; the City desires to develop a mixed-use project on Wheeler Plaza and adjacent real properties acquired by the former Redevelopment Agency adjacent to Wheeler Plaza, including residential units, commercial space and a public parking garage, commonly referred to as the “**Wheeler Plaza Project**.”

H. Pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long-Range Property Management Plan (“**LRPMP**”) addressing the disposition and use of the real property of the former Redevelopment Agency for the Wheeler Plaza Project. The LRPMP was submitted to the Oversight Board and the Department of Finance for approval in accordance with section 34191.5 following the issuance to the

Successor Agency of a finding of completion.

I. The City and Silverstone Development--Northern California, LLC (the "Developer"), entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of the Wheeler Plaza Project, which DDA was approved by the City Council on April 8, 2013.

J. According to the City, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the Successor Agency identified as 1245 San Carlos Avenue (the "Property").

K. The City and the Successor Agency entered into a Cooperation Agreement (the "Cooperation Agreement") providing for the Successor Agency's sale of the Property to the Developer consistent with the terms of the DDA for the sum of \$1.00, which sum, according to the City, represents the fair reuse value of the Property in light of the covenants, conditions and development costs required by the DDA. The transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF").

L. The Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and approved the contribution of the Property to the Wheeler Plaza Project.

M. By letter dated July 25, 2013, the DOF refused to approve the original arrangement; the Successor Agency subsequently amended the Cooperation Agreement and LRPMP to, in part, provide more clearly that the Successor Agency will be selling the Property directly to the Developer.

N. The Oversight Board reviewed the Amended Cooperation Agreement and LRPMP at its meeting on September 9, 2013, and again approved the contribution of the Property to the Wheeler Plaza Project.

O. The Successor Agency submitted the Oversight Board's approval of the Amended Cooperation Agreement and Amended LRPMP to DOF on September 17, 2013, and DOF, by letter dated November 1, 2013, is requiring that compensation agreements be reached with each of the affected taxing entities pursuant to Health and Safety Code section 34180(f)(1).

P. The taxing entities that receive "residual distributions" through the redevelopment agency dissolution process under the Dissolution Law and that would receive a portion of the proceeds of the sale of the Property if the Property were to be sold at fair market value (hereinafter the "affected taxing entities") are listed, together with their respective pro rata shares of such distribution(s), in Exhibit A, attached hereto and incorporated herein by this reference.

## AGREEMENTS

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual promises in this Agreement, the parties agree as follows:

**Section 1.** The City and the Successor Agency assert and represent that each of the foregoing recitals, and each of the following, are true and accurate statements:

- a. Exhibit A lists the affected taxing entities and their respective pro rata shares of the property tax revenues from the property within the boundaries of the San Carlos Redevelopment Project Area, as provided by the Auditor-Controller of the County of San Mateo.
- b. The estimated distribution to be derived by each of the affected taxing entities from the property encompassing the Wheeler Plaza Project, as a result of the contribution of the Property to, and the development of the Wheeler Plaza Project as planned, is set forth in the column of Exhibit B titled "If Wheeler Plaza Project Developed," which Exhibit is attached hereto and incorporated herein by this reference.
- c. The estimated distribution to be derived by each of the affected taxing entities from the property encompassing the Wheeler Plaza Project, if the Property is not contributed to the development of the Wheeler Plaza Project as planned, is set forth in the column of Exhibit B titled "If Property Sold/No Wheeler Plaza."
- d. The estimated fair market value of the Property as of the effective date of this Agreement is Two Million Dollars (\$2,000,000), and the City believes that the Wheeler Plaza Project will not move forward without the sale of the Property to the Developer for the sum of \$1.00.
- e. The obligations on the current Recognized Obligation Payment Schedule ("ROPS") of the Successor Agency include obligations that will continue until sometime in calendar year 2035 (i.e., not earlier than 20 years from the effective date of this Agreement). Accordingly, whether or not an affected taxing entity is within the same Tax Rate Area ("TRA") as the Wheeler Plaza Project should not be a factor affecting the distribution of property tax revenues from the property encompassing the Wheeler Plaza Project during that 20 year period.

**Section 2.** The District approves the sale of the Property to the Developer for the Wheeler Plaza Project for the sum of \$1.00 ("disposition price"), provided that the Property is included as part of the Wheeler Plaza Project as contemplated by the City and the Developer. The District understands and relies upon the representations made by the City that the compensation to the District from the contribution of the Property will consist of increased property tax revenues to be derived from development of the Wheeler Plaza Project (as estimated in Exhibit B). The District further understands (a) that the estimates provided in Exhibit B are based on information provided by the Auditor-Controller of the County of San Mateo as to the identity of the affected taxing entities and their respective pro rata shares, (b) that the estimates provided in Exhibit B are based on certain assumptions, including an overall development value for the completed Wheeler Plaza Project, and (c) that the City cannot and is not making any guarantee that the District will receive any specific amount of increased property tax revenues.

**Section 3.** If, for any reason, Developer and City determine to increase the disposition price for the sale of the Property to an amount greater than the stated disposition price ("alternate disposition price"), the City and Successor Agency hereby agree that the District shall receive its pro rata share of the net proceeds, if any, resulting from the sale of the Property at the alternate disposition price in accordance with applicable provisions of the Dissolution Law.

**Section 4.** The parties acknowledge and agree that they are entering into this Agreement in order to satisfy the requirement presented by DOF to the effect that the City and Successor Agency obtain a compensation agreement from each of the affected taxing entities.

**Section 5. Miscellaneous.**

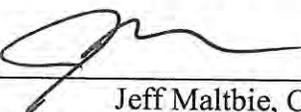
a. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

b. **Governing Law.** This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to conflict of law principles.

c. **No Assignments.** This Agreement may not be assigned by any of the parties hereto.

**IN WITNESS WHEREOF**, this Compensation Agreement between and among the City, the Successor Agency and the District is effective as of the day and year first above written.

CITY OF SAN CARLOS

By  \_\_\_\_\_  
Jeff Maltbie, City Manager

APPROVED AS TO FORM:

By  \_\_\_\_\_

SAN CARLOS SUCCESSOR AGENCY

By  \_\_\_\_\_  
Jeff Maltbie, Executive Director

APPROVED AS TO FORM:

By  \_\_\_\_\_

MIDPENINSULA REGIONAL OPEN SPACE  
DISTRICT

By  ABM (fm)  
Stephen E. Abbors, General Manager

APPROVED AS TO FORM:

By   
Sheryl Schaffner, General Counsel

# Mid-Peninsula Water District

## COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (this “**Agreement**”) is entered into as of March 27, 2014 (the “**Effective Date**”), by and between CITY OF SAN CARLOS, a California municipal corporation (“**City**”), SAN CARLOS SUCCESSOR AGENCY, the Successor Agency to the City of San Carlos Redevelopment Agency (“**Successor Agency**”), and the MIDPENINSULA WATER DISTRICT, a county water district formed pursuant to California Water Code Sections 30000 et seq (“**District**”).

### RECITALS

A. The City of San Carlos Redevelopment Agency (the “**Redevelopment Agency**”) was activated by the City Council of the City of San Carlos (the “**City Council**”) as a redevelopment agency under the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).

B. On June 28, 2011, the California Legislature enacted, and the Governor signed, Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature (“**ABx1 26**”) to dissolve all redevelopment agencies in the State of California. ABx1 26 added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*; the “**Dissolution Law**”).

C. On January 9, 2012, and pursuant to Health and Safety Code Section 34173, the City Council declared that the City of San Carlos (the “**City**”) would act as the Successor Agency to the Redevelopment Agency (the “**Successor Agency**”). On February 1, 2012, the Redevelopment Agency was dissolved.

D. On June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 (“**AB 1484**”), which, among other things, made certain revisions to the Dissolution Law.

E. The Successor Agency is a separate public entity and is responsible for taking certain actions pursuant to the Dissolution Law.

F. The Oversight Board to the Successor Agency to the Redevelopment Agency (“**Oversight Board**”) has been established to oversee and approve certain of the actions taken by the Successor Agency in connection with the winding down of the affairs of the former Redevelopment Agency.

G. The City owns property currently used as public parking and commonly known as “**Wheeler Plaza**”; the development of a mixed-use project on Wheeler Plaza and adjacent real properties acquired by the former Redevelopment Agency adjacent to Wheeler Plaza, including residential units, commercial space and a public parking garage, commonly referred to as the “**Wheeler Plaza Project**,” has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted by the City in 2007 and 2010.

H. Pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of the real property of the former Redevelopment Agency for the Wheeler Plaza Project. The LRPMP was submitted to the Oversight Board and the Department of Finance for approval in accordance with section 34191.5 following the issuance to the Successor Agency of a finding of completion.

I. The City and Silverstone Development--Northern California, LLC (the "Developer"), entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of the Wheeler Plaza Project, which DDA was approved by the City Council on April 8, 2013.

J. According to the City, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the Successor Agency identified as 1245 San Carlos Avenue (the "Property").

K. The City and the Successor Agency entered into a Cooperation Agreement (the "Cooperation Agreement") providing for the Successor Agency's sale of the Property to the Developer consistent with the terms of the DDA for the sum of \$1, which sum, according to the City, represents the fair reuse value of the Property in light of the covenants, conditions and development costs required by the DDA. The transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF").

L. The Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and approved the contribution of the Property to the Wheeler Plaza Project.

M. By letter dated July 25, 2013, the DOF refused to approve the original arrangement; the Successor Agency subsequently amended the Cooperation Agreement and LRPMP to, in part, provide more clearly that the Successor Agency will be selling the Property directly to the Developer.

N. The Oversight Board reviewed the Amended Cooperation Agreement and LRPMP at its meeting on September 9, 2013, and again approved the contribution of the Property to the Wheeler Plaza Project.

O. The Successor Agency submitted the Oversight Board's approval of the Amended Cooperation Agreement and Amended LRPMP to DOF on September 17, 2013, and DOF, by letter dated November 1, 2013, has recommended that the Successor Agency may transfer the Property to the City for future development provided it reaches compensation agreements with all of the affected taxing entities pursuant to Health and Safety Code section 34180(f)(1).

P. The City and Successor Agency believe that the sale of the Property directly to the Developer will, if approved through compensation agreements with all of the affected taxing entities, satisfy the recommendations of DOF.

Q. The LRPMP provides for sale of the Property to the Developer and does not contemplate any other disposition of the Property at this time. Any other disposition of the Property will require a revised LRPMP with Oversight Board and DOF approval.

R. The taxing entities that receive "residual distributions" through the redevelopment agency dissolution process under the Dissolution Law and that would receive a portion of the proceeds of the sale of the Property if the Property were to be sold at fair market value (hereinafter the "affected taxing entities") are listed, together with their respective pro rata shares of such distribution(s), in Exhibit A, attached hereto and incorporated herein by this reference; the District's share is identified as Account Number 077070.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual promises in this Agreement, the parties agree as follows:

**Section 1.** The City and the Successor Agency assert and represent that each of the foregoing recitals, and each of the following, are true and accurate statements:

- a. Exhibit A lists the affected taxing entities and their respective pro rata shares of the property tax revenues from the property within the boundaries of the San Carlos Redevelopment Project Area, as provided by the Auditor-Controller of the County.
- b. The estimated incremental increase in the distribution to be derived by the District as an affected taxing entity from the property encompassing the Wheeler Plaza Project, as a result of the contribution of the Property to, and the development of the Wheeler Plaza Project assuming a total assessed value of \$72,000,000, as planned, is set forth in the column of Exhibit B titled "If Wheeler Plaza Project Developed," which Exhibit is attached hereto and incorporated herein by this reference.
- c. The estimated incremental increase in the distribution to be derived by the District as an affected taxing entity from the property encompassing the Wheeler Plaza Project, if the Property is not contributed to the development of the Wheeler Plaza Project as planned but is instead sold for \$2,000,000, and the Wheeler Plaza Project is not developed as planned, is set forth in the column of Exhibit B titled "If Property Sold/No Wheeler Plaza."
- d. The City asserts that the estimated fair market value of the Property as of the effective date of this Agreement is Two Million Dollars (\$2,000,000), and the Wheeler Plaza Project will not move forward without the sale of the Property to the Developer for the sum of \$1.00.
- e. The obligations on the current Recognized Obligation Payment Schedule ("ROPS") of the Successor Agency include obligations that will continue until sometime in calendar year 2035 (i.e., not earlier than 20 years from the effective date of this Agreement). Accordingly, whether or not an affected taxing entity is within the same Tax Rate Area ("TRA") as the Wheeler Plaza Project should not

be a factor affecting the distribution of property tax revenues from the property encompassed by the Wheeler Plaza Project during that 20-year period.

**Section 2.**

- a. a. The District approves the sale of the Property to the Developer for the Wheeler Plaza Project for the sum of \$ 1.00 ("disposition price"), provided that the Property is developed as part of the Wheeler Plaza Project as contemplated by the City and the Developer. The District understands that the compensation to the District from the contribution of the Property will consist of increased property tax revenues to be derived from development of the Wheeler Plaza Project (as estimated in Exhibit B). The District further understands (i) that the estimates provided in Exhibit B are based on information provided by the Auditor-Controller of the County as to the identity of the affected taxing entities and their respective pro rata shares, (ii) that the estimates provided in Exhibit B are based on certain assumptions, including an overall assessed value of \$72,000,000 for the completed Wheeler Plaza Project, and (iii) that the City cannot and is not making any guarantee that the District will receive any specific amount of increased property tax revenues.
- b. b. If, for any reason, Developer and City determine to increase the disposition price for the sale of the Property to an amount greater than the stated disposition price ("alternate disposition price"), which alternate disposition price must be approved by the Oversight Board and DOF, the City and Successor Agency hereby agree that the District shall receive its pro rata share of the net proceeds, if any, resulting from the sale of the Property at the approved alternate disposition price in accordance with applicable provisions of the Dissolution Law.
- c. c. With regard to the Property, the deed restriction right of reverter described in Section 6.8 of the DDA shall identify the Successor Agency as the entity in whose favor the title reverts. If the rights to repurchase, reenter, repossess or reverter are triggered under Section 6.7 or 6.8 of the DDA, and the City is exercising those rights with respect to the "City Parcels" (as defined in the DDA), then the Oversight Board may instruct the City to exercise one or more of those rights on behalf of the Successor Agency as to the Property, and the City shall so exercise those rights.

**Section 3.** The parties acknowledge and agree that they are entering into this Agreement in order to satisfy the requirement presented by DOF to the effect that the City and Successor Agency enter into a compensation agreement with each of the affected taxing entities.

**Section 4.**

- a. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.
- b. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without

regard to conflict of law principles.

- c. No Assignments. This Agreement may not be assigned by any of the parties hereto.

IN WITNESS WHEREOF, this Compensation Agreement between and among the City, the Successor Agency and the District is effective as of the day and year first above written.

CITY

By: [Signature]

Title: City Manager

APPROVED AS TO FORM:

By: [Signature]

Title: City Attorney

SUCCESSOR AGENCY

By: [Signature]

Title: Executive Director

APPROVED AS TO FORM:

By: [Signature]

Title: Agency General Counsel

MIDPENINSULA WATER DISTRICT

By: [Signature]

Title: <sup>Board</sup> Vice President

ATTEST

By: [Signature]  
Clerk of Said Board

APPROVED AS TO FORM:

By: [Signature]

Title: District Counsel

**TAXING ENTITY BREAKDOWN/SAN CARLOS RDA**

<b>Account Number</b>	<b>Account Description</b>	<b>2013-14 Factors</b>
000100	San Mateo County (General)	0.2710544582
001001	San Mateo County (Library)	0.0395124575
018601	City of San Carlos	0.1325095278
030070	Belmont-Redwood Shores School District	0.0069359804
030840	Redwood City School District	0.0043003091
030860	San Carlos School District	0.2027190562
040890	Sequoia Union High School District	0.1786053592
060870	San Mateo County Community College District	0.0775593444
071070	Belmont Fire District	0.0000000000
072450	Harbor Industrial Sewer Maintenance District	0.0000521107
077070	Mid-Peninsula Water District	0.0000313257
078560	Midpeninsula Regional Open Space District	0.0210011640
079020	Bay Area AQMD	0.0023900414
079450	San Mateo County Harbor District	0.0040318776
079600	San Mateo County Mosquito & Vector Control District	0.0021948474
079890	Sequoia Healthcare District	0.0167391555
079994	San Mateo County Office of Education	0.0403629850
		1.0000000000

MIDPENINSULA WATER DISTRICT / 0.003% SHARE				
Net Impact of Wheeler Plaza Project				
Year	If Property Sold / No Wheeler Plaza	If Wheeler Plaza Project Developed	Net Revenue To District	
	\$2.0M Land Sale \$0 Development	\$1 Land Sale \$72M Development		
Year 1	\$ 63	\$ 3	\$	(60)
2	1	4		3
3	1	11		10
4	1	23		22
5	1	23		23
6	1	24		23
7	1	24		24
8	1	25		24
9	1	26		25
10	1	26		26
11	1	27		26
12	1	28		27
13	1	28		28
14	1	29		28
15	1	30		29
16	1	30		30
17	1	31		30
18	1	32		31
19	1	33		32
20	1	34		33
Total	77	491		413
NPV				283
Return				28%

San Mateo County

## COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (this "Agreement") is entered into as of March 11, 2014 (the "Effective Date"), by and between CITY OF SAN CARLOS, a California municipal corporation ("City"), SAN CARLOS SUCCESSOR AGENCY, the Successor Agency to the City of San Carlos Redevelopment Agency ("Successor Agency"), and the COUNTY OF SAN MATEO, a political subdivision of the State of California ("County").

### RECITALS

A. The City of San Carlos Redevelopment Agency (the "Redevelopment Agency") was activated by the City Council of the City of San Carlos (the "City Council") as a redevelopment agency under the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).

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F. The Oversight Board to the Successor Agency to the Redevelopment Agency ("Oversight Board") has been established to oversee and approve certain of the actions taken by the Successor Agency in connection with the winding down of the affairs of the former Redevelopment Agency.

G. The City owns property currently used as public parking and commonly known as "Wheeler Plaza"; the development of a mixed-use project on Wheeler Plaza and adjacent real properties acquired by the former Redevelopment Agency adjacent to Wheeler Plaza, including residential units, commercial space and a public parking garage, commonly referred to as the "Wheeler Plaza Project," has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted by the City in 2007 and 2010.

H. Pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of the real property of the former Redevelopment Agency for the Wheeler Plaza Project. The LRPMP was submitted to the Oversight Board and the Department of Finance for approval in accordance with section 34191.5 following the issuance to the Successor Agency of a finding of completion.

I. The City and Silverstone Development--Northern California, LLC (the "Developer"), entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of the Wheeler Plaza Project, which DDA was approved by the City Council on April 8, 2013.

J. According to the City, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the Successor Agency identified as 1245 San Carlos Avenue (the "Property").

K. The City and the Successor Agency entered into a Cooperation Agreement (the "Cooperation Agreement") providing for the Successor Agency's sale of the Property to the Developer consistent with the terms of the DDA for the sum of \$1, which sum, according to the City, represents the fair reuse value of the Property in light of the covenants, conditions and development costs required by the DDA. The transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF").

L. The Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and approved the contribution of the Property to the Wheeler Plaza Project.

M. By letter dated July 25, 2013, the DOF refused to approve the original arrangement; the Successor Agency subsequently amended the Cooperation Agreement and LRPMP to, in part, provide more clearly that the Successor Agency will be selling the Property directly to the Developer.

N. The Oversight Board reviewed the Amended Cooperation Agreement and LRPMP at its meeting on September 9, 2013, and again approved the contribution of the Property to the Wheeler Plaza Project.

O. The Successor Agency submitted the Oversight Board's approval of the Amended Cooperation Agreement and Amended LRPMP to DOF on September 17, 2013, and DOF, by letter dated November 1, 2013, has recommended that the Successor Agency may transfer the Property to the City for future development provided it reaches compensation agreements with all of the affected taxing entities pursuant to Health and Safety Code section 34180(f)(1).

P. The City and Successor Agency believe that the sale of the Property directly to the Developer will, if approved through compensation agreements with all of the affected taxing entities, satisfy the recommendations of DOF.

Q. The LRPMP provides for sale of the Property to the Developer and does not contemplate any other disposition of the Property at this time. Any other disposition of the Property will require a revised LRPMP with Oversight Board and DOF approval.

R. The taxing entities that receive "residual distributions" through the redevelopment agency dissolution process under the Dissolution Law and that would receive a portion of the proceeds of the sale of the Property if the Property were to be sold at fair market value (hereinafter the "affected taxing entities") are listed, together with their respective pro rata shares of such distribution(s), in Exhibit A, attached hereto and incorporated herein by this reference; the County's share is identified as "San Mateo County (General)"

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual promises in this Agreement, the parties agree as follows:

**Section 1.** The City and the Successor Agency assert and represent that each of the foregoing recitals, and each of the following, are true and accurate statements:

- a. Exhibit A lists the affected taxing entities and their respective pro rata shares of the property tax revenues from the property within the boundaries of the San Carlos Redevelopment Project Area, as provided by the Auditor-Controller of the County.
- b. The estimated incremental increase in the distribution to be derived by the County as an affected taxing entity from the property encompassing the Wheeler Plaza Project, as a result of the contribution of the Property to, and the development of the Wheeler Plaza Project assuming a total assessed value of \$72,000,000, as planned, is set forth in the column of Exhibit B titled "If Wheeler Plaza Project Developed," which Exhibit is attached hereto and incorporated herein by this reference.
- c. The estimated incremental increase in the distribution to be derived by the County as an affected taxing entity from the property encompassing the Wheeler Plaza Project, if the Property is not contributed to the development of the Wheeler Plaza Project as planned but is instead sold for \$2,000,000, and the Wheeler Plaza Project is not developed as planned, is set forth in the column of Exhibit B titled "If Property Sold/No Wheeler Plaza."
- d. The estimated fair market value of the Property as of the effective date

of this Agreement is Two Million Dollars (\$2,000,000), and the Wheeler Plaza Project will not move forward without the sale of the Property to the Developer for the sum of \$1.00.

- e. The obligations on the current Recognized Obligation Payment Schedule ("ROPS") of the Successor Agency include obligations that will continue until sometime in calendar year 2035 (i.e., not earlier than 20 years from the effective date of this Agreement). Accordingly, whether or not an affected taxing entity is within the same Tax Rate Area ("TRA") as the Wheeler Plaza Project should not be a factor affecting the distribution of property tax revenues from the property encompassed by the Wheeler Plaza Project during that 20 year period.

**Section 2.** (a) The County approves the sale of the Property to the Developer for the Wheeler Plaza Project for the sum of \$ 1.00 ("disposition price"), provided that the Property is developed as part of the Wheeler Plaza Project as contemplated by the City and the Developer. The County understands that the compensation to the County from the contribution of the Property will consist of increased property tax revenues to be derived from development of the Wheeler Plaza Project (as estimated in Exhibit B). The County further understands (i) that the estimates provided in Exhibit B are based on information provided by the Auditor-Controller of the County as to the identity of the affected taxing entities and their respective pro rata shares, (ii) that the estimates provided in Exhibit B are based on certain assumptions, including an overall assessed value of \$72,000,000 for the completed Wheeler Plaza Project, and (iii) that the City cannot and is not making any guarantee that the County will receive any specific amount of increased property tax revenues.

(b) If, for any reason, Developer and City determine to increase the disposition price for the sale of the Property to an amount greater than the stated disposition price ("alternate disposition price"), which alternate disposition price must be approved by the Oversight Board and DOF, the City and Successor Agency hereby agree that the County shall receive its pro rata share of the net proceeds, if any, resulting from the sale of the Property at the approved alternate disposition price in accordance with applicable provisions of the Dissolution Law.

(c) With regard to the Property, the deed restriction right of reverter described in Section 6.8 of the DDA shall identify the Successor Agency as the entity in whose favor the title reverts. If the rights to repurchase, reenter, repossess or reverter are triggered under Section 6.7 or 6.8 of the DDA, and the City is exercising those rights with respect to the "City Parcels" (as defined in the DDA), then the Oversight Board may instruct the City to exercise one or more of those rights on behalf of the Successor Agency as to the Property, and the City shall so exercise those rights.

**Section 3.** The Parties acknowledge and agree that they are entering into this Agreement in order to satisfy the requirement presented by DOF to the effect that the City and Successor Agency enter into a compensation agreement with each of the affected taxing entities.

**Section 4.**

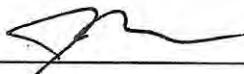
a. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

b. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to conflict of law principles.

c. No Assignments. This Agreement may not be assigned by any of the parties hereto.

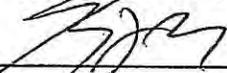
IN WITNESS WHEREOF, this Compensation Agreement between and among the City, the Successor Agency and the County is effective as of the day and year first above written.

CITY

By: 

Title: City Manager

APPROVED AS TO FORM:

By: 

Title: City Attorney

SUCCESSOR AGENCY

By: 

Title: Executive Director

APPROVED AS TO FORM:

By: 

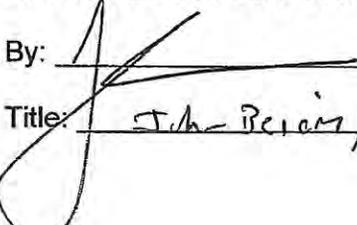
Title: Agency General Counsel

COUNTY

By: 

Title: PRESIDENT, BOARD OF SUPERVISORS,  
SANTA MATEO COUNTY

APPROVED AS TO FORM:

By: 

Title: John Pelton, County  
Counsel

ATTEST

By:   
Clerk of Said Board

**TAXING ENTITY BREAKDOWN/SAN CARLOS RDA**

<b>Account Number</b>	<b>Account Description</b>	<b>2013-14 Factors</b>
000100	San Mateo County (General)	0.2710544582
001001	San Mateo County (Library)	0.0395124575
018601	City of San Carlos	0.1325095278
030070	Belmont-Redwood Shores School District	0.0069359804
030840	Redwood City School District	0.0043003091
030860	San Carlos School District	0.2027190562
040890	Sequoia Union High School District	0.1786053592
060870	San Mateo County Community College District	0.0775593444
071070	Belmont Fire District	0.0000000000
072450	Harbor Industrial Sewer Maintenance District	0.0000521107
077070	Mid-Peninsula Water District	0.0000313257
078560	Midpeninsula Regional Open Space District	0.0210011640
079020	Bay Area AQMD	0.0023900414
079450	San Mateo County Harbor District	0.0040318776
079600	San Mateo County Mosquito & Vector Control District	0.0021948474
079890	Sequoia Healthcare District	0.0167391555
079994	San Mateo County Office of Education	0.0403629850
		1.0000000000

SAN MATEO COUNTY GENERAL / 27.105% SHARE				
Net Impact of Wheeler Plaza Project				
Year	If Property Sold / No Wheeler Plaza	If Wheeler Plaza Project Developed	Net Revenue To District	
	\$2.0M Land Sale \$0 Development	\$1 Land Sale \$72M Development		
Year 1	\$ 542,109	\$ 24,449	\$	(517,660)
2	5,530	31,055		25,526
3	5,640	96,220		90,580
4	5,753	196,168		190,415
5	5,868	201,072		195,204
6	5,985	206,099		200,113
7	6,105	211,251		205,146
8	6,227	216,532		210,305
9	6,352	221,946		215,594
10	6,479	227,494		221,015
11	6,608	233,182		226,573
12	6,740	239,011		232,271
13	6,875	244,986		238,111
14	7,013	251,111		244,098
15	7,153	257,389		250,236
16	7,296	263,824		256,527
17	7,442	270,419		262,977
18	7,591	277,180		269,589
19	7,743	284,109		276,366
20	7,898	291,212		283,314
Total	668,406	4,244,707		3,576,301
NPV				2,445,796
Return				28%

San Mateo County Library

## COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (this "Agreement") is entered into as of March 11, 2014, 2014 (the "Effective Date"), by and between CITY OF SAN CARLOS, a California municipal corporation ("City"), SAN CARLOS SUCCESSOR AGENCY, the Successor Agency to the City of San Carlos Redevelopment Agency ("Successor Agency"), and the SAN MATEO COUNTY FREE LIBRARY SYSTEM ("Library System").

### RECITALS

A. The City of San Carlos Redevelopment Agency (the "Redevelopment Agency") was activated by the City Council of the City of San Carlos (the "City Council") as a redevelopment agency under the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).

B. On June 28, 2011, the California Legislature enacted, and the Governor signed, Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature ("ABx1 26") to dissolve all redevelopment agencies in the State of California. ABx1 26 added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*; the "Dissolution Law").

C. On January 9, 2012, and pursuant to Health and Safety Code Section 34173, the City Council declared that the City of San Carlos (the "City") would act as the Successor Agency to the Redevelopment Agency (the "Successor Agency"). On February 1, 2012, the Redevelopment Agency was dissolved.

D. On June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 ("AB 1484"), which, among other things, made certain revisions to the Dissolution Law.

E. The Successor Agency is a separate public entity and is responsible for taking certain actions pursuant to the Dissolution Law.

F. The Oversight Board to the Successor Agency to the Redevelopment Agency ("Oversight Board") has been established to oversee and approve certain of the actions taken by the Successor Agency in connection with the winding down of the affairs of the former Redevelopment Agency.

G. The City owns property currently used as public parking and commonly known as "Wheeler Plaza"; the development of a mixed-use project on Wheeler Plaza and adjacent real properties acquired by the former Redevelopment Agency adjacent to Wheeler Plaza, including residential units, commercial space and a public parking garage, commonly referred to as the "Wheeler Plaza Project," has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted by the City in 2007 and 2010.

H. Pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of the real property of the former Redevelopment Agency for the Wheeler Plaza Project. The LRPMP was submitted to the Oversight Board and the Department of Finance for approval in accordance with section 34191.5 following the issuance to the Successor Agency of a finding of completion.

I. The City and Silverstone Development–Northern California, LLC (the "Developer"), entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of the Wheeler Plaza Project, which DDA was approved by the City Council on April 8, 2013.

J. According to the City, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the Successor Agency identified as 1245 San Carlos Avenue (the "Property").

K. The City and the Successor Agency entered into a Cooperation Agreement (the "Cooperation Agreement") providing for the Successor Agency's sale of the Property to the Developer consistent with the terms of the DDA for the sum of \$1, which sum, according to the City, represents the fair reuse value of the Property in light of the covenants, conditions and development costs required by the DDA. The transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF").

L. The Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and approved the contribution of the Property to the Wheeler Plaza Project.

M. By letter dated July 25, 2013, the DOF refused to approve the original arrangement; the Successor Agency subsequently amended the Cooperation Agreement and LRPMP to, in part, provide more clearly that the Successor Agency will be selling the Property directly to the Developer.

N. The Oversight Board reviewed the Amended Cooperation Agreement and LRPMP at its meeting on September 9, 2013, and again approved the contribution of the Property to the Wheeler Plaza Project.

O. The Successor Agency submitted the Oversight Board's approval of the Amended Cooperation Agreement and Amended LRPMP to DOF on September 17, 2013, and DOF, by letter dated November 1, 2013, has recommended that the Successor Agency may transfer the Property to the City for future development provided it reaches compensation agreements with all of the affected taxing entities pursuant to Health and Safety Code section 34180(f)(1).

P. The City and Successor Agency believe that the sale of the Property directly to the Developer will, if approved through compensation agreements with all of the affected taxing entities, satisfy the recommendations of DOF.

Q. The LRPMP provides for sale of the Property to the Developer and does not contemplate any other disposition of the Property at this time. Any other disposition of the Property will require a revised LRPMP with Oversight Board and DOF approval.

R. The taxing entities that receive "residual distributions" through the redevelopment agency dissolution process under the Dissolution Law and that would receive a portion of the proceeds of the sale of the Property if the Property were to be sold at fair market value (hereinafter the "affected taxing entities") are listed, together with their respective pro rata shares of such distribution(s), in Exhibit A, attached hereto and incorporated herein by this reference; the Library System's share is identified as "San Mateo County (Library)", Account Number 001001

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual promises in this Agreement, the parties agree as follows:

**Section 1.** The City and the Successor Agency assert and represent that each of the foregoing recitals, and each of the following, are true and accurate statements:

- a. Exhibit A lists the affected taxing entities and their respective pro rata shares of the property tax revenues from the property within the boundaries of the San Carlos Redevelopment Project Area, as provided by the Auditor-Controller of the County of San Mateo.
- b. The estimated incremental increase in the distribution to be derived by the Library System as an affected taxing entity from the property encompassing the Wheeler Plaza Project, as a result of the contribution of the Property to, and the development of the Wheeler Plaza Project assuming a total assessed value of \$72,000,000, as planned, is set forth in the column of Exhibit B titled "If Wheeler Plaza Project Developed," which Exhibit is attached hereto and incorporated herein by this reference.
- c. The estimated incremental increase in the distribution to be derived by the Library System as an affected taxing entity from the property encompassing the Wheeler Plaza Project, if the Property is not contributed to the development of the Wheeler Plaza Project as planned but is instead sold for \$2,000,000, and the Wheeler Plaza Project is not developed as planned, is set forth in the column of Exhibit B titled "If Property Sold/No Wheeler Plaza."
- d. The estimated fair market value of the Property as of the effective date of this Agreement is Two Million Dollars (\$2,000,000), and the Wheeler Plaza Project will not move forward without the sale of the Property to the Developer for the sum of \$1.00.

- e. The obligations on the current Recognized Obligation Payment Schedule ("ROPS") of the Successor Agency include obligations that will continue until sometime in calendar year 2035 (i.e., not earlier than 20 years from the effective date of this Agreement). Accordingly, whether or not an affected taxing entity is within the same Tax Rate Area ("TRA") as the Wheeler Plaza Project should not be a factor affecting the distribution of property tax revenues from the property encompassed by the Wheeler Plaza Project during that 20 year period.

**Section 2.** (a) The Library System approves the sale of the Property to the Developer for the Wheeler Plaza Project for the sum of \$ 1.00 ("disposition price"), provided that the Property is developed as part of the Wheeler Plaza Project as contemplated by the City and the Developer. The Library System understands that the compensation to the Library System from the contribution of the Property will consist of increased property tax revenues to be derived from development of the Wheeler Plaza Project (as estimated in Exhibit B). The Library System further understands (i) that the estimates provided in Exhibit B are based on information provided by the Auditor-Controller of San Mateo County as to the identity of the affected taxing entities and their respective pro rata shares, (ii) that the estimates provided in Exhibit B are based on certain assumptions, including an overall assessed value of \$72,000,000 for the completed Wheeler Plaza Project, and (iii) that the City cannot and is not making any guarantee that the Library System will receive any specific amount of increased property tax revenues.

(b) If, for any reason, Developer and City determine to increase the disposition price for the sale of the Property to an amount greater than the stated disposition price ("alternate disposition price"), which alternate disposition price must be approved by the Oversight Board and DOF, the City and Successor Agency hereby agree that the Library System shall receive its pro rata share of the net proceeds, if any, resulting from the sale of the Property at the approved alternate disposition price in accordance with applicable provisions of the Dissolution Law.

(c) With regard to the Property, the deed restriction right of reverter described in Section 6.8 of the DDA shall identify the Successor Agency as the entity in whose favor the title reverts. If the rights to repurchase, reenter, repossession or reverter are triggered under Section 6.7 or 6.8 of the DDA, and the City is exercising those rights with respect to the "City Parcels" (as defined in the DDA), then the Oversight Board may instruct the City to exercise one or more of those rights on behalf of the Successor Agency as to the Property, and the City shall so exercise those rights.

**Section 3.** The Parties acknowledge and agree that they are entering into this Agreement in order to satisfy the requirement presented by DOF to the effect that the City and Successor Agency enter into a compensation agreement with each of the affected taxing entities.

**Section 4.**

- a. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

b. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to conflict of law principles.

c. No Assignments. This Agreement may not be assigned by any of the parties hereto.

IN WITNESS WHEREOF, this Compensation Agreement between and among the City, the Successor Agency and the Library System is effective as of the day and year first above written.

CITY

By: [Signature]

Title: City Manager

APPROVED AS TO FORM:

By: [Signature]

Title: City Attorney

SUCCESSOR AGENCY

By: [Signature]

Title: Executive Director

APPROVED AS TO FORM:

By: [Signature]

Title: Agency General Counsel

LIBRARY SYSTEM

By: [Signature]

Title: \_\_\_\_\_

APPROVED AS TO FORM:

By: [Signature]

Title: PRESIDENT, BOARD OF SUPERVISORS,  
SANTA BARBARA COUNTY  
COUNTY COUNCIL Job

ATTEST

By: [Signature]

Clerk of Said Board

**TAXING ENTITY BREAKDOWN/SAN CARLOS RDA**

<b>Account Number</b>	<b>Account Description</b>	<b>2013-14 Factors</b>
000100	San Mateo County (General)	0.2710544582
001001	San Mateo County (Library)	0.0395124575
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030840	Redwood City School District	0.0043003091
030860	San Carlos School District	0.2027190562
040890	Sequoia Union High School District	0.1786053592
060870	San Mateo County Community College District	0.0775593444
071070	Belmont Fire District	0.0000000000
072450	Harbor Industrial Sewer Maintenance District	0.0000521107
077070	Mid-Peninsula Water District	0.0000313257
078560	Midpeninsula Regional Open Space District	0.0210011640
079020	Bay Area AQMD	0.0023900414
079450	San Mateo County Harbor District	0.0040318776
079600	San Mateo County Mosquito & Vector Control District	0.0021948474
079890	Sequoia Healthcare District	0.0167391555
079994	San Mateo County Office of Education	0.0403629850
		1.0000000000

SAN MATEO COUNTY LIBRARY / 3.951% SHARE			
Net Impact of Wheeler Plaza Project			
Year	If Property Sold / No Wheeler Plaza	If Wheeler Plaza Project Developed	Net Revenue To District
	\$2.0M Land Sale \$0 Development	\$1 Land Sale \$72M Development	
Year 1	\$ 79,025	\$ 3,564	\$ (75,461)
2	806	4,527	3,721
3	822	14,026	13,204
4	839	28,596	27,757
5	855	29,311	28,455
6	872	30,044	29,171
7	890	30,795	29,905
8	908	31,565	30,657
9	926	32,354	31,428
10	944	33,163	32,218
11	963	33,992	33,028
12	983	34,841	33,859
13	1,002	35,712	34,710
14	1,022	36,605	35,583
15	1,043	37,520	36,478
16	1,064	38,458	37,395
17	1,085	39,420	38,335
18	1,107	40,405	39,299
19	1,129	41,415	40,287
20	1,151	42,451	41,300
<b>Total</b>	<b>97,436</b>	<b>618,764</b>	<b>521,329</b>
<b>NPV</b>			<b>356,531</b>
<b>Return</b>			<b>28%</b>

## Harbor Industrial Sewer District

## COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (this "Agreement") is entered into as of March 11, 2014 (the "Effective Date"), by and between CITY OF SAN CARLOS, a California municipal corporation ("City"), SAN CARLOS SUCCESSOR AGENCY, the Successor Agency to the City of San Carlos Redevelopment Agency ("Successor Agency"), and the HARBOR INDUSTRIAL SEWER MAINTENANCE DISTRICT ("District").

### RECITALS

A. The City of San Carlos Redevelopment Agency (the "Redevelopment Agency") was activated by the City Council of the City of San Carlos (the "City Council") as a redevelopment agency under the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).

B. On June 28, 2011, the California Legislature enacted, and the Governor signed, Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature ("ABx1 26") to dissolve all redevelopment agencies in the State of California. ABx1 26 added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*; the "Dissolution Law").

C. On January 9, 2012, and pursuant to Health and Safety Code Section 34173, the City Council declared that the City of San Carlos (the "City") would act as the Successor Agency to the Redevelopment Agency (the "Successor Agency"). On February 1, 2012, the Redevelopment Agency was dissolved.

D. On June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 ("AB 1484"), which, among other things, made certain revisions to the Dissolution Law.

E. The Successor Agency is a separate public entity and is responsible for taking certain actions pursuant to the Dissolution Law.

F. The Oversight Board to the Successor Agency to the Redevelopment Agency ("Oversight Board") has been established to oversee and approve certain of the actions taken by the Successor Agency in connection with the winding down of the affairs of the former Redevelopment Agency.

G. The City owns property currently used as public parking and commonly known as "Wheeler Plaza"; the development of a mixed-use project on Wheeler Plaza and adjacent real properties acquired by the former Redevelopment Agency adjacent to Wheeler Plaza, including residential units, commercial space and a public parking garage, commonly referred to as the "Wheeler Plaza Project," has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted by the City in 2007 and 2010.

H. Pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of the real property of the former Redevelopment Agency for the Wheeler Plaza Project. The LRPMP was submitted to the Oversight Board and the Department of Finance for approval in accordance with section 34191.5 following the issuance to the Successor Agency of a finding of completion.

I. The City and Silverstone Development--Northern California, LLC (the "Developer"), entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of the Wheeler Plaza Project, which DDA was approved by the City Council on April 8, 2013.

J. According to the City, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the Successor Agency identified as 1245 San Carlos Avenue (the "Property").

K. The City and the Successor Agency entered into a Cooperation Agreement (the "Cooperation Agreement") providing for the Successor Agency's sale of the Property to the Developer consistent with the terms of the DDA for the sum of \$1, which sum, according to the City, represents the fair reuse value of the Property in light of the covenants, conditions and development costs required by the DDA. The transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF").

L. The Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and approved the contribution of the Property to the Wheeler Plaza Project.

M. By letter dated July 25, 2013, the DOF refused to approve the original arrangement; the Successor Agency subsequently amended the Cooperation Agreement and LRPMP to, in part, provide more clearly that the Successor Agency will be selling the Property directly to the Developer.

N. The Oversight Board reviewed the Amended Cooperation Agreement and LRPMP at its meeting on September 9, 2013, and again approved the contribution of the Property to the Wheeler Plaza Project.

O. The Successor Agency submitted the Oversight Board's approval of the Amended Cooperation Agreement and Amended LRPMP to DOF on September 17, 2013, and DOF, by letter dated November 1, 2013, has recommended that the Successor Agency may transfer the Property to the City for future development provided it reaches compensation agreements with all of the affected taxing entities pursuant to Health and Safety Code section 34180(f)(1).

P. The City and Successor Agency believe that the sale of the Property directly to the Developer will, if approved through compensation agreements with all of the affected taxing entities, satisfy the recommendations of DOF.

Q. The LRPMP provides for sale of the Property to the Developer and does not contemplate any other disposition of the Property at this time. Any other disposition of the Property will require a revised LRPMP with Oversight Board and DOF approval.

R. The taxing entities that receive "residual distributions" through the redevelopment agency dissolution process under the Dissolution Law and that would receive a portion of the proceeds of the sale of the Property if the Property were to be sold at fair market value (hereinafter the "affected taxing entities") are listed, together with their respective pro rata shares of such distribution(s), in Exhibit A, attached hereto and incorporated herein by this reference; the District's share is identified as "Harbor Industrial Sewer Maintenance District", Account Number 072450.

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual promises in this Agreement, the parties agree as follows:

**Section 1.** The City and the Successor Agency assert and represent that each of the foregoing recitals, and each of the following, are true and accurate statements:

- a. Exhibit A lists the affected taxing entities and their respective pro rata shares of the property tax revenues from the property within the boundaries of the San Carlos Redevelopment Project Area, as provided by the Auditor-Controller of the County of San Mateo.
- b. The estimated incremental increase in the distribution to be derived by the District as an affected taxing entity from the property encompassing the Wheeler Plaza Project, as a result of the contribution of the Property to, and the development of the Wheeler Plaza Project assuming a total assessed value of \$72,000,000, as planned, is set forth in the column of Exhibit B titled "If Wheeler Plaza Project Developed," which Exhibit is attached hereto and incorporated herein by this reference.
- c. The estimated incremental increase in the distribution to be derived by the District as an affected taxing entity from the property encompassing the Wheeler Plaza Project, if the Property is not contributed to the development of the Wheeler Plaza Project as planned but is instead sold for \$2,000,000, and the Wheeler Plaza Project is not developed as planned, is set forth in the column of Exhibit B titled "If Property Sold/No Wheeler Plaza."
- d. The estimated fair market value of the Property as of the effective date of this Agreement is Two Million Dollars (\$2,000,000), and the Wheeler

Plaza Project will not move forward without the sale of the Property to the Developer for the sum of \$1.00.

- e. The obligations on the current Recognized Obligation Payment Schedule ("ROPS") of the Successor Agency include obligations that will continue until sometime in calendar year 2035 (i.e., not earlier than 20 years from the effective date of this Agreement). Accordingly, whether or not an affected taxing entity is within the same Tax Rate Area ("TRA") as the Wheeler Plaza Project should not be a factor affecting the distribution of property tax revenues from the property encompassed by the Wheeler Plaza Project during that 20 year period.

**Section 2.** (a) The District approves the sale of the Property to the Developer for the Wheeler Plaza Project for the sum of \$ 1.00 ("disposition price"), provided that the Property is developed as part of the Wheeler Plaza Project as contemplated by the City and the Developer. The District understands that the compensation to the District from the contribution of the Property will consist of increased property tax revenues to be derived from development of the Wheeler Plaza Project (as estimated in Exhibit B). The District further understands (i) that the estimates provided in Exhibit B are based on information provided by the Auditor-Controller of San Mateo County as to the identity of the affected taxing entities and their respective pro rata shares, (ii) that the estimates provided in Exhibit B are based on certain assumptions, including an overall assessed value of \$72,000,000 for the completed Wheeler Plaza Project, and (iii) that the City cannot and is not making any guarantee that the District will receive any specific amount of increased property tax revenues.

(b) If, for any reason, Developer and City determine to increase the disposition price for the sale of the Property to an amount greater than the stated disposition price ("alternate disposition price"), which alternate disposition price must be approved by the Oversight Board and DOF, the City and Successor Agency hereby agree that the District shall receive its pro rata share of the net proceeds, if any, resulting from the sale of the Property at the approved alternate disposition price in accordance with applicable provisions of the Dissolution Law.

(c) With regard to the Property, the deed restriction right of reverter described in Section 6.8 of the DDA shall identify the Successor Agency as the entity in whose favor the title reverts. If the rights to repurchase, reenter, repossess or reverter are triggered under Section 6.7 or 6.8 of the DDA, and the City is exercising those rights with respect to the "City Parcels" (as defined in the DDA), then the Oversight Board may instruct the City to exercise one or more of those rights on behalf of the Successor Agency as to the Property, and the City shall so exercise those rights.

**Section 3.** The Parties acknowledge and agree that they are entering into this Agreement in order to satisfy the requirement presented by DOF to the effect that the City and Successor Agency enter into a compensation agreement with each of the affected taxing entities.

**Section 4.**

- a. **Counterparts.** This Agreement may be executed in counterparts, each

of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

b. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to conflict of law principles.

c. No Assignments. This Agreement may not be assigned by any of the parties hereto.

IN WITNESS WHEREOF, this Compensation Agreement between and among the City, the Successor Agency and the District is effective as of the day and year first above written.

CITY

By: [Signature]  
Title: City Manager

APPROVED AS TO FORM:

By: [Signature]  
Title: City Attorney

SUCCESSOR AGENCY

By: [Signature]  
Title: Executive Director

APPROVED AS TO FORM:

By: [Signature]  
Title: Sr General Counsel

DISTRICT

By: [Signature]  
Title: \_\_\_\_\_

ATTEST

By: [Signature]  
Clerk of Said Board

APPROVED AS TO FORM:

By: [Signature]  
Title: PRESIDENT, BOARD OF SUPERVISORS, SAN MATEO COUNTY  
John Beiers, County Counsel

**TAXING ENTITY BREAKDOWN/SAN CARLOS RDA**

<b>Account Number</b>	<b>Account Description</b>	<b>2013-14 Factors</b>
000100	San Mateo County (General)	0.2710544582
001001	San Mateo County (Library)	0.0395124575
018601	City of San Carlos	0.1325095278
030070	Belmont-Redwood Shores School District	0.0069359804
030840	Redwood City School District	0.0043003091
030860	San Carlos School District	0.2027190562
040890	Sequoia Union High School District	0.1786053592
060870	San Mateo County Community College District	0.0775593444
071070	Belmont Fire District	0.0000000000
072450	Harbor Industrial Sewer Maintenance District	0.0000521107
077070	Mid-Peninsula Water District	0.0000313257
078560	Midpeninsula Regional Open Space District	0.0210011640
079020	Bay Area AQMD	0.0023900414
079450	San Mateo County Harbor District	0.0040318776
079600	San Mateo County Mosquito & Vector Control District	0.0021948474
079890	Sequoia Healthcare District	0.0167391555
079994	San Mateo County Office of Education	0.0403629850
		1.0000000000

HARBOR INDUSTRIAL SEWER DISTRICT / 0.005% SHARE				
Net Impact of Wheeler Plaza Project				
Year	If Property Sold / No Wheeler Plaza	If Wheeler Plaza Project Developed	Net Revenue To District	
	\$2.0M Land Sale \$0 Development	\$1 Land Sale \$72M Development		
Year 1	\$ 104	\$ 5	\$	(100)
2	1	6		5
3	1	18		17
4	1	36		37
5	1	39		38
6	1	40		38
7	1	41		39
8	1	42		40
9	1	43		41
10	1	44		42
11	1	45		44
12	1	46		45
13	1	47		46
14	1	48		47
15	1	49		48
16	1	51		49
17	1	52		51
18	1	53		52
19	1	55		53
20	2	56		54
Total	129	816		688
NPV				470
Return				28%

Sequoia Union High School District

## COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (this “**Agreement**”) is entered into as of April 9th, 2014 (the “**Effective Date**”), by and between CITY OF SAN CARLOS, a California municipal corporation (“**City**”), the SAN CARLOS SUCCESSOR AGENCY, the Successor Agency to the City of San Carlos Redevelopment Agency (“**Successor Agency**”), and the SEQUOIA UNION HIGH SCHOOL DISTRICT, a California secondary educational district (“**District**”).

### RECITALS

A. The City of San Carlos Redevelopment Agency (the “**Redevelopment Agency**”) was activated by the City Council of the City of San Carlos (the “**City Council**”) as a redevelopment agency under the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).

B. On June 28, 2011, the California Legislature enacted, and the Governor signed, Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature (“**ABx1 26**”) to dissolve all redevelopment agencies in the State of California. ABx1 26 added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*; the “**Dissolution Law**”).

C. On January 9, 2012, and pursuant to Health and Safety Code Section 34173, the City Council declared that the City of San Carlos (the “**City**”) would act as the Successor Agency to the Redevelopment Agency (the “**Successor Agency**”). On February 1, 2012, the Redevelopment Agency was dissolved.

D. On June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 (“**AB 1484**”), which, among other things, made certain revisions to the Dissolution Law.

E. The Successor Agency is a separate public entity and is responsible for taking certain actions pursuant to the Dissolution Law.

F. The Oversight Board to the Successor Agency to the Redevelopment Agency (“**Oversight Board**”) has been established to oversee and approve certain of the actions taken by the Successor Agency in connection with the winding down of the affairs of the former Redevelopment Agency.

G. The City owns property currently used as public parking and commonly known as “**Wheeler Plaza**”; the development of a mixed-use project on Wheeler Plaza and adjacent real properties acquired by the former Redevelopment Agency adjacent to Wheeler Plaza, including residential units, commercial space and a public parking garage, commonly referred to as the “**Wheeler Plaza Project**,” has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted by the City in 2007 and 2010.

H. Pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of the real property of the former Redevelopment Agency for the Wheeler Plaza Project. The LRPMP was submitted to the Oversight Board and the Department of Finance for approval in accordance with section 34191.5 following the issuance to the Successor Agency of a finding of completion.

I. The City and Silverstone Development--Northern California, LLC (the "Developer"), entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of the Wheeler Plaza Project, which DDA was approved by the City Council on April 8, 2013.

J. According to the City, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the Successor Agency identified as 1245 San Carlos Avenue (the "Property").

K. The City and the Successor Agency entered into a Cooperation Agreement (the "Cooperation Agreement") providing for the Successor Agency's sale of the Property to the Developer consistent with the terms of the DDA for the sum of \$1, which sum, according to the City, represents the fair reuse value of the Property in light of the covenants, conditions and development costs required by the DDA. The transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF").

L. The Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and approved the contribution of the Property to the Wheeler Plaza Project.

M. By letter dated July 25, 2013, the DOF refused to approve the original arrangement; the Successor Agency subsequently amended the Cooperation Agreement and LRPMP to, in part, provide more clearly that the Successor Agency will be selling the Property directly to the Developer.

N. The Oversight Board reviewed the Amended Cooperation Agreement and LRPMP at its meeting on September 9, 2013, and again approved the contribution of the Property to the Wheeler Plaza Project.

O. The Successor Agency submitted the Oversight Board's approval of the Amended Cooperation Agreement and Amended LRPMP to DOF on September 17, 2013, and DOF, by letter dated November 1, 2013, has recommended that the Successor Agency may transfer the Property to the City for future development provided it reaches compensation agreements with all of the affected taxing entities pursuant to Health and Safety Code section 34180(f)(1).

P. The City and Successor Agency believe that the sale of the Property directly to the Developer will, if approved through compensation agreements with all of the affected taxing entities, satisfy the recommendations of DOF.

Q. The LRPMP provides for sale of the Property to the Developer and does not contemplate any other disposition of the Property at this time. Any other disposition of the Property will require a revised LRPMP with Oversight Board and DOF approval.

R. The taxing entities that receive "residual distributions" through the redevelopment agency dissolution process under the Dissolution Law and that would receive a portion of the proceeds of the sale of the Property if the Property were to be sold at fair market value (hereinafter the "affected taxing entities") are listed, together with their respective pro rata shares of such distribution(s), in Exhibit A, attached hereto and incorporated herein by this reference.

## **AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual promises in this Agreement, the parties agree as follows:

**Section 1.** The City and the Successor Agency assert and represent that each of the foregoing recitals, and each of the following, are true and accurate statements:

- a. Exhibit A lists the affected taxing entities and their respective pro rata shares of the property tax revenues from the property within the boundaries of the San Carlos Redevelopment Project Area, as provided by the Auditor-Controller of the County.
- b. The estimated incremental increase in the distribution to be derived by the District as an affected taxing entity from the property encompassing the Wheeler Plaza Project, as a result of the contribution of the Property to, and the development of the Wheeler Plaza Project assuming a total assessed value of \$72,000,000, as planned, is set forth in the column of Exhibit B titled "If Wheeler Plaza Project Developed," which Exhibit is attached hereto and incorporated herein by this reference.
- c. The estimated incremental increase in the distribution to be derived by the District as an affected taxing entity from the property encompassing the Wheeler Plaza Project, if the Property is not contributed to the development of the Wheeler Plaza Project as planned but is instead sold (at an estimated fair market value of \$2,000,000) and the Wheeler Plaza Project is not developed as planned, is set forth in the column of Exhibit B titled "If Property Sold/No Wheeler Plaza."
- d. The estimated fair market value of the Property as of the effective date of this Agreement is Two Million Dollars (\$2,000,000), and the Wheeler Plaza Project will not move forward without the sale of the Property to the Developer for the sum of \$1.00. The City and Successor Agency acknowledge that the District believes the estimated fair market value of the Property is between \$3.3 million and \$3.6 million based on information they received from the County's Real Property Division.

- e. The obligations on the current Recognized Obligation Payment Schedule ("ROPS") of the Successor Agency include obligations that will continue until sometime in calendar year 2035 (i.e., not earlier than 20 years from the effective date of this Agreement). Accordingly, whether or not an affected taxing entity is within the same Tax Rate Area ("TRA") as the Wheeler Plaza Project should not be a factor affecting the distribution of property tax revenues from the property encompassed by the Wheeler Plaza Project during that 20 year period.
- f. That certain property located at 616 Laurel Street, San Carlos, California, more particularly identified as Assessor's Parcel No. 050-132-230, which has been approved by the Department of Finance for transfer to the City by the Successor Agency as a governmental use property, will be reconveyed by the City to the Successor Agency if the City does not commence to use that property for a public plaza/park or for other governmental use prior to the date that the Successor Agency has made its final debt payment on debt of the Redevelopment Agency and is thus preparing to terminate its existence pursuant to Health and Safety Code Section 34187(b).

**Section 2.** (a) The District approves the sale of the Property to the Developer for the Wheeler Plaza Project for the sum of \$ 1.00 ("disposition price"), provided that the Property is developed as part of the Wheeler Plaza Project as contemplated by the City and the Developer. The District understands that the compensation to the District from the contribution of the Property will consist of increased property tax revenues to be derived from development of the Wheeler Plaza Project (as estimated in Exhibit B). The District further understands (i) that the estimates provided in Exhibit B are based on information provided by the Auditor-Controller of the County as to the identity of the affected taxing entities and their respective pro rata shares, (ii) that the estimates provided in Exhibit B are based on certain assumptions, including an overall assessed value of \$72,000,000 for the completed Wheeler Plaza Project, and (iii) that the City and Successor Agency cannot and are not making any guarantee that the District will receive any specific amount of increased property tax revenues.

(b) If, for any reason, Developer and City determine to increase the disposition price for the sale of the Property to an amount greater than the stated disposition price ("alternate disposition price"), which alternate disposition price must be approved by the Oversight Board and DOF, the City and Successor Agency hereby agree that the District shall receive its pro rata share of the net proceeds, if any, resulting from the sale of the Property at the approved alternate disposition price in accordance with applicable provisions of the Dissolution Law.

(c) With regard to the Property, the deed restriction right of reverter described in Section 6.8 of the DDA shall identify the Successor Agency as the entity in whose favor the title reverts. If the rights to repurchase, reenter, repossession or reverter are triggered under Section 6.7 or 6.8 of the DDA, and the City is exercising those rights with respect to the "City Parcels" (as defined in the DDA), then the Oversight Board (or its successor-in-interest) may instruct the City to exercise one or more of those rights

on behalf of the Successor Agency as to the Property, and the City shall so exercise those rights to effectuate the return of the Property to the Successor Agency.

**Section 3.** The Parties acknowledge and agree that they are entering into this Agreement in order to satisfy the requirement presented by DOF to the effect that the City and Successor Agency enter into a compensation agreement with each of the affected taxing entities.

**Section 4.**

a. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

b. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to conflict of law principles.

c. No Assignments. This Agreement may not be assigned by any of the parties hereto.

IN WITNESS WHEREOF, this Compensation Agreement between and among the City, the Successor Agency and the District is effective as of the day and year first above written.

CITY

By: [Signature]

Title: City Manager

APPROVED AS TO FORM:

By: [Signature]

Title: City Attorney

SUCCESSOR AGENCY

By: [Signature]

Title: Executive Director

APPROVED AS TO FORM:

By: [Signature]

Title: Successor Agency general counsel

SEQUOIA UNION HIGH SCHOOL DISTRICT

By: [Signature]

Title: Superintendent

ATTEST

By: [Signature]

Clerk, SUHSD Board of Trustees

Belmont-Redwood Shores School District

2013-2014

BELMONT-REDWOOD SHORES SCHOOL DISTRICT

RESOLUTION # 20

RESOLUTION OF THE BOARD OF TRUSTEES OF THE BELMONT-REDWOOD SHORES SCHOOL DISTRICT EXPRESSING SUPPORT FOR CONTRIBUTION OF THE PROPERTY AT 1245 SAN CARLOS AVENUE TO THE WHEELER PLAZA PROJECT IN THE CITY OF SAN CARLOS AND APPROVING A COMPENSATION AGREEMENT WITH THE CITY AND SANCARLOS SUCCESSOR AGENCY

WHEREAS, the City of San Carlos (the "City") and Silverstone Development--Northern California, LLC (the "Developer") entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of a mixed-use project, including residential and commercial condominium spaces and a public parking garage, commonly referred to as the "Wheeler Plaza Project"; and

WHEREAS, development of the Wheeler Plaza Project has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted in 2007 and 2010; and

WHEREAS, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the San Carlos Successor Agency (the "Successor Agency") identified as 1245 San Carlos Avenue; and

WHEREAS, in order to provide for contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project, the City and the Successor Agency entered into a Cooperation Agreement providing for the sale of that property to the Developer pursuant to the DDA for the sum of \$1, which represents the fair reuse value of the property in light of the covenants, conditions and development costs required by the DDA; and

WHEREAS, the transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF"); and

WHEREAS, the Wheeler Plaza Project presents a unique catalyst development opportunity for the continuing success and vitality of downtown San Carlos; and

WHEREAS, development of the Wheeler Plaza Project will not only enhance downtown San Carlos, but will produce significant revenues for all affected taxing entities; and

WHEREAS, the taxing entities that will benefit from the development of the Wheeler Plaza Project (the "affected taxing entities") are listed, together with their respective property tax shares, in Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, the San Carlos Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and reviewed a slightly modified proposal at its meeting on September 9, 2013, and at both meetings approved the contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project; and

WHEREAS, DOF, by letters dated July 25, 2013, and November 1, 2013, objected to the approvals by the San Carlos Oversight Board authorizing contribution of the 1245 San Carlos Avenue property to the Wheeler Plaza Project without obtaining compensation agreements with all the affected taxing entities; and

WHEREAS, in order to satisfy the requirement presented by DOF, the City and the Successor Agency are requesting approval of a compensation agreement by each of the affected taxing entities; and

WHEREAS, the compensation to be derived by each of the affected taxing entities from the contribution of the 1245 San Carlos Avenue property to, and the development of, the Wheeler Plaza Project is described in Exhibit B, attached hereto and incorporated herein by this reference;

NOW, THEREFORE, the Board of Trustees of the Belmont-Redwood Shores School District does hereby resolve as follows:

Section 1. The Board hereby finds that the Wheeler Plaza Project will be of substantial benefit to the City of San Carlos, the regional community and all of the affected taxing entities, will provide revenues to the Belmont-Redwood Shores School District greater than would be generated by a liquidation sale of the 1245 San Carlos Avenue property, and does hereby express its support for contribution of such property to the Wheeler Plaza Project.

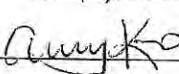
Section 2. The Board hereby finds and determines: (a) that the sale of the 1245 San Carlos Avenue property to the Developer for the Wheeler Plaza Project for the sum of \$1 ("disposition price") is approved; (b) that the compensation to the Belmont-Redwood Shores School District from the contribution of such property, consisting of the revenues to be derived from development of the Wheeler Plaza Project (as described in Exhibit B), is approved; and (c) that if, for any reason, Developer and City determine to increase the disposition price for the sale of the 1245 San Carlos Avenue property to an amount greater than the stated disposition price ("alternate disposition price"), such alternate disposition price is approved, subject to City's and Successor Agency's agreement that the Belmont-Redwood Shores School District shall receive a pro rata share of the net proceeds, if any, resulting from sale of such property at the alternate disposition price.

Section 3. The Board hereby determines that this resolution shall constitute the compensation agreement between the City, the Successor Agency and the Belmont-Redwood Shores School District, to the extent required by Health and Safety Code Section 34180(f), and directs that a copy of this resolution be provided to the City and the Successor Agency. The Board further authorizes and directs the Superintendent to execute on behalf of the Belmont-Redwood Shores School District, if necessary and appropriate, a separately prepared form of compensation agreement, consistent with the terms set forth in this resolution.

Regularly passed and adopted this 17<sup>th</sup> day of April, 2014.

AYES AND IN FAVOR OF RESOLUTION

NOES AND AGAINST SAID RESOLUTION

  
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\_\_\_\_\_

APPROVED/FILED

ABSTAIN:

  
\_\_\_\_\_  
Clerk of the Board

\_\_\_\_\_

San Mateo County Community College District

## COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (this "**Agreement**") is entered into as of April 23, 2014 (the "**Effective Date**"), by and between CITY OF SAN CARLOS, a California municipal corporation ("City"), the SAN CARLOS SUCCESSOR AGENCY, the Successor Agency to the City of San Carlos Redevelopment Agency ("Successor Agency"), and the SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT, a California postsecondary educational district ("District").

### RECITALS

A. The City of San Carlos Redevelopment Agency (the "Redevelopment Agency") was activated by the City Council of the City of San Carlos (the "City Council") as a redevelopment agency under the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).

B. On June 28, 2011, the California Legislature enacted, and the Governor signed, Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature ("ABx1 26") to dissolve all redevelopment agencies in the State of California. ABx1 26 added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*; the "Dissolution Law").

C. On January 9, 2012, and pursuant to Health and Safety Code Section 34173, the City Council declared that the City of San Carlos (the "City") would act as the Successor Agency to the Redevelopment Agency (the "Successor Agency"). On February 1, 2012, the Redevelopment Agency was dissolved.

D. On June 27, 2012, the California Legislature enacted, and the Governor signed, Assembly Bill 1484 ("AB 1484"), which, among other things, made certain revisions to the Dissolution Law.

E. The Successor Agency is a separate public entity and is responsible for taking certain actions pursuant to the Dissolution Law.

F. The Oversight Board to the Successor Agency to the Redevelopment Agency ("Oversight Board") has been established to oversee and approve certain of the actions taken by the Successor Agency in connection with the winding down of the affairs of the former Redevelopment Agency.

G. The City owns property currently used as public parking and commonly known as "Wheeler Plaza"; the development of a mixed-use project on Wheeler Plaza and adjacent real properties acquired by the former Redevelopment Agency adjacent to Wheeler Plaza, including residential units, commercial space and a public parking garage, commonly referred to as the "Wheeler Plaza Project," has been a vision of the City for more than a decade and was chosen as one of the top five priorities in the Economic Development Plans adopted by the City in 2007 and 2010.

H. Pursuant to Health and Safety Code section 34191.5, added by AB 1484, the Successor Agency prepared a Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of the real property of the former Redevelopment Agency for the Wheeler Plaza Project. The LRPMP was submitted to the Oversight Board and the Department of Finance for approval in accordance with section 34191.5 following the issuance to the Successor Agency of a finding of completion.

I. The City and Silverstone Development--Northern California, LLC (the "Developer"), entered into a Disposition and Development Agreement (the "DDA") providing for the development by the Developer of the Wheeler Plaza Project, which DDA was approved by the City Council on April 8, 2013.

J. According to the City, the Wheeler Plaza Project cannot proceed without the inclusion of property owned by the Successor Agency identified as 1245 San Carlos Avenue (the "Property").

K. The City and the Successor Agency entered into a Cooperation Agreement (the "Cooperation Agreement") providing for the Successor Agency's sale of the Property to the Developer consistent with the terms of the DDA for the sum of \$1, which sum, according to the City, represents the fair reuse value of the Property in light of the covenants, conditions and development costs required by the DDA. The transactions contemplated by the DDA and the Cooperation Agreement are contingent upon approval by the State of California Department of Finance ("DOF").

L. The Oversight Board, which represents the affected taxing entities, initially reviewed the Wheeler Plaza Project at its meeting on April 30, 2013, and approved the contribution of the Property to the Wheeler Plaza Project.

M. By letter dated July 25, 2013, the DOF refused to approve the original arrangement; the Successor Agency subsequently amended the Cooperation Agreement and LRPMP to, in part, provide more clearly that the Successor Agency will be selling the Property directly to the Developer.

N. The Oversight Board reviewed the Amended Cooperation Agreement and LRPMP at its meeting on September 9, 2013, and again approved the contribution of the Property to the Wheeler Plaza Project.

O. The Successor Agency submitted the Oversight Board's approval of the Amended Cooperation Agreement and Amended LRPMP to DOF on September 17, 2013, and DOF, by letter dated November 1, 2013, has recommended that the Successor Agency may transfer the Property to the City for future development provided it reaches compensation agreements with all of the affected taxing entities pursuant to Health and Safety Code section 34180(f)(1).

P. The City and Successor Agency believe that the sale of the Property directly to the Developer will, if approved through compensation agreements with all of the affected taxing entities, satisfy the recommendations of DOF.

Q. The LRPMP provides for sale of the Property to the Developer and does not contemplate any other disposition of the Property at this time. Any other disposition of the Property will require a revised LRPMP with Oversight Board and DOF approval.

R. The taxing entities that receive "residual distributions" through the redevelopment agency dissolution process under the Dissolution Law and that would receive a portion of the proceeds of the sale of the Property if the Property were to be sold at fair market value (hereinafter the "affected taxing entities") are listed, together with their respective pro rata shares of such distribution(s), in Exhibit A, attached hereto and incorporated herein by this reference.

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual promises in this Agreement, the parties agree as follows:

**Section 1.** The City and the Successor Agency assert and represent that each of the foregoing recitals, and each of the following, are true and accurate statements:

- a. Exhibit A lists the affected taxing entities and their respective pro rata shares of the property tax revenues from the property within the boundaries of the San Carlos Redevelopment Project Area, as provided by the Auditor-Controller of the County.
- b. The estimated incremental increase in the distribution to be derived by the District as an affected taxing entity from the property encompassing the Wheeler Plaza Project, as a result of the contribution of the Property to, and the development of the Wheeler Plaza Project assuming a total assessed value of \$72,000,000, as planned, is set forth in the column of Exhibit B titled "If Wheeler Plaza Project Developed," which Exhibit is attached hereto and incorporated herein by this reference.
- c. The estimated incremental increase in the distribution to be derived by the District as an affected taxing entity from the property encompassing the Wheeler Plaza Project, if the Property is not contributed to the development of the Wheeler Plaza Project as planned but is instead sold (at an estimated fair market value of \$2,000,000) and the Wheeler Plaza Project is not developed as planned, is set forth in the column of Exhibit B titled "If Property Sold/No Wheeler Plaza."
- d. The estimated fair market value of the Property as of the effective date of this Agreement is Two Million Dollars (\$2,000,000), and the Wheeler Plaza Project will not move forward without the sale of the Property to the Developer for the sum of \$1.00. The City and Successor Agency acknowledge that the District believes the estimated fair market value of the Property is between \$3.3 million and \$3.6 million based on information they received from the County's Real Property Division.

- e. The obligations on the current Recognized Obligation Payment Schedule ("ROPS") of the Successor Agency include obligations that will continue until sometime in calendar year 2035 (i.e., not earlier than 20 years from the effective date of this Agreement). Accordingly, whether or not an affected taxing entity is within the same Tax Rate Area ("TRA") as the Wheeler Plaza Project should not be a factor affecting the distribution of property tax revenues from the property encompassed by the Wheeler Plaza Project during that 20 year period.
- f. That certain property located at 616 Laurel Street, San Carlos, California, more particularly identified as Assessor's Parcel No. 050-132-230, which has been approved by the Department of Finance for transfer to the City by the Successor Agency as a governmental use property, will be reconveyed by the City to the Successor Agency if the City does not commence to use that property for a public plaza/park prior to the date that the Successor Agency has made its final debt payment on debt of the Redevelopment Agency and is thus preparing to terminate its existence pursuant to Health and Safety Code Section 34187(b).

**Section 2.** (a) The District approves the sale of the Property to the Developer for the Wheeler Plaza Project for the sum of \$ 1.00 ("disposition price"), provided that the Property is developed as part of the Wheeler Plaza Project as contemplated by the City and the Developer. The District understands that the compensation to the District from the contribution of the Property will consist of increased property tax revenues to be derived from development of the Wheeler Plaza Project (as estimated in Exhibit B). The District further understands (i) that the estimates provided in Exhibit B are based on information provided by the Auditor-Controller of the County as to the identity of the affected taxing entities and their respective pro rata shares, (ii) that the estimates provided in Exhibit B are based on certain assumptions, including an overall assessed value of \$72,000,000 for the completed Wheeler Plaza Project, and (iii) that the City and Successor Agency cannot and are not making any guarantee that the District will receive any specific amount of increased property tax revenues.

(b) If, for any reason, Developer and City determine to increase the disposition price for the sale of the Property to an amount greater than the stated disposition price ("alternate disposition price"), which alternate disposition price must be approved by the Oversight Board and DOF, the City and Successor Agency hereby agree that the District shall receive its pro rata share of the net proceeds, if any, resulting from the sale of the Property at the approved alternate disposition price in accordance with applicable provisions of the Dissolution Law.

(c) With regard to the Property, the deed restriction right of reverter described in Section 6.8 of the DDA shall identify the Successor Agency as the entity in whose favor the title reverts. If the rights to repurchase, reenter, repossess or reverter are triggered under Section 6.7 or 6.8 of the DDA, and the City is exercising those rights with respect to the "City Parcels" (as defined in the DDA), then the Oversight Board (or its successor-in-interest) may instruct the City to exercise one or more of those rights

on behalf of the Successor Agency as to the Property, and the City shall so exercise those rights to effectuate the return of the Property to the Successor Agency.

**Section 3.** The Parties acknowledge and agree that they are entering into this Agreement in order to satisfy the requirement presented by DOF to the effect that the City and Successor Agency enter into a compensation agreement with each of the affected taxing entities.

**Section 4.**

a. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

b. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to conflict of law principles.

c. No Assignments. This Agreement may not be assigned by any of the parties hereto.

IN WITNESS WHEREOF, this Compensation Agreement between and among the City, the Successor Agency and the District is effective as of the day and year first above written.

CITY

By: [Signature]

Title: City Manager

APPROVED AS TO FORM:

By: [Signature]

Title: City Attorney

SUCCESSOR AGENCY

By: [Signature]

Title: Executive Director

APPROVED AS TO FORM:

By: [Signature]

Title: General Agency Counsel

DISTRICT

By: Karen Schwarz

Title: President, Board of Trustees

ATTEST

By: Patricia Miljanich  
Patricia Miljanich, Clerk of Said Board