



BRISBANE HOUSING AUTHORITY AGENDA REPORT

Meeting Date: 9/23/2021

From: Clay Holstine, Executive Director

Subject: Sale of 4.21 Acres (vacant) Owned by the Brisbane Housing Authority

Recommendation

Re-approve the sale of 4.21 acres of vacant land owned by the Brisbane Housing Authority for \$2.2 million and authorize the Executive Director to sign a Vacant Land Purchase Agreement, an Addendum, and related documents in a final form as approved by the General Counsel.

Background

On February 18, 2021, the Brisbane Housing Authority approved the sale of 4.21 acres of vacant land that the Authority owns, located immediately south of the intersection of San Bruno Avenue and Gladys Avenue, for \$2.35 million and authorized the Executive Director to sign a Vacant Land Purchase Agreement and related documents to effectuate the sale. The February 18, 2021 agenda report is attached.

The Purchase Agreement provided a “due diligence” period for the purchaser as well as a number of contingencies to be satisfied or waived before the sale could be consummated. Because of the topography of the site, since February 2021 the purchaser has been working on engineering plans for the property to determine if the property can be feasibly developed consistent with the purchaser’s proposed development plans. Based on that analysis, the purchaser requested a slight reduction in the purchase price—from \$2.35 million to \$2.2 million—which request the Housing Authority considered in closed session.

The Vacant Land Purchase Agreement, with an Addendum setting forth a purchase price of \$2.2 million, is before the Housing Authority for consideration. If the Agreement/Addendum is approved by the Housing Authority, the purchaser is ready to close escrow. Staff recommends the Housing Authority re-approve the sale of the property for \$2.2 million.

Discussion

Although the sale price of \$2.2 million is somewhat less than what had been offered before—\$2.35 million—the price is more than what the former Redevelopment Agency paid for the property (just under \$2 million.) Moreover, over the years, the Housing Authority has attempted to find a purchaser of the property to develop it for affordable housing purposes. Because, however, of the property’s location and challenges to develop it, the Housing Authority’s efforts to find an affordable housing developer were not successful. Furthermore, the offer to purchase the property came after the property had been listed for several months.

Because of the property's location and topography, any purchaser will have challenges to develop the site. Those challenges led to the request to this purchaser to reduce the sales price from \$2.35 million to \$2.2 million. Staff concludes this request is reasonable and recommends the Housing Authority Board re-approve the sale. If this reduced price offer is not accepted, it will be necessary to re-list the property for sale.

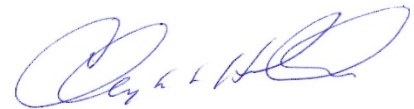
The salient terms for the sale of the property would be revised as follows: The property would be sold for \$2.2 million, which is higher than the appraised value of the property. Of that amount, \$60,000 would be the initial deposit and remaining \$2,140,000 would be paid at the close of escrow. As before, there will be a 6% commission, split between the brokers that the Housing Authority retained and the purchaser's broker.

Fiscal Impact

The property was purchased using the former Redevelopment Agency's Low and Moderate Income Housing Fund. Such funds must be used to provide affordable housing. The proceeds of the sale of this property will be placed in a similar Housing Authority fund and used to provide housing for low and moderate income households.

Attachments:

- 1 February 18, 2021 Housing Authority Agenda Report
2. Housing Authority Resolution No. HA 2021-02
3. Vacant Land Purchase Agreement, Addendum, and related documents (to be posted soon)



Clay Holstine, City Manager