

Brisbane Housing Authority

Agenda Report

To: Chair and Members of Housing Authority of the City of Brisbane

From: Clay Holstine, Executive Director and Michael Roush, General Counsel

Meeting Date: July 19, 2018

Subject: Sale of 4.21 Acres Owned by the Housing Authority

Recommendation:

Approve the sale of 4.21 acres owned by the Housing Authority and authorize the Executive Director to sign a Purchase Agreement and related documents in a final form as approved by the General Counsel.

Background

The Housing Authority owns vacant property within Brisbane Acres, totaling about 4.21 acres. The property consists of four contiguous lots and are located immediately south of the intersection of San Bruno Avenue and Gladys Avenue in the City of Brisbane. The former Redevelopment Agency of the City purchased this property for just under \$2 million, using its Low and Moderate Income Housing fund. After the dissolution of Redevelopment Agencies, the property was transferred to the Housing Authority.

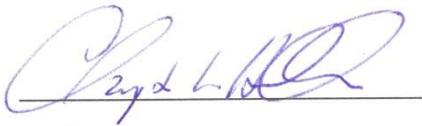
Earlier this year, the Housing Authority received an offer from the JL Homeland Development Group to purchase the property. The Housing Authority met in closed session several times to discuss the terms and conditions of such a sale and to provide direction to the Executive Director. A proposed Purchase Agreement and related documents was presented to the Housing Authority in February 2018 and approved. Because, however, the terms of that Agreement were somewhat different than what the purchaser had proposed, representatives of the purchaser and the Executive Director continued to negotiate the terms of an Agreement. The Housing Authority met in closed session and directed the Executive Director to place on the Housing Authority's agenda this item for public discussion and Authority action to sell the property to JL Homeland Development. The salient terms for the sale of the property are discussed below.

Discussion

The sales price would be \$2.5 million, which is substantially higher than the appraised value of the property. Of that amount, \$50,000 would be an initial deposit, and \$1.45 million would be paid at close of escrow. For the remaining \$1 million, there would be a promissory note, secured by a deed of trust on the property to be paid (as a balloon payment) in May 2021. The note would bear compound interest at 5%. Escrow will close in 30 days. The City would deliver a conditional “certificate of compliance” concerning the lots (conditionally certifying that the lots are legal lots of record but requiring a parcel or subdivision map), the cost of which the purchaser would bear, a record of survey (if the City has one) and a topographic map (which the City does have). The City would also provide any reports it has concerning any hazards on the property (a Phase I report was prepared when the former Redevelopment Agency purchased the property) and pay for a natural hazard zone disclosure report, not to exceed \$99. Any commissions concerning the sale will be paid by the purchaser, not the Housing Authority.

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. Accordingly, 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.



Clay Holstine
Executive Director



Michael Roush
General Counsel

Attachments:

1. Resolution No. HA 2018-02

RESOLUTION NO. HA 2018-02

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF BRISBANE
AUTHORIZING THE SALE OF VACANT PROPERTY WITHIN BRISBANE ACRES
AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PURCHASE
AGREEMENT AND RELATED DOCUMENTS IN CONNECTION WITH THE SALE**

WHEREAS, the Housing Authority of the City of Brisbane owns vacant property within Brisbane Acres, totaling about 4.21 acres, which property consists of four contiguous lots and is located immediately south of the intersection of San Bruno Avenue and Gladys Avenue in the City of Brisbane; and

WHEREAS, the former Redevelopment Agency of the City of Brisbane purchased this property for just under \$2 million, using its Low and Moderate Income Housing fund; and

WHEREAS, after the dissolution of Redevelopment Agencies, the property was transferred to the Housing Authority and

WHEREAS, the Housing Authority has received an offer from the JL Homeland Development Group to purchase the property for \$2.5 million, which amount is greater than the appraised value of the property; and

WHEREAS, the Housing Authority has considered the terms and conditions of the sale of this property; and

WHEREAS, the net proceeds of the sale of this property will be placed in the Low and Moderate Income Housing Fund of the Housing Authority and used for affordable housing purposes.

NOW, THEREFORE, be it resolved by the Housing Authority of the City of Brisbane as follows:

Section 1. The sale of 4.21 acres of vacant land in Brisbane Acres to the JL Homeland Development Group is approved and the Executive Director is authorized to sign a Purchase Agreement and related documents to carry out the sale in a form as approved by the General Counsel

Section 2. This resolution shall become effective immediately upon its adoption.

W Clarke Conway, Authority Chairperson

I hereby certify that the foregoing Resolution No. HA 2018-02 was duly and regularly adopted at the regular meeting of the Brisbane Housing Authority of the City of Brisbane on July 19, 2018 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Ingrid Padilla, Authority Clerk