The City of Daly City (“City”) is considering the approval of the proposed sale and disposition of a ~0.36-acre parcel (“Property”) located at 6401 Mission Street in Daly City, California (APN: 003-224-100) for the development of a multifamily residential housing development of up to 170 residential units.

The Property is vacant, unimproved land and was originally acquired by the former Daly City Redevelopment Agency (“RDA”) in November 2006. The subject Property is described in greater detail herein and is also identified and defined as such in the proposed Disposition and Development Agreement (“DDA”) proposed to be entered into by and between the City and Equity Residential, a limited partnership organized in Delaware and authorized to do business in California (the “Developer”).

This summary report (“Report”) for the proposed sale of the Property has been prepared by the City pursuant to California Government Code Section 52201. This Report sets forth certain details of the proposed DDA.

I. BACKGROUND

Section 52201 of the California Government Code provides that a city, county, or city and county may sell or lease property to create an economic opportunity. The acquisition, sale, or lease shall first be approved by the legislative body by resolution after a legally noticed public hearing. The city, county, or city and county shall also make available a copy of a report that describes and contains specific elements of the proposed transaction(s) for public inspection prior to the public hearing.

Pursuant to 52201(a)(2)(B), the Report must include the following information:

- A copy of the proposed acquisition, sale, or lease agreement.
- A summary that describes and specifies all of the following:
  - The cost of the agreement to the city, county, or city and county, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the city, county, or city and county, plus the expected interest on any loans or bonds to finance the agreements.
  - For the sale or lease of property, the estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the general plan or zoning.
  - For the sale or lease of property, the estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the
term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use, then the city, county, or city and county shall provide as part of the summary an explanation of the reasons for the difference.

- An explanation of why the acquisition, sale, or lease of the property will assist in the creation of economic opportunity, with reference to all supporting facts and materials relied upon in making this explanation.

This Report outlines the primary terms of the proposed sale of the Property from the City to the Developer as outlined in the proposed DDA and addresses the reporting requirements pursuant to Government Code Section 52201.

II. REPORT ORGANIZATION

This Report is based upon information provided in connection with the proposed disposition of the Property and is organized into the following sections:

- **Summary of the Proposed Disposition** – This section includes a description of and other relevant information pertaining to the proposed conveyance of the subject Property between the City and Developer under the DDA;

- **Cost of the Agreement to the City** – This section summarizes the cost of the agreement to the City, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the City, plus the expected interest on any loans or bonds to finance the agreements;

- **Estimated Value of the Interest to be Conveyed Determined at the Highest and Best Use Permitted Under the General Plan or Zoning** – This section estimates the value of the interest to be conveyed, determined at the highest and best use permitted under the general plan or zoning for the subject Property;

- **Estimated Value of the Interest to be Conveyed Determined at the Use and with the Conditions, Covenants, and Development Costs Required by the Sale** – This section estimates the value of the Property interest to be conveyed determined at the use and with the conditions, covenants, and development costs required by the sale of the Property; i.e. the purchase price;

- **Consideration Received and Comparison with the Established Value** – This section includes an explanation of the reasons for the difference, if the sale price of the Property is less than the fair market value of the interest to be conveyed, determined at the highest and best use;

- **Economic Opportunity** – This section describes the existing condition of the Property and includes an explanation of why the sale of the Property will assist in the creation of economic opportunity.
This Summary Report sets forth certain details of the proposed disposition of the Property by the City to the Developer. A copy of the proposed DDA is attached to this Summary Report (see Attachment “A”).

III. SUMMARY OF PROPOSED SALE AND DISPOSITION OF THE PROPERTY

Under the terms of the DDA, the City would sell the Property, at fair market value, to the Developer in “As-Is”, “Where-Is”, and “With All Faults” condition for a purchase price of $540,000 (“Purchase Price”) to effectuate the development of a multifamily rental residential project.

The Developer’s proposed project, as outlined in the DDA, is a rental residential project that generally consists of up to one-hundred seventy (170) multi-family dwelling units, including approximately seventeen (17) apartments that will be affordable to low-income households. The Project will also contain a ground floor publicly-accessible open space and additional amenities, including public art.

IV. COST OF THE AGREEMENT TO THE CITY

The City is not providing an economic development subsidy. The estimated value of the Property is $540,000 (See V, below), and the City is receiving $540,000 in consideration.

V. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED DETERMINED AT THE HIGHEST AND BEST USE PERMITTED UNDER THE GENERAL PLAN AND ZONING

The City obtained an appraisal of the Property dated July 31, 2018 from Cushman & Wakefield that values the Property at $540,000 at the highest and best use permitted under the General Plan and zoning.

VI. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE USE AND WITH THE CONDITIONS, COVENANTS, AND DEVELOPMENT COSTS REQUIRED BY THE SALE

The estimated value of the interest to be conveyed by the sale is equal to estimated value of the interest at highest and best use, or $540,000.

In March 2017, the City marketed the Site through a competitive “request for qualifications” (“RFQ”) process, resulting in two (2) qualified responses from development teams. In August 2017, the City subsequently released a “Round Two” request for proposals and term sheets from the qualified respondents. The firm competing with the Developer eventually removed itself from consideration, and the Developer provided its proposal and term sheet, including a proposed offer of $500,000. When the City eventually commissioned its appraisal of the Property, and it resulted in a fair market valuation of $540,000, the Developer increased its offer to be equal to the fair market valuation. As part of due diligence during the Exclusive Negotiation Rights Agreement (“ENA”) phase of the transaction, the City’s economic development consultant, Kosmont Companies, reviewed the Developer’s financial pro forma and provided a peer review residual land value analysis, validating the fair reuse value of $540,000.
VII. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT HIGHEST AND BEST USE

The consideration proposed to be received by the City is equal to the appraised value of the Property at its highest and best use, or $540,000. The City is not providing an economic development subsidy.

VIII. ECONOMIC OPPORTUNITY

The January 2019 Fiscal and Economic Impact Analysis prepared by ALH Urban & Regional Economics explains that the Project will generate new jobs and support local business activity in Daly City:

- Net revenue surplus to the City of Daly City of approximately $183,438 per year;
- During construction, an increase in economic activity by $74.0 million, creating 375 direct and indirect jobs and resulting in $32.7 million in personal income generated in the City of Daly City;
- After completion, a total economic impact of $9.4 million per year in Daly City, supporting about $3.6 million in personal income through indirect and induced impacts. An estimated 56 new indirect and induced jobs will be created by this spending, off-site but within Daly City.

In addition:

- The Project will convert a long-underutilized parcel of vacant land into critically-needed housing stock near public transit, including seventeen (17) apartments that will be affordable to low-income households
- The Project will include public artwork and open space at the corner of Hillside Blvd. and Mission Street;
- The Project will include several “green” features, including rooftop photovoltaic panels providing heat and electricity, and a greywater recovery system which includes supplemental heat and cooling features.

Given that the Project is estimated to create 374 new construction jobs and 56 new permanent jobs (including indirect and induced jobs), and because there is no net investment of public resources, the employment creation benefit exceeds the benchmark measure of “economic opportunity” described in Government Code 52200.2(a).

Additionally, since the site currently generates no property tax revenue, the increased property taxes exceed the 15% increase in property tax revenue identified as a measure of “economic opportunity” in Government Code 52200.2(b).