LEGISLATIVE ANALYST REPORT

To: Supervisor Farrell
From: Budget and Legislative Analyst
Date: March 23, 2012
Re: Evaluation of Potential Surplus Property

SUMMARY OF REQUESTED ACTION

Pursuant to your request, the Budget and Legislative Analyst’s Office has prepared an inventory of City-owned land that has the potential to be declared surplus property, in addition to property that has already been declared surplus. According to your request, potential surplus property may include City-owned property that is currently not providing core services and/or property that is sitting dormant or underutilized.

Initially, the Budget and Legislative Analyst surveyed ten City departments and requested an inventory of their designated surplus property as well as potential surplus, or underutilized, property. The following ten City departments were selected for this review and analysis: Airport, Department of Public Works, Fire Department, Mayor’s Office of Housing, Port, Public Utilities Commission, Real Estate Division, Recreation and Park Department, San Francisco Municipal Transportation Agency, and the San Francisco Public Library. Properties and property management practices were reviewed from nine of the ten departments originally selected (Airport properties were not reviewed, as explained further in the body of the report).

EXECUTIVE SUMMARY

Based on a review of properties for nine City departments, the Budget and Legislative Analyst found that:

- The information contained in the Real Estate Division’s City property inventory reflects a total property of 597 properties for the nine departments.
- The inventory shows that, of the departments reviewed, the Department of Public Works has the greatest number of City properties under its jurisdiction with 142, or 24 percent, of all properties reviewed, followed by the Recreation and Park Department with 105 properties, or 18 percent, of the properties inventoried.
- Of the 597 properties inventoried, most are being used for core departmental purposes. However, at least 26 of the properties reviewed should be considered by the Board of Supervisors as surplus or underutilized property that could potentially be redirected to other City purposes or sold or leased. These properties are listed in the Policy Option Recommendations below and in the departmental detail of this report.
Additional properties under the jurisdiction of the Port and Public Utilities Commission may potentially be classified as surplus or underutilized; however, neither department provided responses to the Budget and Legislative Analyst’s requests for information on 45 of the properties under the two departments’ jurisdiction. These properties included the Francisco Reservoir under the Public Utilities Commission and numerous parking lots near the waterfront managed by the Port.

The Administrative Code requires that each City department provide inventories of their properties each year to the Director of Property and City Administrator, including identification of any properties they declare surplus or underutilized. If such properties cannot be used for other City purposes, the next priority for those properties, according to the Administrative Code, is that they be used for affordable housing purposes. If they are not appropriate for affordable housing, the City Administrator can propose selling the properties, subject to approval by the Board of Supervisors. The Director of Property is authorized by the Administrative Code to dispose of such properties, again subject to Board of Supervisors approval, through competitive bidding, public auction, exchange for other real property, or negotiations with an individual buyer for certain properties.

To date, only two of the fifteen properties transferred in 2004 from other departments to the Mayor’s Office of Housing for affordable housing are being used for that purpose, pursuant to the Surplus Housing Ordinance requirements of the Administrative Code. Though the 13 undeveloped properties do not appear to be feasible for affordable housing purposes according to the Mayor’s Office of Housing, the properties have not been transferred to other City departments for other uses, sold or otherwise disposed of in accordance with Administrative Code requirements.

An additional 29 properties have been identified as surplus property in the most recent Surplus Property Report but have not been conveyed to the Mayor’s Office of Housing for affordable housing uses due to issues concerning the properties’ ability to be developed or sold. According to the Administrative Code, these properties should be transferred to other City departments, sold or disposed of otherwise.

The City lacks centralized oversight and controls over its properties. The Director of Property has limited authority in that all enterprise departments have authority over managing their properties and determining which are surplus or underutilized and can be sold, leased or used for other purposes. Further, the Director of Property is dependent on receiving accurate and timely reports about their properties from each department, but has no authority over the departments to ensure receipt of such information.

While the Administrative Code requires preparation of an annual report to be submitted to the Board of Supervisors with an inventory of all City properties and recommendations regarding the advantageous use, disposition or sale of real property not in use, such a report has not been prepared since 2007.

In reviewing City properties for this analysis, the Budget and Legislative Analyst found that the City’s property database contains numerous errors and misclassifications of properties. Some properties listed are not owned by the City; others are being used for purposes other than what is listed or are under the jurisdiction of departments other than
those listed, and the size of some properties was found to be inconsistent with information available from the Assessor’s database.

POLICY OPTION RECOMMENDATIONS

1. The Board of Supervisors should request information regarding the following 26 surplus or underutilized properties from the Director of Property and appropriate departments regarding the advantages and disadvantages of having the Director of Property: 1) transfer jurisdiction of the properties to the Mayor’s Office of Housing for affordable housing purposes; 2) transfer jurisdiction of the properties to other City departments for other more productive uses; or 3) sell or otherwise dispose of the properties, consistent with provisions of the Administrative Code.

   Fire Department:
   (1) Inactive Engine (21) at 1152 Oak Street;
   (2) the Fire Chief’s Residence at 870 Bush Street;

   Mayor’s Office of Housing
   (3-7) Five of the properties classified as “Remainders”;
   (8) 1051 Palou: a property classified as surplus in the 2006 Surplus Property Report;
   (9-15) Seven other properties transferred to the Mayor’s Office of Housing from other City departments in 2004 to be developed for affordable housing or sold, with the proceeds to be used to develop affordable housing;

   Department of Public Works:
   (16-19) “Vacant Land” at: (6) 1000 Fitzgerald Avenue, (7) 1400 Bancroft Street, (8) Rockdale Drive (Block 2955B Lot 001), (9) the “Remainder” at 25 St. Francis Boulevard,
   (20) the “Not Dedicated” multi-parcel property at 1500 Cesar Chavez Street;
   (21-23) Three undeveloped properties classified as difficult to sell or develop at: 1290 Portola Avenue; 1317 Bosworth Street; and 600 Bosworth Street.

   Municipal Transportation Agency:
   (24) Kirkland Yard facility property, once the new Islais Creek facility at 1301 Cesar Chavez is completed in 2012;

   Real Estate Division:
   (25-26) the Ingerson Avenue Lots 14 and 18.

2. The Board of Supervisors should request that the Public Utilities Commission and Port provide information on the 45 properties identified by the Budget and Legislative Analyst regarding their properties whose uses could not be readily determined and/or may be surplus or underutilized.
3. Since only two of the 15 properties transferred to the Mayor’s Office of Housing in 2004 pursuant to the Surplus Property Ordinance have been developed for affordable housing and only one property has been transferred to the Mayor’s Office of Housing since then, the Board of Supervisors should request that the Mayor’s Office of Housing submit a report to the Board of Supervisors as to how the Surplus Property Ordinance program could be made more effective, including any proposed changes to the process by which City properties are identified as surplus and transferred to the Mayor’s Office of Housing or, if not possible to use for affordable housing, how they can expeditiously be sold or disposed of otherwise.

4. The Board of Supervisors should request that the Director of Property submit a Surplus Property Report to the Board of Supervisors that meets all the requirements of the City’s Surplus Property Ordinance.

5. The Board of Supervisors should request that the Director of Property provide input on possible amendments to the Administrative Code or other changes to improve centralized reporting and oversight of the City’s properties, including identifying surplus and underutilized properties for possible disposal and ensuring that an accurate inventory of properties is maintained.

6. The Board of Supervisors should request that the Director of Property fulfill the annual property report obligations of the Administrative Code or propose amendments to Code requirements if they are no longer practical or beneficial.

7. The Board of Supervisors should request that the Director of Property submit a report to the Board of Supervisors specifying the costs of updating and maintaining the Citywide real estate database with accurate and current information available to all City policymakers and departments.

**BACKGROUND**

The Administrative Code establishes a Director of Property who is responsible for the purchase of real property and the sale and lease and improvements of real property owned by the City and County of San Francisco, excluding property under the control of the City’s enterprise departments. All non-enterprise departments, except the Convention Facilities Management Department, are required to execute property purchases or leases through the Director of Property. The Director of Property is to make preliminary assessments of the value of the property to be leased or acquired and conduct negotiations with the owner(s).

The Administrative Code requires that the Director of Property maintain complete records of all real property owned by the City and County (including enterprise department properties) and annually report to the Board of Supervisors, the Mayor, the Controller and the Director of Administrative Services (City Administrator) the estimated value of each parcel and improvement. The Director of Property is also required to make recommendations in an annual

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1 Administrative Code Section 2A.110

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Budget and Legislative Analyst

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report to the Mayor and Director of Administrative Services regarding the advantageous use, disposition or sale of real property not in use. The Real Estate Division reports that such annual reports have not been produced since 2007 to reduce costs and because most elected officials and department heads reported they did not use the report. Some, but not all, of the information that is supposed to be provided in the annual reports is now provided in the property databases maintained on the Real Estate Division’s website. Specifically, the website information includes an inventory of properties but does not include the properties’ value or recommendations regarding the advantageous use, disposition or sale of real property not in use.

The required annual report is supposed to be prepared once a year with information provided by every City department regarding all properties and facilities under their jurisdiction. This information is to be summarized and maintained by the Director of Property in an annual report and in the electronic Real Estate Information System. The annual report is to also include a plan for the upcoming year on the acquisition and disposition of properties, with the intent of increasing the City’s efficient utilization of its real property assets.²

In addition to the above requirements, disposition of City properties is also governed by the Surplus Property Ordinance provisions of the Administrative Code³. This ordinance governs methods of identifying and disposing of surplus or underutilized properties so that such properties, assuming they cannot be transferred to other City departments for other uses, can potentially be either: 1) developed for affordable housing; or 2) sold, with the proceeds used to finance affordable housing in San Francisco. The ordinance also requires that the Director of Property prepare an annual Surplus Property Report for the Board of Supervisors and the Mayor that identifies surplus or underutilized property that could potentially be used for affordable housing services for the homeless or sold, with the proceeds used as a funding source for affordable housing.

The Administrative Code requires that each City department provide an inventory of their properties each year to the Director of Property. The Director of Property is required by the Administrative Code to review those properties, consult with the departments and other stakeholders, and either: 1) initiate transfer of jurisdiction of those properties to the Mayor’s Office of Housing for affordable housing purposes; 2) initiate transfer of those properties to other City departments to be used for other purposes, if the properties are not suitable for affordable housing purposes and subject to approval by the Board of Supervisors; or 3) initiate sale of those properties.

The Surplus Property Ordinance includes the following definitions:

- "Property" shall mean any real property owned by the City and County of San Francisco, excluding land and buildings reserved for open space or parks purposes, or any land dedicated for public right-of-way purposes, or any land used or reserved for transit lines, or public utility rights-of-way, or any publicly dedicated streets or rights-of-way.

² Administrative Code Section 23.8
³ Administrative Code Section 23A
"Property" shall not include any real property owned by or on behalf of the San Francisco Unified School District.

- "Surplus Property" shall mean any property that is not required to fulfill the mission of the City department, commission or agency with jurisdiction or control of such Property or that is not required to fulfill the mission of another governmental agency pursuant to an inter-governmental transfer.

- "Underutilized Property" shall mean an entire Property or portion thereof, with or without improvements, that is used by the City only at irregular periods of time or intermittently, or that is used by the City for current purposes that can be satisfied with only a portion of such Property, or that is not currently occupied or used by the City and for which there are no plans by the City to occupy or use such property within the next fiscal year.

These definitions and requirements were used by the Budget and Legislative Analyst as the basis for reviewing the property inventory compiled for the Director of Property’s Annual Report.

**METHODS AND DATA USED**

The Budget and Legislative Analyst initially requested identification of surplus and underutilized properties from the ten City departments with the largest property holdings identified by the Real Estate Division for the purpose of this analysis. However, each of the departments responded that they had no surplus or underutilized properties.

To conduct an independent assessment, the Budget and Legislative Analyst requested that the Real Estate Division provide an inventory of all City and County properties under the jurisdiction of the same ten departments and the most recent Annual Surplus Property Report for the requested inventory of surplus and under-utilized properties. The Real Estate Division provided its inventory but reported that it has not produced a hard copy annual Surplus Property Report since 2006, as the REIS system contains the same information as required for the report.

The Real Estate Division inventory of properties under jurisdiction of the selected departments was provided in a spreadsheet format, downloaded from the City’s Real Estate Information System (REIS) web tool. The Budget and Legislative Analyst reviewed approximately 597 properties identified in the inventory for nine of the selected ten departments’, excluding the Airport, and obtained further information about each property using the City

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4 The Real Estate Information System (REIS) is a City developed system created and implemented by the Department of Technology. In the system, data is populated through the Real Estate Division’s office and the Assessor/Recorder's office, with technical support coming from the Department of Technology. The system links the City’s leases and owned positions in real estate to a geo-coded database, allowing the Real Estate Division to export that data into spreadsheets to run reports.

5 Airport was eliminated from the survey because it was not included in the inventory provided by the Real Estate Division because REIS is a geo-based system, and does not extend beyond the borders of San Francisco County for that reason and the Airport is in San Mateo County.
Assessor/Recorder’s web tool for San Francisco property parcel information, including viewing the internet-based photographic images of the properties and their surroundings.  

The nine departments whose properties were reviewed by the Budget and Legislative Analyst for this report were:

1. Department of Public Works;
2. Fire Department;
3. Mayor’s Office of Housing;
4. Port;
5. Public Utilities Commission;
6. Real Estate Division;
7. Recreation and Park Department;
8. San Francisco Municipal Transportation Agency; and,
9. San Francisco Public Library.

Though the Airport was excluded from this review, it did provide a map and list of properties identifying all as either providing core services or supporting core services of the Airport.

Through this process, the Budget and Legislative Analyst identified properties that appeared to have the potential for being classified as surplus or underutilized or whose use could not be clearly determined from the available information and photographic images. The nine departments selected for review were requested to provide information about the identified properties and were asked to provide information about how they manage their real estate portfolios, particularly the identification and disposition of properties classified as surplus or underutilized.

For the purpose of this report, the Budget and Legislative Analyst acknowledges the limitations of the Surplus Property Ordinance’s definition of ‘property’ that excludes properties of enterprise departments and land or buildings reserved for open space or parks purposes, or any land dedicated for public right-of-way purposes, or any land used or reserved for transit lines, or public utility rights-of-way, or any publicly dedicated streets or rights-of-way. However, for a complete assessment of the City’s property, the types of excluded property were included in the inquiry.

In requests to the nine departments, the Budget and Legislative Analyst acknowledged that the jurisdiction of some of the properties may fall under the enterprise departments and their commissions, or as with the Port, under the jurisdiction of State lands. Additionally, the subsequent request, derived from the review of the Real Estate Division’s City inventory, did not

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6 The Real Estate Division City property inventory includes San Francisco Unified School District property, but the school district property was excluded for the purposes of this analysis.

7 Port Property is public trust land and is subject to use limitations in the Burton Act (California Statutes of 1968, Chapter 1333, as amended). Under the Burton Act, the Port is the trustee of these Public Trust State lands and is responsible for managing and developing them to promote navigation, fisheries, and waterborne commerce, uses which enhance natural resources or attract people to use and enjoy San Francisco Bay.

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include Recreation and Park Department’s properties, as the City’s Charter requires a vote of the people before any Recreation and Park property is sold.8

**ANALYSIS OF THE CITY’S PROPERTY INVENTORY**

As shown in Table 1 below, the information contained in the Real Estate Division’s City property inventory, as surveyed by the Budget and Legislative Analyst, reflects a total count of 597 properties for the nine identified properties, including a number of multi-parcel lots. The inventory reports that the Department of Public Works has the greatest number of City properties under its jurisdiction with 142, or 24 percent, of the City properties reviewed, followed by the Recreation and Park Department with 105, or 18 percent, of the properties.

Of these 597 properties, the Budget and Legislative Analyst concluded that most do not appear to be surplus or underutilized, as defined in the Administrative Code, in that they are being used on a regular basis to fulfill the mission of the department. However, the Budget and Legislative Analyst did identify at least 27 properties, presented below by department, that appear to meet the definition of surplus or underutilized property and could possibly be sold, leased or redirected to other purposes. Additional properties could be identified as potentially surplus since two departments reviewed with jurisdiction over a substantial number of properties, the Port and the Public Utilities Commission, did not provide explanations to the Budget and Legislative Analyst regarding any of their properties and therefore the Budget and Legislative Analyst could not draw conclusions about the 150 properties under those two departments’ jurisdiction.

Details on the Budget and Legislative Analyst’s review of each of the department’s properties, as summarized in Table 1, are presented below, by department. All properties have been classified either according to the general descriptions included in the inventory, or, for clarity purposes, grouped and classified by the Budget and Legislative Analyst. The category “Other” is used for unique properties that did not fit in to the other classifications.

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8 The Recreation and Park Department reported that the department does not maintain an inventory of property, and considers all of its property to provide a core service whether that is active or passive recreation, open space or the ability to keep our facilities maintained.
Table 1
Summary of City Property Inventory
For 10 Departments with Most Properties
(As of November 2011)

<table>
<thead>
<tr>
<th>Surveyed Departments</th>
<th>Number of Properties (including multi-parcel lots)</th>
<th>Department Percentage of City Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works</td>
<td>142</td>
<td>24%</td>
</tr>
<tr>
<td>Recreation &amp; Park*</td>
<td>105</td>
<td>18%</td>
</tr>
<tr>
<td>Port</td>
<td>78</td>
<td>13%</td>
</tr>
<tr>
<td>Public Utilities</td>
<td>72</td>
<td>12%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>56</td>
<td>9%</td>
</tr>
<tr>
<td>Fire</td>
<td>55</td>
<td>9%</td>
</tr>
<tr>
<td>MTA</td>
<td>43</td>
<td>7%</td>
</tr>
<tr>
<td>Library</td>
<td>27</td>
<td>5%</td>
</tr>
<tr>
<td>Mayor's Office of Housing</td>
<td>19</td>
<td>3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>597</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Real Estate Division
*The follow up request did not include Recreation & Park Department specific properties, as the City’s Charter requires a vote of the people before any Recreation and Park property is sold
**Excludes San Francisco Unified School District property.

Fire Department

Table 2 below shows the breakout of the Fire Department’s property reported in the City’s property inventory. The inventory reports that the Fire Department has 55 properties in its jurisdiction.

Table 2
Fire Department Properties

<table>
<thead>
<tr>
<th>Fire</th>
<th>Number of Properties (including multi-parcel lots)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Station</td>
<td>40</td>
</tr>
<tr>
<td>Tank &amp; Tank or Pump Station</td>
<td>4</td>
</tr>
<tr>
<td>Inactive Engine or Fire Station</td>
<td>3</td>
</tr>
<tr>
<td>Headquarters</td>
<td>2</td>
</tr>
<tr>
<td>Equipment</td>
<td>2</td>
</tr>
<tr>
<td>Right of Way</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Number of Properties</strong></td>
<td><strong>55</strong></td>
</tr>
</tbody>
</table>

Source: Real Estate Division

Of the 55 Fire Department properties identified in the inventory and reviewed by the Budget and Legislative Analyst, the majority are used for fire stations. However, the Budget and Legislative
Analyst identified five Fire Department properties, or nine percent of Fire Department property, that appeared to have the potential of being surplus, underutilized or their use could not be clearly determined from readily available sources, as follows, with explanations provided by the Department.

1. 909 Tennessee Street: One of three properties classified as “Inactive” but it has been since been sold, according to the Department (but not updated in the inventory).

2. 1300 4th Street: Another “Inactive” property, is being re-purposed as part of the adjacent Public Safety Building at 3rd Street at Mission Rock, and is expected to be completed in 2014.

3. 1152 Oak Street: The Fire Department did not provide a response for the current or planned use of the Inactive Engine Fire Station (21) at this location.

4. 870 Bush Street: This property, classified as “Other” in Table 2, is the former Fire Chief’s Residence. The property is a local historic landmark (only restricts physical alterations, not uses) and currently the Fire Chief does not live there but can use the property for Fire Department purposes. Additionally, the City can use the property for temporary public purposes as authorized by the Director of Administrative Services, in consultation with the Fire Department. City Attorney Letter Opinion No. 70-67 (1970,) determined that no limits existed on the City’s ability to use the residence for any lawful purpose, and that the Fire Commission could decide that the Residence is surplus to its need and sell or lease it if authorized by an ordinance adopted by the Board of Supervisors.

5. 260 Golden Gate Avenue: This property is the former Fire Department Headquarters and is currently being operated by the Human Services Agency, but the property’s jurisdiction in the Real Estate Division database has not yet been transferred, pending Board of Supervisors approval of the jurisdictional transfer of the asset.

**Property management at the Fire Department**

The Department reported that it works with the Real Estate Division to assist with real estate issues but did not provide requested information on its property management practices.

**Policy options**

The Board of Supervisors should: a) request that the Fire Department prepare an analysis of the costs and benefits of selling or leasing the following two properties: the Chief’s Residence property at 870 Bush Street since it is not being used for that purpose and is not serving a central function for the Department; and b) request that the Fire Department prepare an explanation for the Board of Supervisors as to whether the inactive station at 1152 Oak Street is surplus or underutilized and could be sold or used for other purposes.
Memo to Supervisor Farrell
March 23, 2012

Mayor’s Office of Housing

Table 3 below shows the breakout of the Mayor’s Office of Housing property reported in the City’s property inventory. The inventory reports that the Mayor’s Office of Housing has 19 properties in its jurisdiction.

<table>
<thead>
<tr>
<th>Mayor's Office of Housing</th>
<th>Number of Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(including multi-parcel lots)</td>
</tr>
<tr>
<td>Remainder</td>
<td>7</td>
</tr>
<tr>
<td>Affordable/Homeless Housing</td>
<td>5</td>
</tr>
<tr>
<td>Surplus Property</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
</tr>
<tr>
<td>Total Number of Properties</td>
<td>19</td>
</tr>
</tbody>
</table>

Of the 19 Mayor’s Office of Housing properties inventoried, the Budget and Legislative Analyst identified eight properties, or 42 percent of Mayor’s Office of Housing properties, which were difficult to determine by use, had questionable use, and/or appeared underutilized.

Six of the eight properties questioned are classified as Remainders, which are defined as un-subdivided properties that have no status as legally recognized lots resulting from subdividing only a portion of a property and leaving the remainder. According to the Department of Public Works, the term stems from the Subdivision Map Act.

The Budget and Legislative Analyst asked the Mayor’s Office of Housing to provide explanations of the status of the following fifteen properties

1. 114 Elmira Street: A Remainder property for which the Mayor’s Office of Housing reports it has no plan for development but it is a potential source of revenue to fund affordable housing, consistent with provisions of the Surplus Property Ordinance.

2. 395 Justin Drive: A Remainder property for which the Mayor’s Office of Housing reports it has no plan for development but it is a potential source of revenue to fund affordable housing.

3. Junipero Serra Avenue at Shields Street: A Remainder property for which the Mayor’s Office of Housing reports it has no plan for development but it is a potential source of revenue to fund affordable housing.

It should be noted that, to date, the Mayor’s Office of Housing has not sold any property to fund affordable housing although that concept is embedded in the Surplus Property Ordinance.
4. 949 Vermont Street: a Remainder property that is only 60 square feet and Mayor’s Office of Housing staff state that its development is infeasible.

5. Geneva and Ocean Avenue: A Remainder property with supporting structures for a pedestrian overpass that the Mayor’s Office of Housing reports is infeasible for housing development.

6. 331 Corbett: A Remainder property adjacent to Market Street that has been approved via legislation for transfer from the Mayor’s Office of Housing to the Department of Public Works for use as a community garden via administrative permit.

7. 1051 Palou Street: Identified in the Real Estate Division inventory as surplus property, the Mayor’s Office of Housing identified it as surplus in the 2006 Surplus Property Report, but no action was taken by the Mayor’s Office of Housing following the designation. Currently there is no plan for the parcel except as a potential source of revenue to fund affordable housing.

8. 155 Grove Street: The Mayor’s Office of Housing reports this is an undeveloped vacant lot adjacent to the Arts Commission structure. At the present time, the Mayor’s Office of Housing does not have plans for affordable housing development at this site. In addition, the Real Estate Division states the property is included in a 1987 plan for the Civic Center. Due to its proximity to City Hall, the property is being held for possible future use. An interim use of the property as a community garden/art project commenced in 2011 through a permit issued by the Real Estate Division.

These eight properties were among the fifteen properties transferred to the Mayor’s Office of Housing from other City departments in 2004 to be developed for affordable housing or sold, with the proceeds dedicated to affordable housing.

The Budget and Legislative Analyst inquired about seven other undeveloped properties that were also transferred in 2004 the Mayor’s Office of Housing pursuant to the Surplus Property Ordinance. Office staff reported that those seven properties are either too small or too costly to be developed. They have remained undeveloped since transfer to the Mayor’s Office of Housing 2004.

**Property management at the Mayor’s Office of Housing**

The Mayor’s Office of Housing reports that the Real Estate Division provides real estate services for the department. However, besides the surplus property that has been transferred to the Office under the Surplus Property Ordinance, for which the Real Estate Division is responsible, the Mayor’s Office of Housing typically does not have properties under its jurisdiction unless the property is being reviewed or developed for affordable housing use. After department properties have been developed for affordable housing they are managed by non-profit affordable housing developers.
**Policy options**

The Board of Supervisors should request that the Mayor’s Office of Housing develop a plan for disposing of the five Remainder properties listed above that the Mayor’s Office of Housing has identified as potential sources of revenue for affordable housing (#1-5). If it is not feasible to sell them for this purpose, a plan should be prepared to transfer them to other departments for other uses or otherwise dispose of them.

In addition, the Board of Supervisors should request that the Mayor’s Office of Housing develop a plan for the seven other properties presently under the Office’s jurisdiction that have remained vacant since their transfer in 2004. The properties were designated for affordable housing pursuant to the Surplus Property Ordinance but Mayor’s Office of Housing staff reports they are not feasible for development as affordable housing or cannot be sold to raise funds to use for affordable housing.

The Board of Supervisors should consider recommending that the Mayor’s Office of Housing sell the property at 1051 Palou designated as surplus in the 2006 Surplus Property report.

**Municipal Transportation Agency**

Table 4 below shows the breakout of the Municipal Transportation Agency’s property reported in the City’s property inventory. The inventory reports that the Municipal Transportation Agency has 43 properties under its jurisdiction.

<table>
<thead>
<tr>
<th>MTA</th>
<th>Number of Properties (including multi-parcel lots)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substations</td>
<td>14</td>
</tr>
<tr>
<td>Maintenance</td>
<td>7</td>
</tr>
<tr>
<td>Yard or Yard/Storage Barn</td>
<td>6</td>
</tr>
<tr>
<td>Turnarounds/Loops</td>
<td>5</td>
</tr>
<tr>
<td>Right of Ways /Easements</td>
<td>4</td>
</tr>
<tr>
<td>Stations</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total Number of Properties</strong></td>
<td><strong>43</strong></td>
</tr>
</tbody>
</table>

Source: Real Estate Division

Of the 43 Municipal Transportation Agency properties inventoried, the Budget and Legislative Analyst identified four properties whose use could not be readily determined, had questionable use, and/or appeared underutilized, as follows.
1. 1/2. 1301 Cesar Chavez Street: A Maintenance property that the Agency reports is one of two properties comprising the Agency’s Islais Creek project that reportedly have been in the acquisition, planning, design, and funding phases since 1998, with the Phase 1 Parking, Fuel and Wash Facilities under construction since February 2011. When completed in 2012, this property will serve as a replacement Operations and Maintenance facility for the 150 buses now serviced at the Kirkland Yard facility at Fisherman’s Wharf.

3. The Project’s Phase 2 is pending full funding, and will include additional construction of maintenance and operations buildings. The Budget and Legislative Analyst questioned the planned use for Kirkland Yard following the transfer of buses to Islais Creek Operations and Maintenance Facility, and the Agency stated that the future of Kirkland Yard will be analyzed in relation to the Agency’s real estate and facilities needs under a contract with Parsons Brinkerhoff for the San Francisco Municipal Transportation Agency’s Real Estate and Facilities Vision for the 21st Century discussed below. The Budget and Legislative Analyst believes the Kirkland Yard facility property should be considered as a potential surplus property, once the new Islais Creek facility is completed in 2012.

4. Bayshore Boulevard at Hester Street: A multi-parcel property that was part of the Agency’s Third Street Light Rail Project, completed in 2006, that expanded the Muni Metro system along the eastern side of the City but is identified as future street widening in the City’s property inventory. The Agency stated that the Real Estate Division inventory was not updated to reflect that the property was included in the Third Street Project, completed in 2008, and was part of the right of way widening property purchased in order to accommodate the Muni tracks, street, sidewalk and other infrastructure improvements.

The Budget and Legislative Analyst also requested an explanation of how the Agency’s need and requirements for Turnaround Loops, and Substation Properties are determined. According to the Agency, the need requirements for operations and maintenance at Turnaround Loops depend on the types and sizes of transit and other vehicles (e.g., 30’, 40’, 60’ vs. 75’ and/or other lengths and turning radii), the number of transit lines, the frequency of service, overhead power lines, and the historic and anticipated expected running road repairs. San Francisco has a complex, dense, urban operating environment, and a variety of transit types requiring Turnaround Loops, overhead power, neighborhood, development, and other issues all contribute to where the Turnaround Loops are located and how they are constructed and operated.

Regarding Substation properties, the Agency reported that each of the 27 substations is different. More than half of the Agency’s overall transit service fleet is operated on electric overhead power, so the substations are important sources of energy and the size and need requirements for substations for overhead power for Agency operations and maintenance depend on the available and historical size and cost of the real estate, the size and number of the types of equipment needed to generate 600 volts and other power requirements for the overhead lines for the electric trolley buses and light rail vehicles to operate.
The Budget and Legislative Analyst notes that some of the questioned properties for the Municipal Transportation Agency were a result of the Real Estate Division inventory not being up to date. For example the property at Bayshore Boulevard and Hester Street is designated in the inventory as a Future Street Widening property, but the project was completed in 2006.

**Property management at the Municipal Transportation Agency**

Regarding the Municipal Transportation Agency’s department-wide real estate property practices, property management is managed within the Agency. Furthermore, the Agency stated that historically, it has had a Facilities Plan for the San Francisco Municipal Railway (last updated in 2008). However, the Agency recently entered into a contract with a consultant to produce the San Francisco Municipal Transportation Agency’s Real Estate and Facilities Vision for the 21st Century, which will review all of the agency’s major needs for the next several decades (approved by the Municipal Transportation Agency Board of Directors on Tuesday, January 17, 2012, and effective February 1, 2012).

**Policy options:**

The Board of Supervisors should request that MTA provide an analysis to the Board of Supervisors detailing options for the Kirkland Yard property, including selling it, once the Islais Creek project is completed.
**Port**

Table 5 below shows the breakout of the Port’s property reported in the City’s property inventory. The inventory reports that the Port has 78 properties in its jurisdiction.

<table>
<thead>
<tr>
<th>Port</th>
<th>Number of Properties (including multi-parcel lots)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed Land</td>
<td>19</td>
</tr>
<tr>
<td>Port Lands</td>
<td>13</td>
</tr>
<tr>
<td>Parking</td>
<td>9</td>
</tr>
<tr>
<td>Housing</td>
<td>6</td>
</tr>
<tr>
<td>Undeveloped Land</td>
<td>4</td>
</tr>
<tr>
<td>Former Seal Wall</td>
<td>2</td>
</tr>
<tr>
<td>Park</td>
<td>1</td>
</tr>
<tr>
<td>Garage</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total Number of Properties</strong></td>
<td><strong>78</strong></td>
</tr>
</tbody>
</table>

Source: Real Estate Division

Of the 78 Port properties inventoried, the Budget and Legislative Analyst had questions concerning 23 properties, or 29 percent of the Port’s property, which were difficult to determine by use, had questionable use, and/or appeared underutilized. The Port did not provide a response to the Budget and Legislative Analyst’s inquiries. The 23 questioned properties are listed below.

1. Vacated parcel at 18th Street.
2. Former Sea Wall #33.
3. Channel NE of 6th Street: Vacated street.
4. Former Sea Wall #349.
5. Vacated street at (former) Fremont and Brannan.
6. Vacated street at Embarcadero and Mission Street.
7. Former Sea Wall #22 at 1st Street and Brannan.
8. Beach Street and Powell Street.
9. Beach Street and Stockton Street.
10. Former Sea Wall #25 at Berry and 2nd Street.
11. Former Sea Wall #20 at Bryant and Beale.
12. ‘Catellus Transfer Parcel’ at Cesar Chavez and Michigan.
13. Davis and Broadway.
14. Former Sea Wall #18 at Embarcadero and Spear.
15. Former Sea Wall #21 at (former) Fremont and Brannan.
16. Francisco and Montgomery.
17. Front and Broadway.
18. Front and Green. (2 parcels: Block 0110 Lot 002 and Block 0109 Lot 002)
19. Grant and North Point.
22. Illinois and 20th.
23. Catellus Transfer Parcel’ at SE Illinois and 25th. (Multiple parcels: Block 3743 Lot 001, Block 4240 Lot 02, Block 4297 Lot 001, Block 4298 Lot 001, Block 4299 Lot 001, Block 4300 Lot 001, Block 4301 Lot 001, Block 4302 Lot 001, and Block 4303 Lot 001): '

**Property management at the Port**

The Port did not provide information to the Budget and Legislative Analyst about their property management structure and policies.

**Policy options:**
The Board of Supervisors should request that the Port provide explanations of the uses and plans for the 23 properties identified above.

**San Francisco Public Library**

Table 6 below shows the breakout of the Public Library’s property reported in the City’s property inventory. The inventory reports that the Public Library has 27 properties in its jurisdiction, 26 of which are being used for libraries.

<table>
<thead>
<tr>
<th>Public Library</th>
<th>Number of Properties (including multi-parcel lots)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Libraries</td>
<td>26</td>
</tr>
<tr>
<td>Other (Condos)</td>
<td>1</td>
</tr>
<tr>
<td>Total Number of Properties</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: Real Estate Division

Of the 27 Public Library properties inventoried, the Budget and Legislative Analyst identified two properties whose use was difficult to determine or appeared to be possibly underutilized.
1. 190 9th Street: This property houses the Library’s Support Services which the Real Estate Division inventory designated as a future site. The Public library responded that renovations have been completed on this site but it is not open to the public as it currently houses the Library system’s Collections and Technical Services Division, the offices of the Chief of Branches, and the Office of Children and Youth Services, all previously located at the Main Library. This property is incorrectly identified as the South of Market Library in the Real Estate Division inventory.

2. 53 Wilder Street: This property is a mixed use development at the corner of Wilder and Diamond Streets that will house the Glen Park Library, as authorized by Ordinance 230-03, in addition to condominium residences. The housing was privately developed and is privately owned and managed, the Library unit comprises 37 percent of the entire complex and the City has an interest in the library footprint and a percentage interest in the common area, similar to what a condominium owner would have.

The Public Library self-reports 29 properties, including 27 branch libraries, the Main Library, and the Support Services Building at 190 9th Street, but the City property inventory only reports 27 total properties. It appears that the inventory is missing two branch libraries, the Mission Bay Branch and the Western Addition Branch.

Property management at the Public Library

Regarding the Public Library’s department-wide real estate property practices, the department has a work order with the Real Estate Division to help handle real estate, leasing, and/or condominium ownership issues (the Glen Park Library and the Mission Bay Library are co-located in large buildings).

Policy options:

Based on information provided by the Real Estate Division on behalf of the Public Library, the Budget and Legislative Analyst concludes that the Public Library does not have surplus or underutilized properties to be reviewed by the Board of Supervisors.
Department of Public Works

Table 7 below shows the breakout of the Department of Public Work’s property reported in the City’s property inventory. The inventory reports that the Department of Public Works has 142 properties in its jurisdiction.

<table>
<thead>
<tr>
<th>Public Works</th>
<th>Number of Properties (including multi-parcel lots)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remainders</td>
<td>18</td>
</tr>
<tr>
<td>Slope Protection</td>
<td>16</td>
</tr>
<tr>
<td>Parking*</td>
<td>11</td>
</tr>
<tr>
<td>Parks or Open Space</td>
<td>9</td>
</tr>
<tr>
<td>Interior Circle or Traffic Island</td>
<td>9</td>
</tr>
<tr>
<td>Undedicated Streets**</td>
<td>9</td>
</tr>
<tr>
<td>Housing</td>
<td>6</td>
</tr>
<tr>
<td>Vacated Street or Land</td>
<td>5</td>
</tr>
<tr>
<td>Stairway or Pedestrian Walkways</td>
<td>5</td>
</tr>
<tr>
<td>Children Areas***</td>
<td>5</td>
</tr>
<tr>
<td>Plaza</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>46</td>
</tr>
<tr>
<td>**Total Number of Properties</td>
<td>142</td>
</tr>
</tbody>
</table>

Source: Real Estate Division

*Parcels with parking may also include warehouses, office buildings, maintenance yards, storage, or gardens

**Undedicated Streets: An area is not dedicated or is undedicated when it is not officially a street unless a subdivision map is filed with the Bureau of Street Use and Mapping that to “reserve” a portion of land for what will ultimately be a street dedicated to the City.

***Children’s Area parcels include childcare centers, children’s community center, and elementary school and playground

Of the 142 Department of Public Works properties reviewed, the Budget and Legislative Analyst identified 61 properties, or 43 percent of the department’s properties, which were difficult to determine by use, had questionable use, and/or appeared underutilized. However, due to the large number of questionable properties, the Budget and Legislative Analyst narrowed the number of properties down to a sample of 27 for which explanations were requested from the Department of Public Works. It should be noted that the Department of Public Works does not have in-house real estate management staff but is dependent on the Real Estate Division, who provided the responses for the Budget and Legislative Analyst’s specific property inquiries.

Of the 27 properties, information below is provided on 13 of the properties, as the other 14 properties comprising the 27 questioned, have similar explanations or are misidentified in the
City’s inventory. Explanations provided by the Real Estate Division for properties about which the Budget and Legislative Analyst had questions are as follows:

1. 1970 Donner, a “Slope” property is primarily being used for roadway purposes, a legitimate department activity.

2. Key Avenue & Jennings Street, an “Extension property” that has other access rights that impair the City’s ability to do anything with these properties, according to the Real Estate Division.

According to the Real Estate Division, five properties could potentially be recommended as surplus property following further investigation, and are included as policy options below.

3. 1000 Fitzgerald Avenue: Acquired through a default action in 1975 and since declared vacant land.

4. 1400 Bancroft Street: Acquired through a default action in 1975 and since declared vacant land.

5. Rockdale Drive (Block 2955B Lot 001: Acquired through a default action in 1975 and since declared vacant land.

6. 25 St. Francis Boulevard: A 16,000 square foot “remainder” parcel was part of the Portola Avenue Widening Project. The Real Estate Division reports that the property was considered for surplus property previously by the Surplus Property Citizens’ Advisory Committee but no action was ever taken.

7. 1500 Cesar Chavez Street: A “Not Dedicated” multi-parcel property that includes parcels that were acquired at various times between 1965-1988 for Department of Public Works and Clean Water (now Public Utilities Commission) purposes, according to the Real Estate Division. According to the Real Estate Division, each parcel could most likely be declared surplus but, little net gain would result from doing so because some areas contain sidewalks that will need to be retained as City ownership, and this will result in requiring each parcel to be resurveyed to be prepared to sell which could result in significant changes in parcel size.

The Real Estate Division responded that development would be unlikely for the following three of the 27 properties that the Budget and Legislative Analyst identified as potentially surplus or underutilized, due to neighborhood pressures or other issues as provided in the examples below.

8. 1290 Portola Avenue: Currently identified as a ‘Slope Protection’ property, is part of 35 parcels purchased from 1955-1960 for Market Street-Portola Avenue Widening.

9. 1317 Bosworth Street: Identified as “Future Street Widening” and recognized by the Department of Public Works as part of the O’Shaughnessy Boulevard street widening. While the Real Estate Division reports that they do not know of further widening plans.
for O’Shaughnessy Boulevard, they report that neighborhood pressures would make
development at either this property of 1290 Portola highly unlikely, decreasing their
potential sale value to a great degree.

10. 600 Bosworth, a 29,750 square foot “Remainder” property would be difficult to develop,
according to the Real Estate Division, due to the past street widening project history in
the area.

The Real Estate Division reported that six of the questioned Department of Public Works
properties are being legitimately used by the department but are inaccurately identified in the
Real Estate Division inventory. For example, the multi-parcel property at Bach and Benton is
currently identified as “Slope Protection” property but should be reflected as a “Right-of-Way.”
However, according to the Real Estate Division, the property reclassifying process is expensive
and administratively burdensome, and, in some cases, would require Board of Supervisors’
approval, to clarify records by amending current descriptions to a more appropriate description.
Such costs associated with reclassifying properties have to be considered relative to the benefits
of having an accurate real estate database, according to the Real Estate Division.

According to the Real Estate Division, six other properties about which the Budget and
Legislative Analyst made inquiries have either transferred jurisdiction to other departments, are
not reflected correctly in the database, have submitted a jurisdictional transfer request to the
Planning Department for General Plan conformity, or will be subject to a jurisdictional transfer
request by the Department of Public Works soon.

For four of the questioned properties, the Real Estate Division reported that the properties are
actually privately owned and are inaccurately included in the City property inventory. For
example, a non-profit owns the “Future Street Widening” property at Treat Avenue (between
Florida & Alameda Avenues) and 459 Fulton Street and 1280-1281 2nd Avenue are privately
owned residences. 9

11. Bayshore Boulevard and Silver Avenue, a 37,166 square foot Remainder property is a
long strip of excess right-of-way and its actual square footage is 1,746 square feet,
according to the Real Estate Division. Furthermore, the Real Estate Division reported
that the inventory could be incorrectly representing the entirety of the Bayshore
Boulevard remainders as it is common for the inventory to reflect an overall square
footage of an assemblage of remainder strips of properties that get rolled up into one of
the affected lots & blocks and that the additional affected lots and blocks are missing
from the inventory entry. The Real Estate Division reported that it will further examine
the allocation of square footage among the Bayshore Boulevard remainders, and correct
where possible, noticing that the Division has limited resources to perform such exercises
that only yield a correction to records of property that will remain, most likely, in the
City's inventory and unchanged by this updated information.

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9 According to the Real Estate Division, the REIS system and map information correctly reflect that the properties
are privately owned residences and the department is not sure why the properties are in the City property inventory
provided for the purposes of this report and will look into correcting the inaccuracy..
**Property management at the Department of Public Works**

The Department reports that it works with the Real Estate Division to assist with real estate issues but did not provide any further requested information on its property management practices.

**Policy options:**

The Board of Supervisors should request that the Department of Public Works prepare a plan for the Board of Supervisors outlining a disposal plan for the following five properties identified as Vacant Land and potentially surplus properties: 1000 Fitzgerald Avenue, 1400 Bancroft Street, Rockdale Drive, the “Remainder” at 25 St. Francis Boulevard, and the “Not Dedicated” multi-parcel property at 1500 Cesar Chavez Street.

The Board of Supervisors should request information from the Real Estate Division on why the following three properties identified as difficult to sell or develop due to neighborhood pressures and issues should not be disposed of: 1290 Portola Avenue; 1317 Bosworth; and 600 Bosworth.

**Public Utilities Commission**

Table 8 below shows that the Public Utilities Commission has 72 properties under its jurisdiction, according to the Real Estate Division’s inventory.

<table>
<thead>
<tr>
<th>Public Utilities</th>
<th>Number of Properties (including multi-parcel lots)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reservoir</td>
<td>16</td>
</tr>
<tr>
<td>Right-of-Way/Easements</td>
<td>13</td>
</tr>
<tr>
<td>Pump Station</td>
<td>10</td>
</tr>
<tr>
<td>Sewage Plant or Pump</td>
<td>6</td>
</tr>
<tr>
<td>REIS Tract Lots</td>
<td>3</td>
</tr>
<tr>
<td>Sewer</td>
<td>2</td>
</tr>
<tr>
<td>Transport</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total Number of Properties</strong></td>
<td><strong>72</strong></td>
</tr>
</tbody>
</table>

Source: Real Estate Division

Of the 72 Public Utilities Commission properties inventoried, the Budget and Legislative Analyst identified 17 properties, or 25 percent of Public Utilities Commission properties that were difficult to determine by use, had questionable use, and/or appeared underutilized. As of the writing of this report, the department has not provided any explanations for their properties in response to the Budget and Legislative Analyst’s request.
The 17 questioned properties are listed below.

1. Francisco Water Reservoir
2. Balboa Water Reservoir
3. 1700 Jerrold Avenue: SE Water Pollution Control Plant.
4. 1900 Newcomb Avenue.
5. 4800 Balboa: Transport property.
6. State Relinquishment property East of Marine Street.
7. ‘20’ Strip along E Line’ (Block 6900 Lot 001).
10. 1100 Crescent Avenue: Islais Creek Lots.
11. 122 Tucker: REIS Tract Lots.
12. 146 Arleta 12: Arleta I REIS Tract Lots.
13. 156 Leland: Arleta II REIS Tract Lots.
14. 17th Street and Folsom Street: Mission Community College Center.\(^{10}\)
15. 300 Putnam: Islais Creek Lots.
16. 97 San Diego Street: Hillcrest and Ocean View Lots.
17. Islais Creek Lots at Boylston.

The Budget and Legislative Analyst also inquired about two Public Utilities Commission properties that appear to be underutilized: the Francisco and Balboa reservoir properties. In the case of the Francisco Reservoir, located at Bay and Hyde Streets, the Commission has reportedly declared the property surplus in the past, and has announced plans to sell it since it hasn’t operated as a reservoir for years though plans have not yet been finalized. The Commission has

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\(^{10}\) The Real Estate Division reports that the Board of Supervisors has approved jurisdictional transfer of one-half of this property to the Recreation and Park Department and one-half to the Mayor’s Office of Housing, with a Memorandum of Understanding detailing the financial arrangements, signed in February 2012.
not taken action pursuant to the City’s Surplus Property Ordinance to transfer the property for affordable housing use.

The Real Estate Services Division staff reported that they have a prepared a memorandum for an upcoming Commission meeting evaluating the department’s real property with income-producing potential that will include a categorization of properties according to use and a list of potential surplus properties.

**Property management at the Public Utilities Commission**

The Public Utilities Commission lacks a complete list of its properties, an overarching real estate policy or centralized management of its properties. Numerous divisions are reportedly responsible for the department’s real estate and its use is governed by varying policies including the departments’ watershed and vegetation policies, among others. Additionally, Commission representatives reported that it does not inventory properties by the Block/Lot identification format used by the Real Estate Division, and by extension, used in this report. As a result, the Commission’s Real Estate Services Division staff did not recognize some of the questioned properties.

According to the Real Estate Services Division of the Public Utilities Commission, which only manages the departments’ properties with income-producing potential, Public Utilities Commission’s total real property is comprised of approximately 100,000 square miles covering territory from Hetch Hetchy to Silicon Valley as well as in San Francisco.

**Policy options:**

The Board of Supervisors should request that the Public Utilities Commission transmit their staff report recently prepared for an upcoming Public Utilities Commission meeting regarding department properties to the Board of Supervisors, identifying all surplus properties and plans for each. The Public Utilities Commission should further be requested to provide explanations of the uses and plans for the seventeen properties identified above and the reservoir properties.
Real Estate Division

Table 9 below shows the breakout of the Real Estate Division’s property reported in the City’s property inventory. The inventory reports that the Real Estate Division’s has 56 properties in its jurisdiction.

<table>
<thead>
<tr>
<th>Real Estate</th>
<th>Number of Properties (including multi-parcel lots)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking</td>
<td>16</td>
</tr>
<tr>
<td>Office Building (including courts)</td>
<td>11</td>
</tr>
<tr>
<td>Garage</td>
<td>10</td>
</tr>
<tr>
<td>Parcel</td>
<td>7</td>
</tr>
<tr>
<td>Storage</td>
<td>2</td>
</tr>
<tr>
<td>Undeveloped Lots</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total Number of Properties</strong></td>
<td><strong>56</strong></td>
</tr>
</tbody>
</table>

Of the 56 properties under the jurisdiction of the Real Estate Division the Budget and Legislative Analyst had questions concerning six properties, or 11 percent of Real Estate Division properties, which were difficult to determine by use, had questionable use, and/or appeared underutilized. Inquiries were made for the following six properties.

1. George Washington Carver Elementary (at Oakdale and Keith), an elementary school that was conveyed to SF Unified School District in 2011. The inventory will be updated to correctly reflect the move, according to the Real Estate Division.

2. 850 Ingerson Avenue: A multi-parcel property that contains both Real Estate Division parcels and San Francisco Unified School District parcels. The Real Estate Division reports that jurisdiction was placed under the Real Estate Division as a matter of convenience only and when the Real Estate Division holds the title to a San Francisco Unified School District parcel, it is in trust only. Any actions with respect to such properties are subject to direction and authorization from not only the Board of Supervisors, but the Board of the San Francisco Unified School District.
   Of the multi-parcel property, or Ingerson Avenue Lots, the Real Estate Division reports that two of the lots, 14 and 18, could be considered surplus property and would recommend the properties be sold with funds going to affordable housing as it is not cost effective in today’s market for one-off affordable housing development on individual lots.

3. The Old Mint building, 88 5th Street, is subject to a Development and Disposition Agreement (DDA), approved by the Board of Supervisors. Fundraising is reportedly now underway for this non-City project.
The remaining inquiries of the Real Estate Division concerned the purpose and plans for the small City parcels of land (between 8-638 sq. ft.) and the strips of land (e.g., the 17” strip at McKinnon and Barneveld). The Division explained that the land is typically left over, mostly from right-of-way acquisitions and is something every community has in its inventory. Furthermore, often the only way to get rid of such remnants is to grant them at no or nominal cost to adjacent owners, which the Real Estate Division cautions could set a precedent problem and as a result, the property is usually just left as is.

**Policy options:**

The Board of Supervisors should request that the Real Estate Division prepare and submit a plan for the sale or other disposition of the two parcels known as the “Ingerson Avenue Lots” (Lots #14 and 18), with the proceeds to be used for affordable housing.

**THE SURPLUS CITY PROPERTY ORDINANCE**

The Surplus City Property Ordinance was enacted by the Board of Supervisors in November 2002. The Ordinance, added as Chapter 23A of the City’s Administrative Code, directed the identification of surplus or underutilized City property to be used in the provision of Affordable Housing priorities.

The Ordinance established three use priorities for surplus or underutilized properties and allows proceeds from the sale of sites deemed not suitable for affordable development to be used to finance affordable developments that meet the following use priorities in order of primacy:

(a) For the development of affordable housing for people who are homeless and persons earning less than 20% of the Area Median Income for the San Francisco Primary Metropolitan Statistical Area (PMSA) as established by the United States Department of Housing and Urban Development and reported by the Mayor’s Office of Housing.

(b) For on-site services for people who are homeless or for non-profit agencies serving people who are homeless, including, but not limited to job training, senior services, healthcare and childcare for people who are homeless.

(c) For the development of affordable housing for persons earning no more than 60% AMI for the San Francisco PSMA as established by the United States Department of Housing and Urban Development and reported by the Mayor’s Office of Housing, provided that the housing shall remain affordable for the useful life of the Property.

As stated above, Section 23A.4 of the City’s Administrative Code defines "Property" as any real property owned by the City and County of San Francisco, excluding land and buildings reserved for open space or parks purposes, or any land dedicated for public right-of-way purposes, or any land used or reserved for transit lines, or public utility rights-of-way, or any publicly dedicated streets or rights-of-way, and does not include any real property owned by or on behalf of the San Francisco Unified School District.
The Ordinance defines "Surplus Property" as property that is not required to fulfill the mission of the City department, commission or agency with jurisdiction or control of such property or that is not required to fulfill the mission of another governmental agency pursuant to an inter-governmental transfer; and "Underutilized Property" as an entire property or portion thereof, with or without improvements, that is used by the City only at irregular periods of time or intermittently, or that is used by the City for current purposes that can be satisfied with only a portion of such property, or that is not currently occupied or used by the City and for which there are no plans by the City to occupy or use such Property within the next fiscal year.

The Ordinance recognizes that, under the City's Charter, a number of City commissions and departments known as enterprise departments, including the Port, the Airport, Public Utilities Commission, the Recreation and Parks Commission, San Francisco Municipal Transportation Agency, and the Fine Arts Museums Board of Trustees have jurisdiction and control of their respective property, and, thus, the provisions of this ordinance regarding declaring property surplus or conveying property operate only as recommendations of policy to such departments and commissions.

The Ordinance directs each City commission, department or agency to compile and submit a list of all property within its jurisdiction to the Director of Property, as designated by the City Administrator, by April 1st of each year. Included in this reporting is the identification by the agency of surplus or underutilized properties. Following the agency’s submission, the Director of Property is to review the list of property submitted by the City departments and remove any properties that should be excluded such as Recreation and Park Department properties, right-of-way properties, or properties that are subject to deed or other legal restrictions. The Director of Property is to evaluate the initial list to determine if a City department other than the department with current jurisdiction has a specific operational need for any of the identified properties, and is to remove the property from the Surplus Property Report and propose transferring such property to the City departments that can utilize the property.

By June 1st of each year, the Ordinance directs the Administrator designee, the Director of Property to compile a comprehensive report of the remaining identified surplus or underutilized properties. The report, at a minimum, is to include: (a) the street address, if any, and the block and lot number for each Property; (b) the City department with jurisdiction over each property; (c) a description of the zoning applicable to and surrounding such properties; (d) a plat map for each property; the area in square footage for each property; (e) a description of the surrounding properties and neighborhood; (f) any limitations on the development of the property; (g) pictures of the property (the "Surplus Property Report"); and (h) a list of any and all City-owned properties that are adjacent to each listed property and appear to be vacant or underutilized, along with the identification of the City department with jurisdiction over such adjacent property. As noted above, any discussion of property under the jurisdiction of enterprise departments is to be considered only as recommendations of policy to such departments and commissions, since they require department or commission approval before action can be taken.

The Ordinance directs that the Surplus Property Report is to be transmitted to the Board of Supervisors and Mayor’s Office of Housing by June 30th each year and requires that legislation...
to transfer jurisdiction of properties to the Mayor’s Office of Housing for Affordable Housing assessment be approved by July 15th.

According to the 2006 Surplus Property Report to the Board of Supervisors, although the Ordinance was enacted in 2002, the Mayor’s Office of Housing did not have a role processing identified surplus property until May 2004, when the Board of Supervisors approved the jurisdictional transfer of 15 properties to the Mayor’s Office of Housing. Working with the City Attorney and the Real Estate Division, the Mayor’s Office of Housing created the Surplus City Property Program in order to carry out provisions identified in the Ordinance.

The Surplus Property Citizens’ Advisory Committee11 (CAC), created by the Ordinance to review identified surplus properties and prepare annual written recommendations to the Board of Supervisors as to the potential disposition of properties reviewed, was organized and held its first meeting in October 2004. It reviewed and made recommendations for twelve of the fifteen properties.

According to the Mayor’s Office of Housing, of the fifteen properties transferred to their jurisdiction in 2004, only two properties, 201 Broadway and 150 Otis are currently under development as affordable/homeless housing.12,13 The other properties remain undeveloped. Additionally, following the initial review and assessment of the transferred properties, it was determined that the reviews and assessments of all of the transferred sites (except for 150 Otis and 201 Broadway) were flawed as the remaining properties were not developable and, in some cases, it is not realistic to try to sell them. This is due to the costs associated with selling the properties which the Mayor’s Office of Housing reports may be more than their potential value as a number of them are very small properties or those for which there is a very limited number of likely interested purchasers; or because the requirements imposed on selling City-owned properties, including obtaining an appraisal, completing an environmental review and soliciting potential buyers through a competitive process rather than negotiating with individuals, are expensive and may cost more than what would be realized from a sale. The Mayor’s Office of Housing reports that since the initial 2004 transfer of properties, it has not received any other properties under the Surplus Property Ordinance, because it became administratively burdensome for the Mayor’s Office of Housing to review and assess sites that were not developable.

According to the Mayor’s Office of Housing, this is a result of the initial identification of surplus property being automatically transferred to the Mayor’s Office of Housing only to undergo an extensive review and evaluation process to determine that the properties were neither

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11 As stated in Section 23A.9 of the Ordinance, the CAC consists of thirteen (13) members: eight (8) members appointed by the BOS; two (2) members appointed by the Mayor; and three (3) members automatically appointed because of their positions as City staff (see attached description of appointee requirements).

12 The Broadway/Battery site, 81 units of affordable family housing, was previously transferred to Mayor’s Office of Housing and designated for affordable housing prior to Ordinance.

13 The 2004 Interdepartmental Jurisdictional Transfer of Surplus Property Ordinance – 96-04, had a number of errors related to addresses. The Ordinance lists incorrectly 100 Broadway and 735 Battery. The correct address for the Broadway site is 201 Broadway, which is currently under development. 735 Battery is a privately owned commercial building adjacent to the 201 Broadway site.
developable nor sellable for affordable housing purposes. Since then, properties identified as
surplus property are no longer automatically transferred to the Mayor’s Office of Housing, but if
properties are recommended to the surplus property list, they are to be first evaluated before
being transferred.

Since at least 2006, an annual Surplus Property Report has not been produced though
information that was previously contained in those reports is reportedly contained in the City’s
REIS web tool that identifies if a property is considered to be surplus or underutilized by a
department. According to the Real Estate Division, annual reports have not been issued due to
the same information being available in real-time on the website based on input into the REIS by
departments. Updates to the database are now handled through departmental single point
contacts via emails, rather than in an annual process.

In comparing the 2011 surplus property report currently available on the Real Estate Division’s
website and the 2005 report, the last hardcopy report provided to the Budget and Legislative
Analyst, the two reports both list 25 properties in common, with the 2005 report containing three
additional properties for a total of 28 and the 2011 report containing four additional properties
for a total of 29 properties. This includes the 15 properties discussed above that were transferred
in 2004 and additional properties that have come under the jurisdiction of the Mayor’s Office of
Housing through other mechanisms. According to the Real Estate Division, properties remain on
the list when it has been determined that they are undevelopable or unsellable, (i.e. the properties
have little to no value, or disposal is complicated in some way).

A significant limitation of the Surplus Property Ordinance, as evidenced by the absence of any
other developable surplus properties identified and transferred since 2004 and the stagnancy of
the list of surplus properties that were transferred in 2004, is the Ordinance’s dependence on
departments to self-report any surplus property and the Director of Property’s restricted authority
over the enterprise departments. Additionally, as reported by the Mayor’s Office of Housing, if a
City department has developable surplus property it may not refer it to the Surplus Property
Report, but may instead sell the land itself for departmental revenue. As a result, the Mayor’s
Office of Housing and the Real Estate Division expend significant resources reviewing and
evaluating essentially infeasible sites for affordable housing or to be sold to fund affordable
housing.

It should be noted that, currently, the web-based Surplus Property Report does not include all the
annual report information as required in the Surplus Property Ordinance. The following
information is absent from the report: (a) a description of the zoning applicable to and
surrounding such properties; (b) a plat map for each property; (c) a description of the
surrounding properties and neighborhood; (d) any limitations on the development of the
property; (e) pictures of the property (the "Surplus Property Report"); and (f) a list of any and all
City-owned properties that are adjacent to each listed Property and appear to be vacant or
underutilized, along with the identification of the City Department with jurisdiction over such
adjacent property. According to the Real Estate Division, much of this information can be found
on either the Assessor/Recorder’s or Planning Department’s websites.
Currently, the Surplus Property Report includes only the following information: (a) property name; (b) address; (c) departmental jurisdiction; (d) number of lots; (c) land area/size; (d) if the property is vacant (no physical structures); (e) confirmation that the property is identified as surplus; (f) confirmation that the property is City-owned; and (g) principal block-lot number.