



Legislation Text

File #: 20-227, **Version:** 1

Report regarding a resolution approving the Third Amendment to the Disposition and Development Agreement with Hisense REUS, LLC for the development of the properties located at 200 Linden and 212-216 Baden Avenue and authorizing the City Manager to execute the amendment. (*Julie Barnard, Economic Development Coordinator*)

RECOMMENDATION

Staff recommend that the South San Francisco City Council adopt a resolution approving the Third Amendment to the Disposition and Development Agreement with Hisense REUS, LLC for the development of the properties located at 200 Linden and 212-216 Baden Avenue and authorizing the City Manager to execute the amendment.

BACKGROUND/DISCUSSION

In October 2017, the City of South San Francisco (“the City”) entered into a Disposition and Development Agreement (“DDA”) with Hisense REUS, LLC (“the developer” or “Hisense”) for the development of 97 condominium units (including 19 Below Market Rate units) (“the Project”) at 200 Linden and 212-216 Baden Avenue (“the site”).

Pursuant to the DDA, the developer is obligated to complete the Project 18 months following the commencement of construction. Hisense began construction on November 14, 2018 with the expected completion date of May 2020. Due to the heavy rain, soil contamination clean-up and complications relating to PG&E’s implementation of California Public Utilities Commission Rule 20 (which relate to utility undergrounding and related issues), the project’s schedule has been impacted by delays of six to seven months.

To this end, in February 2020, Hisense requested to extend their construction schedule, see Attachment 1. Staff are supportive of the extension because the events causing delays were out of the developer’s control. Minor amendments to disposition agreements may be handled administratively which requires the City Manager’s approval, however, substantial amendments require consideration and approval by the City Council. The City’s practice is that, typically, any extensions to performance schedules that are six months or greater, are considered a substantial amendment. Therefore, Hisense’s current seven-month extension request requires City Council review and approval.

Given the current and future impacts of COVID-19, staff recommends the City Council consider extending the agreement by seven months initially, but to also allow one additional six-month extension, to be granted administratively at the discretion of the City Manager.

Hisense’s current construction schedule anticipates the Project being completed by December 2020.

FISCAL IMPACT

The approval of this amendment will have no impact on City funds. The developer has provided \$3,000 cost recovery deposit to cover staff time and expenses and the City Attorney costs for the processing of this

amendment.

CONCLUSION

Staff recommend that the City Council adopt a resolution approving the Third Amendment to the Disposition and Development Agreement with Hisense REUS, LLC extending the construction schedule by seven months, with one additional six-month administrative extension.

Attachment 1: Hisense extension to Schedule of Performance request (February 25, 2020)