

Transbay Block 4- Option Amendment

Commission on Community Investment and Infrastructure

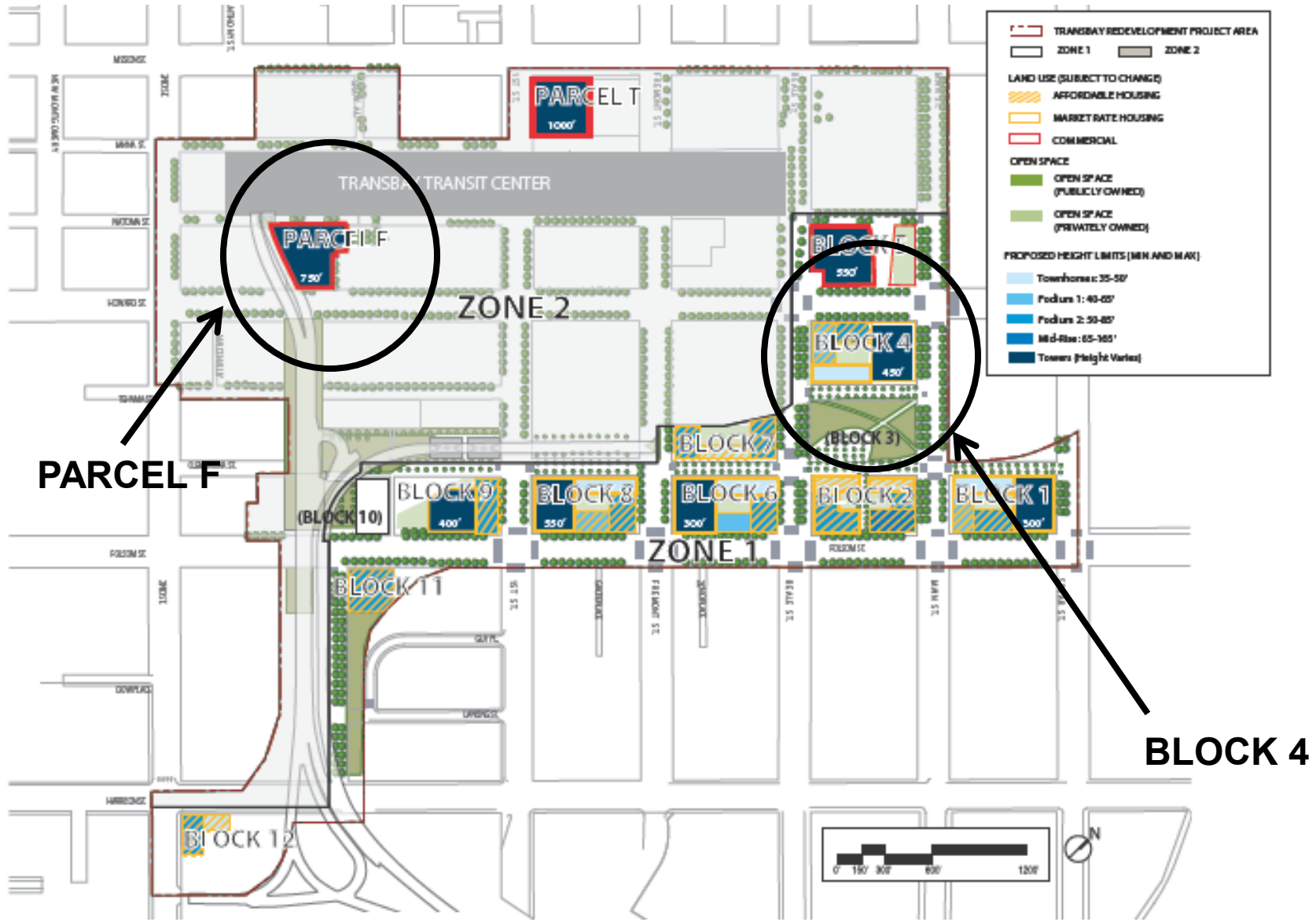
September 18, 2018



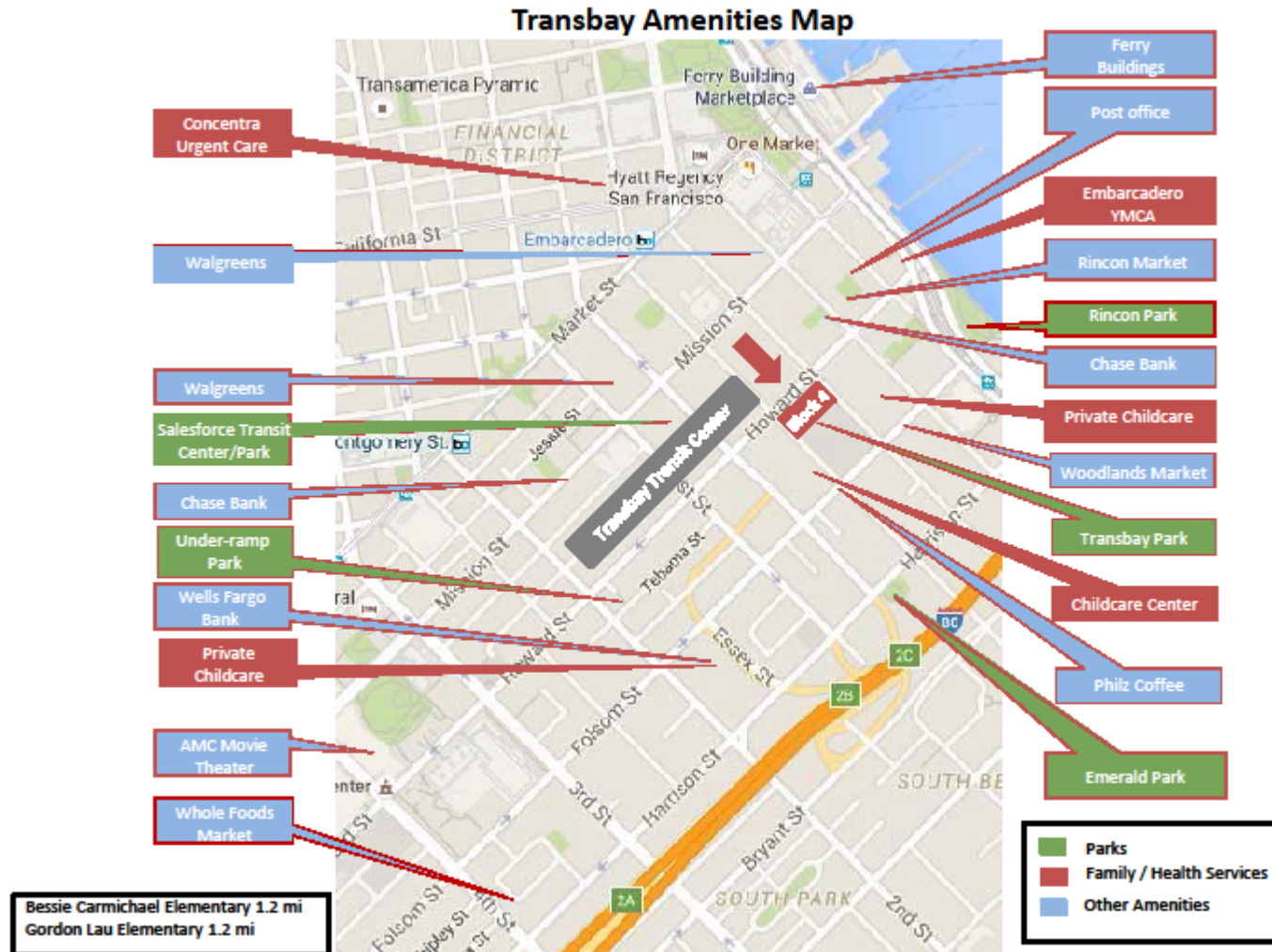
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Transbay Block 4 & Parcel F



Amenities Map

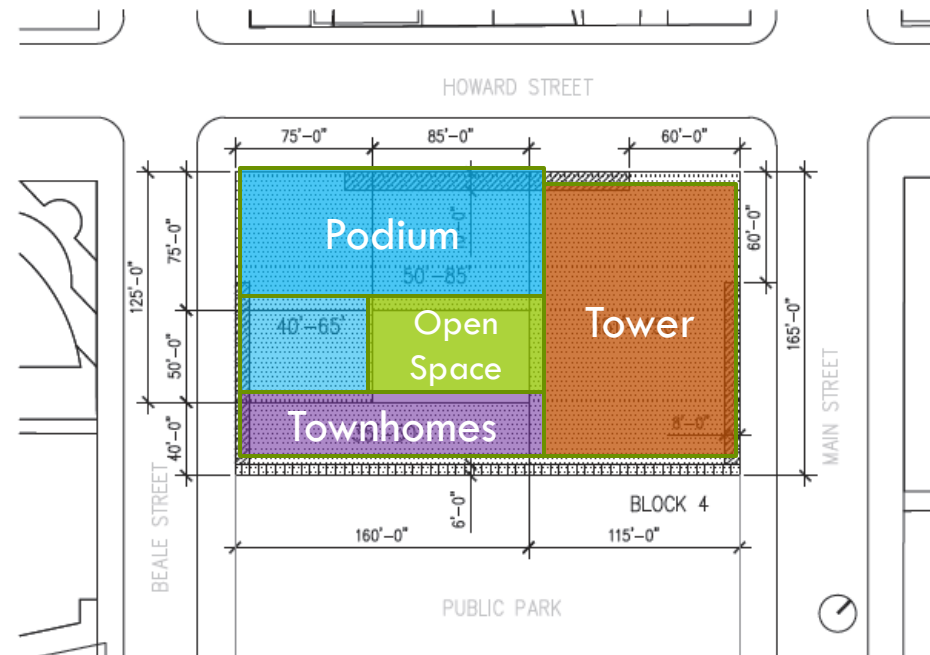
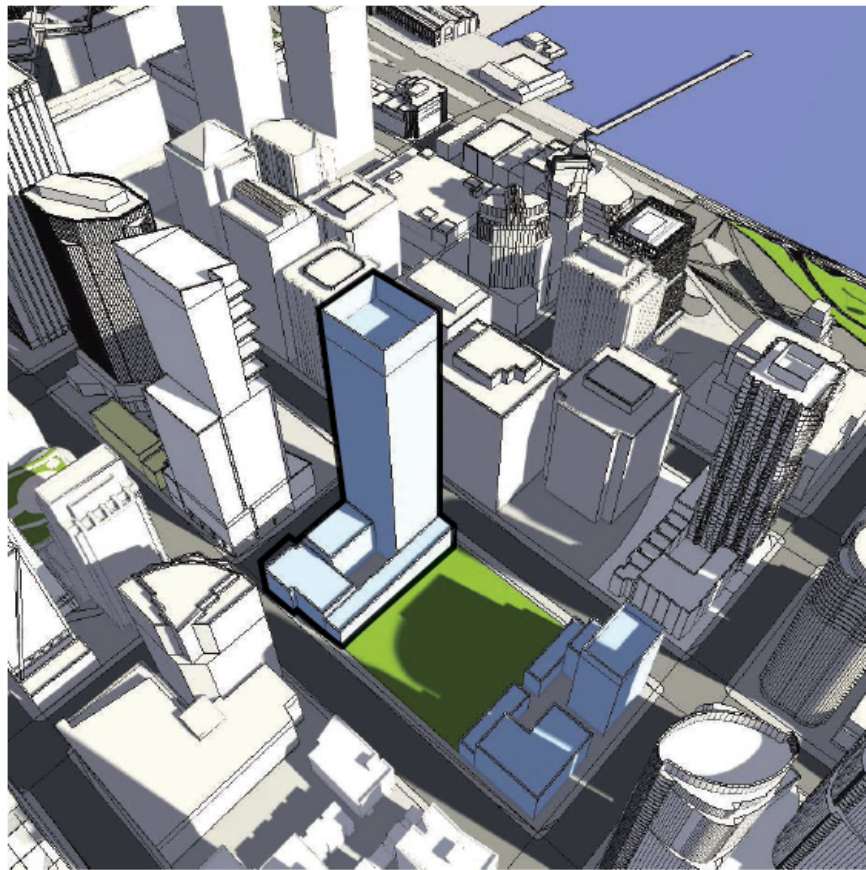


Background – Block 4

- Location: In Zone 1 and currently is site of Temporary Terminal
- Current Zoning: Up to 450' residential tower, adjacent 85' & 65' podium buildings, 50' townhomes; shared open space and parking
- Development Program: Mixed-income Residential
 - Affordable housing sufficient to maintain 35% Project Area Requirement
 - Block 4 serves as the “balancing” parcel
 - Under current zoning, 56% affordability needed to balance

Block 4 Zoning

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Existing Block 4 Option Agreement

Option Agreement approved in April 2016 in conjunction with TJPA approval of Parcel F sale

Developer: Hines/Urban Pacific/Goldman Sachs

Term: Through October 2018

Purchase Price: \$45 M, subject to negotiation/ appraisal

Affordable Housing Program: Meet Transbay 35%

Affordable Housing Partner: Commission approval of Developer's selection

Option Agreement: Community Benefits

- Effectively implement Redevelopment Plan requirements and objectives, including:
 - Housing for Certificate of Preference Holders
 - Meet or exceed policies for workforce and contracting, particularly for economically disadvantaged San Francisco residents and businesses
 - Commercial and community serving spaces for local businesses, non-profits at below-market rates

Progress to Date - Discussions on:

- Housing program and how best meet Transbay 35% affordability obligation
- Reviewing massing/height options
- Community Benefits Programs

Proposed Amendment to Option

- Extend through September 2019, plus 1 year extension
- Allows time for further negotiations on:
 - Heights & design issues
 - Housing program
 - Community benefits
 - OCII costs covered by Developer
- Non-binding term sheet included
- Mercy Housing as Affordable Housing Partner

Term Sheet: Proposed Project

- Increased Heights*:
 - Podium: from 65'/85' to 85'/150'
 - Tower: from 450' to 501'
- Housing: 49% Affordable in 3 Projects
 - 713 Units: 347 BMRs, 366 Market Rate
 - **Podium Rental:** 100% BMR. 191 units
 - **Tower Condo:** Market Rate, 146 units
 - **Tower Rental:** Mixed Income, 376 units
- Community benefits package

* *Requires Redevelopment Plan Amendment*

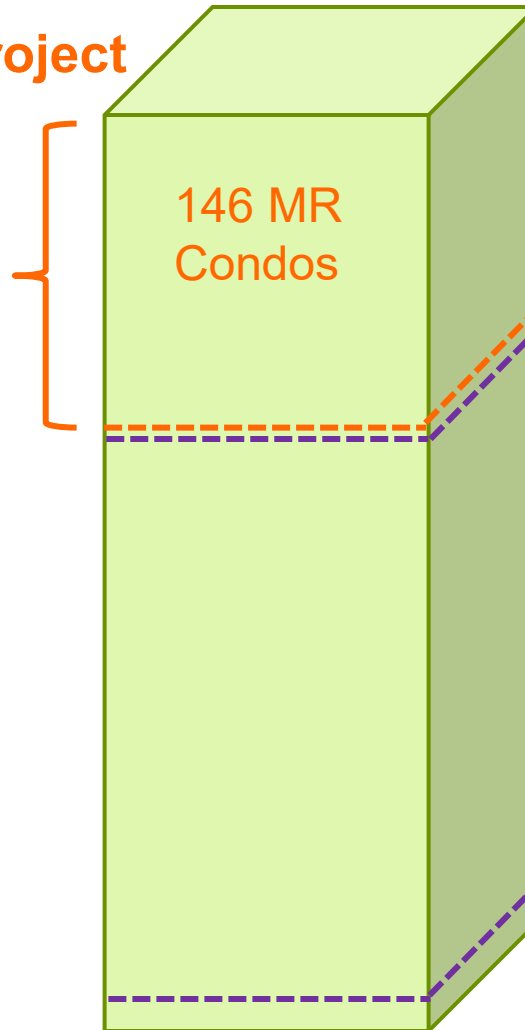
Term Sheet: 100% Affordable Podium

- Units:
 - 191 units in a separate tax-credit funded project
- Bedroom Mix:
 - 50% 1-Bedrooms
 - 30 % 2-Bedrooms
 - 20% 3-Bedrooms
- Affordability Levels:
 - 45% AMI to 100% AMI, average 73% AMI
 - Lowest income tiers to skew toward 1-Bedroom units to facilitate current COP trends
- Parking: 1:4 ratio (48 spaces)

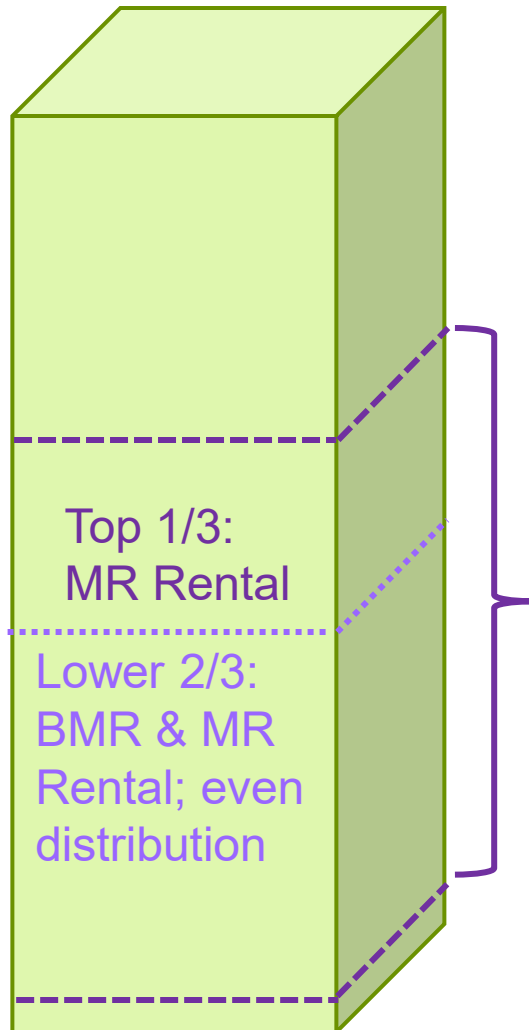
Term Sheet: Tower Condos

Market Rate Condo Project

- Floors 30-47
- 146 Units
 - 28% 1-BRs
 - 51% 2-BRs
 - 21% 3-BRs



Term Sheet: Tower Rental



Mixed-Income Rental Project

- Floors 2-29
- 376 Units:
 - 156 BMR Rentals:
 - 50% 1-BRs
 - 30% 2-BRs
 - 20% 3-BRs
 - 100-120% AMI
 - 220 Market Rate Rentals:
 - 47% 1-Bedrooms
 - 53% 2-Bedrooms

Tower: Other Proposed Terms

- Parking:
 - BMR parking provided at parity with MR
 - BMR cost: lesser of $\frac{1}{2}$ MR cost or operating cost of space
- BMR Unit Interior Comparability: comparable, high quality but identical finishes not required
- Tower Rental amenities to be equally shared with Podium and Tower BMR residents

Proposed Terms: Affordability

- Broad Range of Population Served by Income and Rent Levels

Block 4: Income Tiers Served and Affordable Rents				
	<u><=50%</u>	<u>51-80%</u>	<u>81%-100%</u>	<u>101%-120%</u>
Incomes 4 person HH	<=\$58,640	\$58,640-94,700	\$94,700-118,400	\$118,400-\$142,100
2-BR BMR rent	<=\$1,333	\$1,333-\$2,131	\$2,131-\$2,664	\$2,664-\$3,196
<i>2-BR Current Market Rent</i>	<i>\$5,500</i>	<i>\$5,500</i>	<i>\$5,500</i>	<i>\$5,500</i>
<i>% BMR rent below Market Rate rent</i>	<i>76%</i>	<i>69%</i>	<i>56%</i>	<i>47%</i>

Proposed Terms: Affordable Developer

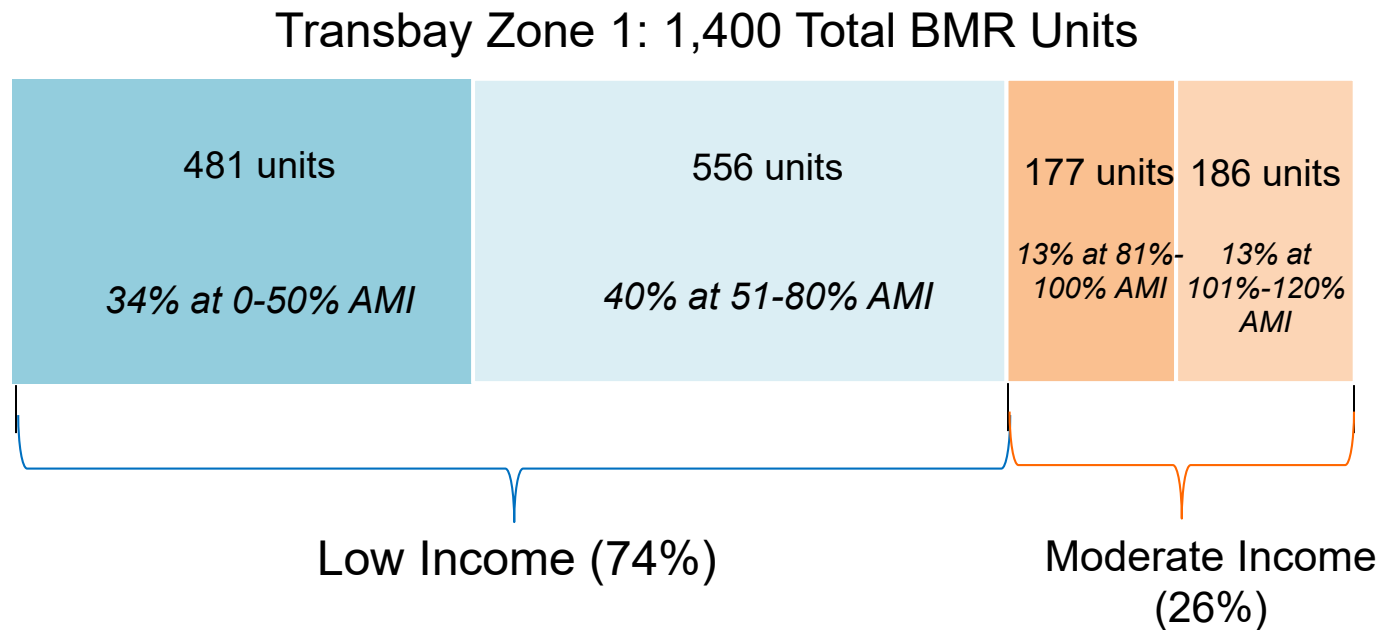
- Option Agreement: experienced and qualified non-profit affordable housing developer
- Developer has selected Mercy Housing:
 - Extensive development experience with large affordable projects in San Francisco
 - Participate in design, financing, marketing and lease-up decisions
 - Long term property management of Podium
 - Assist with BMR marketing and lease-up design of Tower
- Memorandum of Understanding

Proposed Terms: BMR Services Provisions

- Podium: two full time resident services
'Community Navigators'
- Services for individuals, families, and seniors
- Tailored to resident demographics and flexible over time as resident demographics evolve
- Connect to existing services at Mercy's adjacent TB Block 6 and TB Block 7

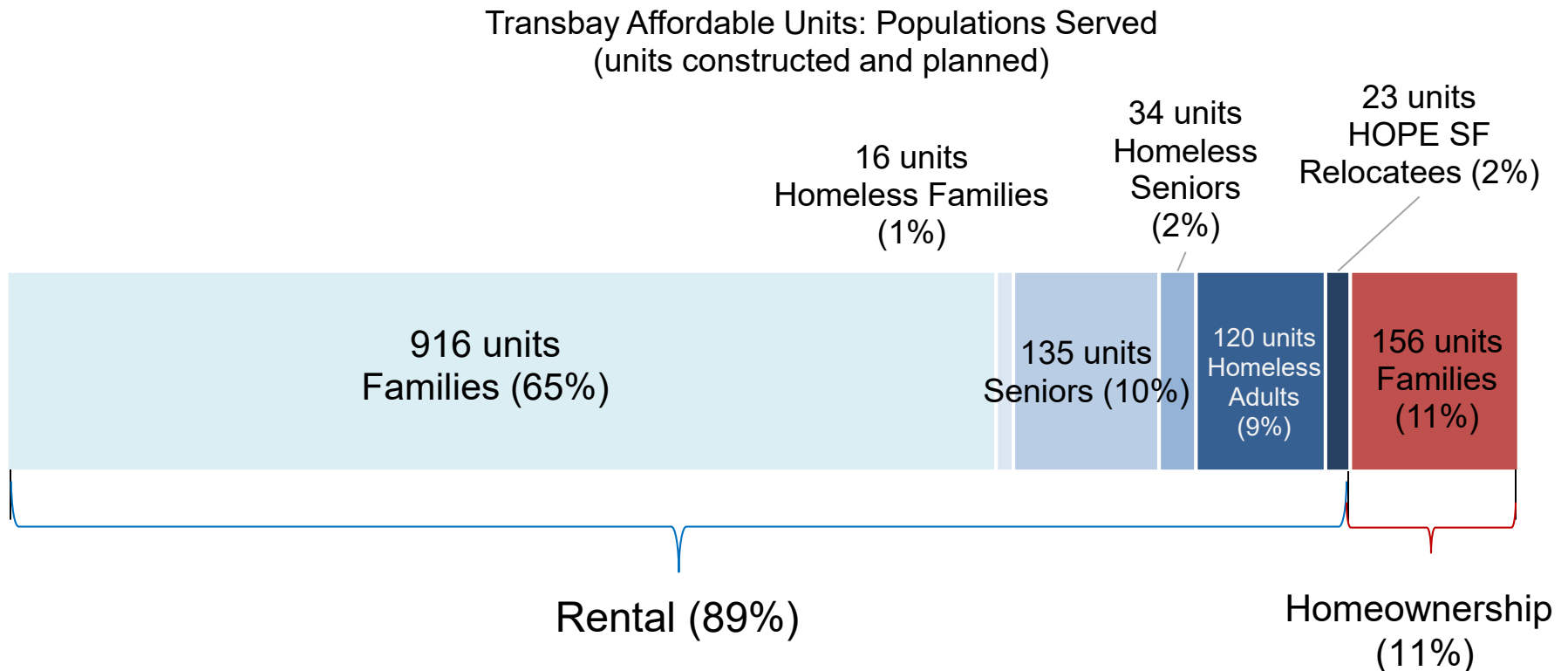
OCII Affordable Housing Program TB Zone 1

- OCII's housing program (Zone 1):
 - 10 blocks (9 in heart of Transbay, 1 future satellite site)
 - 3,244 total housing units; 1,400 BMRs at full build out (43%)



OCII Affordable Housing Program TB Zone 1

- By 2020, 726 affordable units will be completed
- Of the 1,400 BMR units, family rental, first-time homeownership, formerly homeless, seniors, & HOPESF housing types



Option Agreement: Community Benefits

- C.O.P. outreach to maximize placement:
 - Developer funded C.O.P. Survey
 - Strategy to maximize success of C.O.P. holders
 - Partnerships with local organizations
 - Site tours, case management for C.O.P.s
 - Rental readiness strategies
- Commercial space at below market rate:
 - 50% of ground floor space (approx. 6500 sf)
 - 50% market rate rents

Option Agreement: Community Benefits

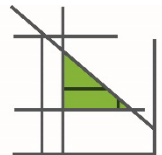
- Contracting/Workforce Mentoring & Capacity Building
 - \$100,000 to OCII for study on SBE capacity
 - \$25,000 per year for 3 years to existing technical assistance/training program
 - GC selection criteria to require participation in City's Mentor-Protégé Program
 - Best faith efforts to achieve SBE participation
- Transbay Park (Block 3) Maintenance Funding:
 - 0.5% fee on re-sales of Market Rate Condos

Next Steps

1. OCII Commission approval of the Option Amendment
2. OCII Commission and Board of Supervisors approval of a Variation to the Redevelopment Plan to allow for Parcel F to provide its inclusionary units offsite
3. OCII Commission and BOS approval of a Redevelopment Plan Amendment
4. OCII Commission approval of Schematic Designs and the DDA

Transbay Block 4

Thank you



OCII

office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

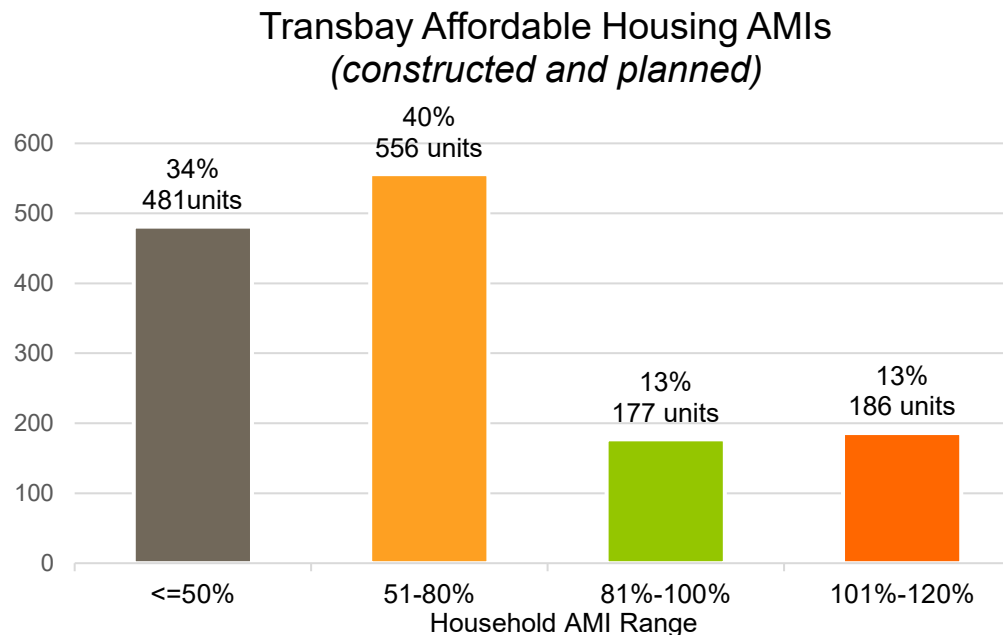
OCII Affordable Housing Program TB Zone 1

- Transbay Zone 1 detail by Block:

TB Zone 1 Totals						
Block	Total Units	MR	Inclusionary	OCII Aff	% Affordable	Status
Block 11	120	-	-	120	100%	Completed
Block 6	479	409	-	70	15%	Completed
Block 7	120	-	-	120	100%	Completed
Block 8	548	398	70	80	27%	In Construction
Block 9	545	436	109	-	20%	In Construction
Block 1	392	236	80	76	40%	In Construction
Block 2W	78	-	-	78	100%	Preliminary Planning
Block 2E	169	-	-	169	100%	Preliminary Planning
Block 4	713	366	347	-	49%	Preliminary Planning
Block 12	80	-	-	80	100%	Future
	3,244	1,845	606	793	43%	

OCII Affordable Housing Program TB Zone 1

- OCII's affordable housing program serves primarily very low and low income households, but also seeks to provide housing opportunities that serve household from 0% to 120% AMI
 - 481 units (34%) are 50% AMI and below
 - 556 units (40%) are 51%-80% AMI
 - 177 units (13%) are 81%-100%
 - 186 units (13%) are 101%-120%



Transbay Block 4

BMR Units Summary: OCII Sponsored Transbay Projects as of Sept 2018

				Area Median Income Distribution (MOHCD AMIs)				
				<u><=50%</u>	<u>51-80%</u>	<u>81%-100%</u>	<u>101%-120%</u>	<u>Total</u>
Completed & U/C Subtotal				461	109	126	30	726
				63%	15%	17%	4%	100%
Future Units								
Block 4				20	120	51	156	347
Block 2W				0	78	0	0	78
Block 2E				0	169	0	0	169
Block 12				0	<u>80</u>	<u>0</u>	<u>0</u>	80
Future Subtotal				20	447	51	156	654
				3%	68%	8%	24%	100%
Total Completed, U/C, Future Units				481	556	177	186	1,400
% of Total Affordable				34%	40%	13%	13%	

OCII Affordable Housing Program TB Zone 1

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- Zone 1 remaining blocks: Block 4, Block 2 East & West, and Block 12
- Zone 1 currently has no moderate income rental units
- Block 4: proposed as primarily moderate income rental units, providing housing opportunities for this historically under-served income range
 - 347 BMR units
 - 207 moderate income units
 - 140 low income units
- Block 2 East & West: OCII RFP to be released in 2018, 250 low income units (169 senior and 78 family units) at 60% AMI or less
- Block 12: TBD, availability of site not expected within next 5 years

Proposed Terms: Housing Benefits

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- Robust income tiering in Podium:
 - 45%-60% AMI: 20 units
 - 61%-80% AMI: 120 units
 - 81%-100 AMI: 51 units
 - 73% average AMI
- Tower BMR units all rental up to 120% AMI
- 70 BMR three-bedroom units (exceeds OCII Housing practices)