



Transbay Block 2 East



Commission on Community Investment and Infrastructure
August 15, 2023

Requested Actions

- 5(b) Commitment of approximately \$62M in permanent residential gap loan funding
- 5(c) Authorization of First Amendment to Predevelopment Loan Agreement to increase the loan amount by \$4.5M, for an aggregate loan amount of \$8M
- 5(d) Authorization of Horizontal Ground Lease with funding of approximately \$2.3M for Block 2 site preparation

Transbay Plan Area Background

- Transbay Redevelopment Plan Area created in 2005
- Purpose:
 - Create a new mixed-use, mixed-income neighborhood
 - Alleviate blight caused by freeway demolition post 1989 earthquake
 - Generate funding for construction of Salesforce Transit Center
- Project Area split into two zones:
 - Zone 1: OCII has land use authority
 - Zone 2: SF Planning Department has land use authority
- Zone 1 development to date
 - 2,196 total residential units
 - 721 affordable units

Block 2 Background

- June 2020: request for proposals
- April 2021: Commission approved Exclusive Negotiations Agreement and Predevelopment Loan Agreements for 2 West and 2 East
- November 2022: Commission approved schematic designs and related actions
- May 2023: Commission approved gap loan commitment and additional predevelopment funding for 2 West financing



Design



Design

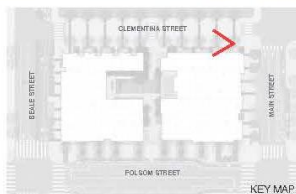


Design

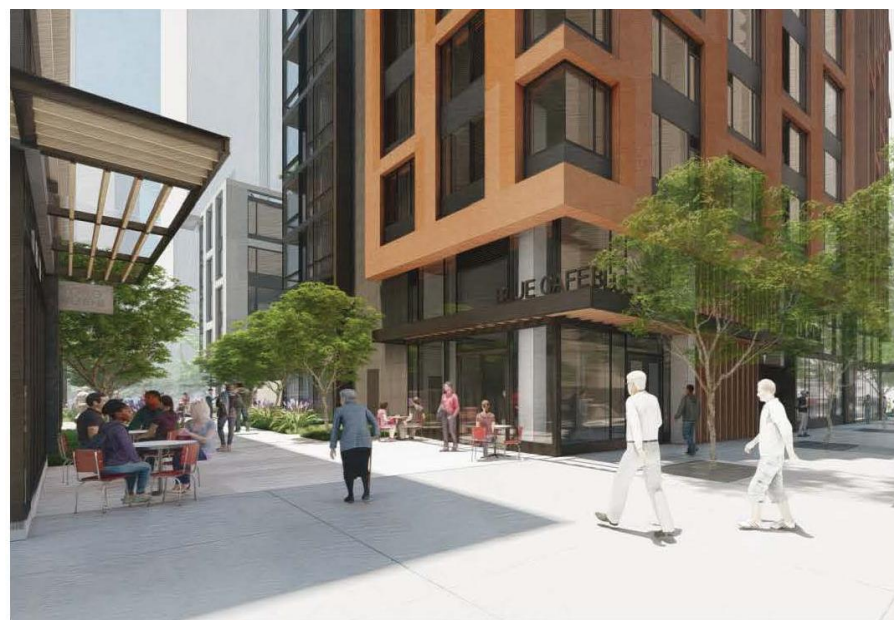
Clementina Street



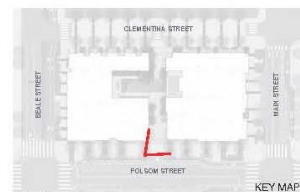
TB-2 East: Family Building



Folsom Street



TB-2 East Retail - 2E-B



Block 2 Development Team



2 West (senior building)

Developer/operator/services provider:
Chinatown Community Development Center
Architects: Mithun (lead), Kerman Morris
Architects (associate)
Landscape architect: Plural Studio

2 East (family building)

Developer/operator: **Mercy Housing**
Services provider: Episcopal Community Services (case management)
Childcare operator: Wu Yee
Architects: Kennerly Architecture & Planning
Associate (lead), YA Studio (associate)
Landscape architect: Plural Studio

Development Program

Total Units	184 (including two manager's unit)
Population Served	Families, families experiencing homelessness (40 units)
Income Levels (MOHCD)	40% AMI – 6 units (3%) 50% AMI – 40 units (LOSP)* (22%) 60% AMI – 100 units (55%) 80% AMI – 36 units (20%)
Unit Mix	17 studio (9%) 76 one-bed (41%) 54 two-bed (30%) 37 three-bed (20%)
Commercial	1,959 sf retail (2 spaces) 6,447 sf childcare facility (serving approx. 45 children)
Parking	0 vehicle 92 class I bicycle

** While LOSP units are restricted at 50% MOHCD AMI per program guidelines, tenants referred to LOSP units are typically extremely low-income (at or below 30% AMI)*

Project Financing

OCII Funding	
OCII permanent residential gap loan	\$61,961,845
OCII permanent commercial space loan	\$8,676,682
Horizontal Project	\$2,333,653
Total OCII Funding	\$72,972,179

Residential Financing	
OCII permanent residential gap loan (includes predevelopment funds)	\$61,961,845
Low-Income Housing Tax Credit equity	\$96,366,136
Affordable Housing and Sustainable Communities loan	\$28,000,000
Deferred developer fee	\$540,000
Residential Total	\$186,867,981
Residential Total Per Unit	\$1,015,587

Gap Funding Commitment

- Needed to demonstrate local contribution for CDLAC/TCAC application purposes
- Commitment in an amount of approx. \$62M
- Authorizes Executive Director to provide commitment letter and/or related documents
- Sponsor will seek Commission authorization of an amended and restated loan agreement and commercial loan agreement in early 2024

First Amendment to Loan Agreement

- **Funding amount:** increases funding amount by \$4.5M to a total of \$8M
- **Primary Uses:** Professional design work by construction contractors to improve efficiency during construction, architecture and engineering fees, permit fees, utility fees, professional contracts

Original loan	\$3,500,000
<i>Drawn to date</i>	<i>\$2,746,429</i>
<i>Remaining balance</i>	<i>\$753,571</i>
Additional loan funds	\$4,500,000
Total Predevelopment Loan	\$8,000,000

First Amendment to Loan Agreement

- **Maturity Date:** extends by three months to July 6, 2024; allows for one or more discretionary extensions for up to 9 months to allow for subsequent CDLAC/TCAC applications if needed
- **Loan Conditions:** updates loan conditions to reflect development progress, continue cost containment efforts, and address other remaining issues
- **Schedule of Performance:** updates dates to reflect current financing schedule

Horizontal Ground Lease

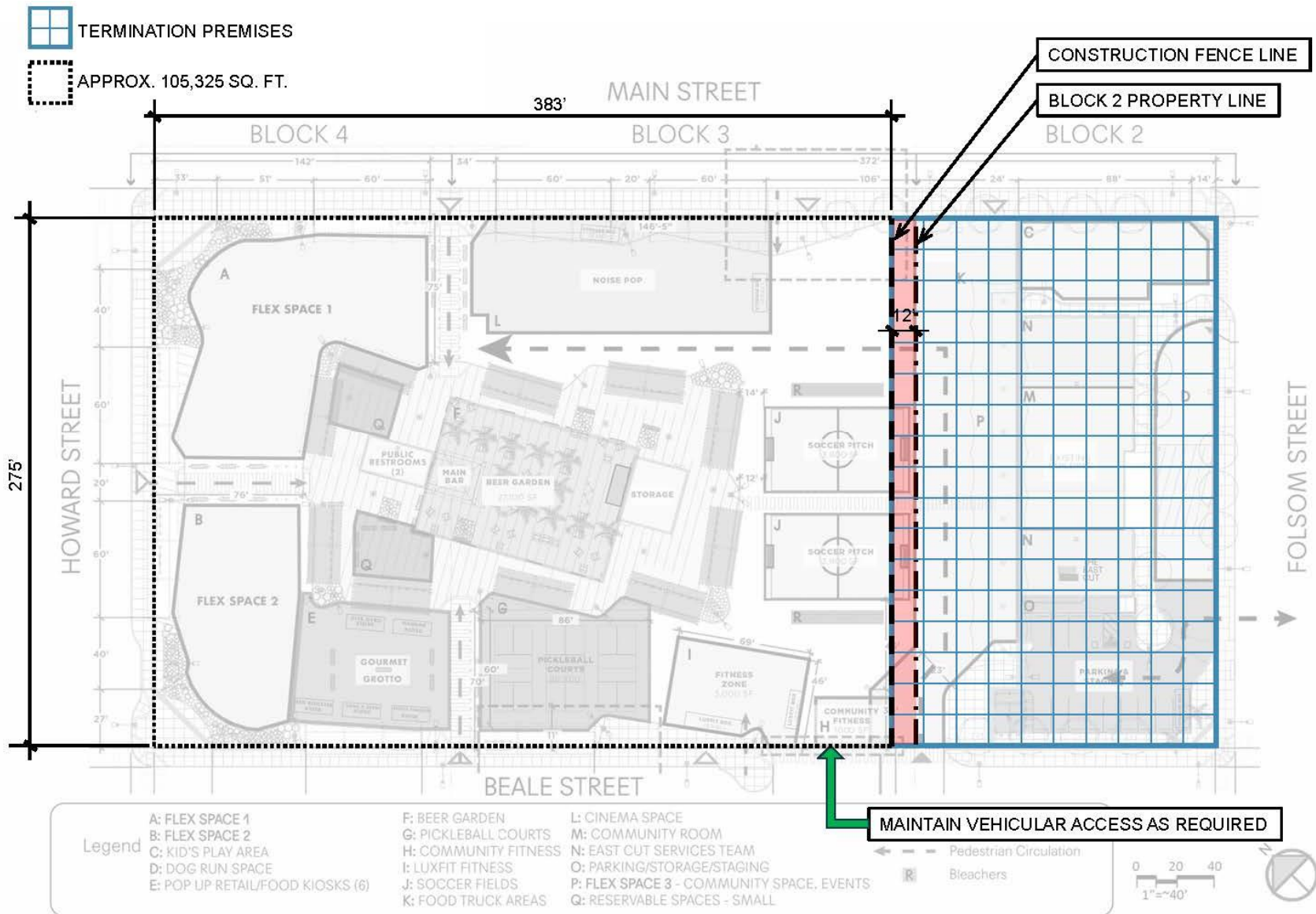
- Short-term site control, beginning September 22 and terminating upon effective date of long-term project ground leases
- Scope of Horizontal Project:
 - Demolition/removal of existing building, paving, canopies, landscaping
 - Removal of below grade freeway piles
 - Utility removal/relocation
 - Archeological trenching

Funding for Horizontal Project: \$2,333,653

Interim Activation

- East Cut Landing Partners (“ECLP”) operates an interim activation on the full, three-block temporary terminal site
- Block 2 work will impact use of the Greyhound building, dog run, public outdoor fitness area, and soccer pitches (as shown on next slide)
- OCII staff is working with ECLP to facilitate relocation of these uses within the remaining activation area while preserving as much of the current operations as possible.

Interim Activation



Contracting and Workforce Compliance

- Professional services:
 - 87.6% Small Business Enterprise (“SBE”)
 - 81.8% San Francisco SBE
 - 33.9% Minority Owned SBE
 - 41.7% Women Owned SBE
- Developer selected Swinerton Builders and Rubecon Builders (a minority-owned San Francisco-based SBE) joint venture as the general contractor for the Project
- Workforce
 - Contractor partnering with SBEs for key scopes of work
 - Establish plan for meeting local hiring goals

Schedule

Timeframe	Milestone
August 2023	- AHSC award <i>Senior Project: CDLAC/TCAC award</i>
September 2023	CDLAC/TCAC application
Sep 2023 – Jan 2024	Demolition/site preparation work
November 2023	<i>Senior Project: Commission action</i>
December 2023	CDLAC/TCAC award
February 2024	<i>Senior Project: close of financing, start construction</i>
March 2024	Commission consideration of: - Amended and Restated Loan Agreement (residential) - Ground Lease (residential) - Commercial Loan Agreement - Commercial Ground Lease
March/April 2024	<i>Senior Project: Early outreach plan, start of COP affirmative marketing</i>
May 2024	Close of financing, start construction
June/July 2024	Early outreach plan, start of COP affirmative marketing
January 2026	<i>Senior Project: construction complete</i>
April 2026	Construction complete

Thank you!



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- Wait for your line to be unmuted
- You will have 3 minutes to provide a comment

Anchoring Retail

