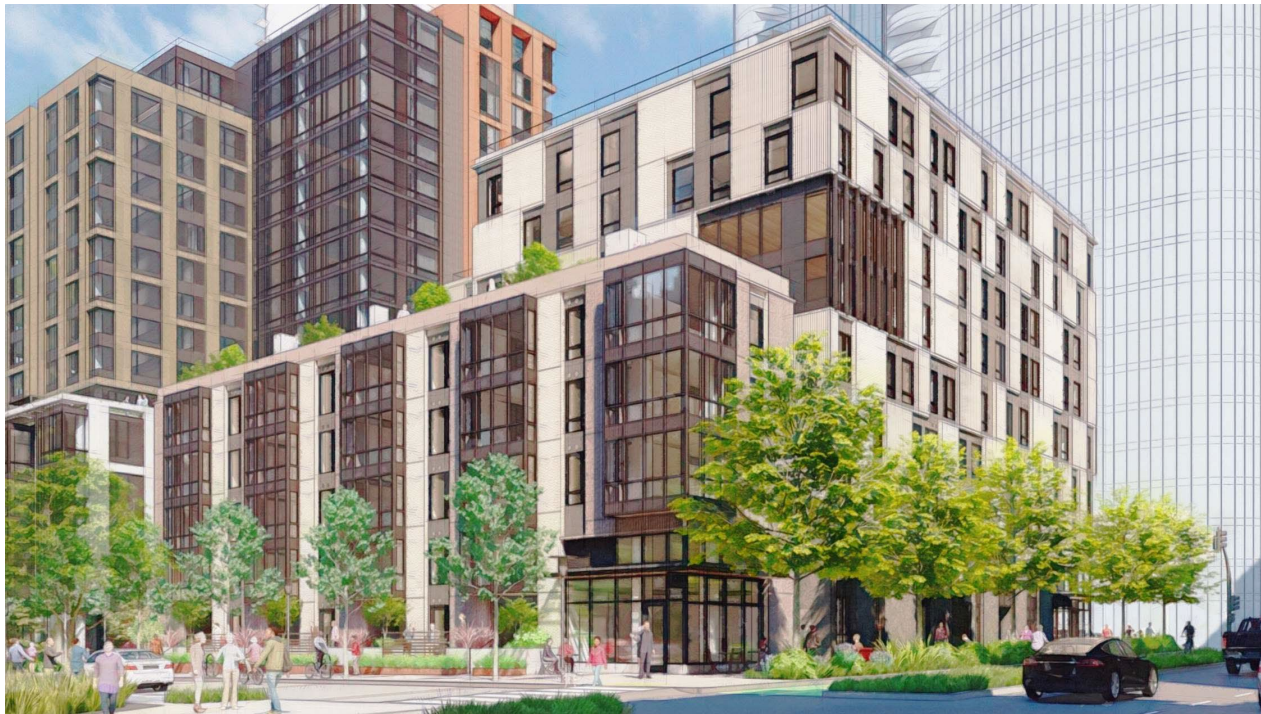




Transbay Block 2 West



Commission on Community Investment and Infrastructure
May 2, 2023

Requested Actions

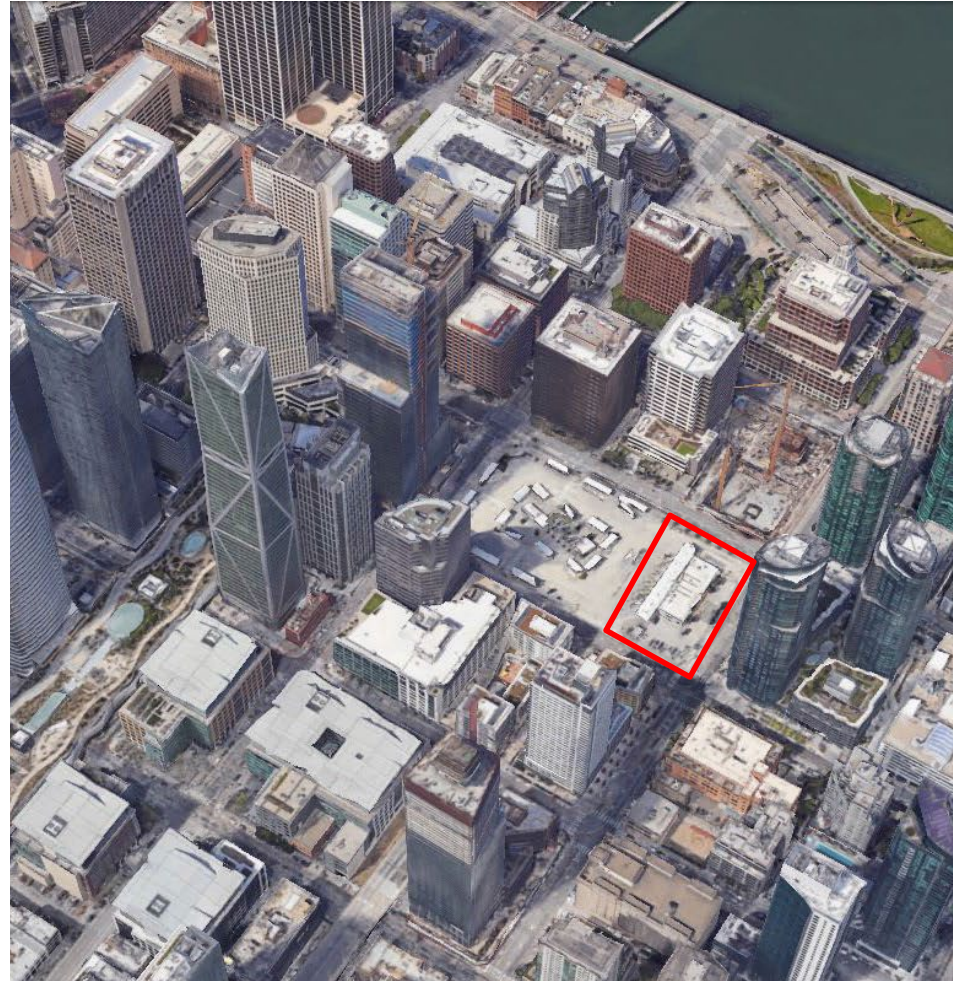
- 5(c) Commitment of \$46,260,000 in permanent residential gap loan funding
- 5(d) First Amendment to Predevelopment Loan Agreement to increase the loan amount by \$3,086,119

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
- April 2023: Loan Committee approved 2 West financing



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	151 (including one manager's unit)
Population Served	Seniors, seniors experiencing homelessness (30 units)
Income Levels	15% AMI – 30 units (SOS) 25% AMI – 30 units (SOS) 30% AMI – 24 units 50% AMI – 66 units (including 30 LOSP)
Unit Mix	39 studio (26%) 111 one-bed (74%) 1 two-bed (manager's unit)
Commercial	2,945 sf retail (3 spaces) Vendor cart pad
Parking	0 vehicle 12 class I bicycle

Financing Plan

- Total development cost: approx. \$132M
- Key financing sources:
 - Low-Income Housing Tax Credit equity (“LIHTC”) paired with tax-exempt bond as allocated by the California Debt Limit Allocation Committee (“CDLAC”) - approx. \$60M
 - California Department of Housing and Community Development Infill Infrastructure Grant (“IIG”) – approx. \$6M
 - OCII loans:
 - OCII Gap Loan (residential) - approx. \$62M
 - Commercial Space Loan – approx. \$2.5M
 - Site improvement funding (through Mercy Housing)

Gap Funding Commitment

- Needed to demonstrate local contribution for CDLAC/TCAC application purposes
- Commitment in an amount of approx. \$46M, consistent with FY 22-23 ROPS and funds in hand
- Authorizes Executive Director to provide commitment letter or related documents
- Sponsor will seek full OCII Gap Loan amount and Commercial Space Loan in fall 2023

First Amendment to Loan Agreement

- **Funding amount:** increases funding amount by approx. \$3M to a total of approx. \$6.6M
- **Primary Uses:** Professional design work by construction contractors to improve efficiency during construction, permit fees, professional contracts including archaeological testing

Original loan	\$3,500,000
<i>Drawn to date</i>	<i>\$1,542,914</i>
<i>Remaining balance</i>	<i>\$1,957,086</i>
Additional loan funds	\$3,086,119
Total Predevelopment Loan	\$6,586,119

First Amendment to Loan Agreement

- **Maturity Date:** allows for two discretionary extensions 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 financing schedule

Project Schedule

Timeframe	Milestone
May 2023	CDLAC/TCAC application
June 2023	IIG application
July 2023	Commission consideration of site improvement loan (Mercy)
August 2023	CDLAC/TCAC award
August 2023 – January 2024	Demolition/site preparation work (by Mercy)
October/November 2023	Commission consideration of: • Amended and Restated Loan Agreement (residential) • Ground Lease (residential) • Commercial Loan Agreement • Commercial Ground Lease
January/February 2024	Close on construction financing, start construction
January 2026	Construction complete

Thank you!



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- Press *3 to submit your request to speak
- Wait for your line to be unmuted
- You will have 3 minutes to provide a comment