OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

122-0302016-146

TO: Supervisor Scott Wiener, Land Use and Transportation Committee Member

CC: Alisa Somera, Assistant Clerk, Land Use and Transportation Committee
Tiffany Bohee, Executive Director

FROM: Shane Hart, Transbay Project Manager

DATE: April 8, 2016

SUBJECT: Draft 33433 Report for Transbay Block 1

Attached is a draft report on the sale of Transbay Block 1 prepared pursuant to the requirements of Section 33433 of the California Health and Safety Code ("33433 Report"). Specifically, Section 33433 requires that before any property that was acquired, in whole or in part, with tax increment funds is sold or leased for development by a redevelopment agency, the sale or lease shall first be approved by its legislative body for the purpose, among others, of determining whether the consideration for the property constitutes fair market or fair reuse value in light of the covenants, conditions and development costs associated with the sale. However, as further explained below, this report and the determination are not currently before the Board of Supervisors, but will be scheduled after the Commission on Community Investment and Infrastructure considers the sale at a future meeting.

In the case of Transbay Block 1, the Owner Participation/Disposition and Development Agreement ("OP/DDA") between the Office of Community Investment and Infrastructure (OCII) and Block One Property Owner, L.P., an affiliate of Tishman Speyer, for the sale of an OCII-owned parcel is still being negotiated and thus has not yet been approved by the Commission on Community Investment and Infrastructure. Therefore, the 33433 Report is in draft form. It is being submitted to the Land Use and Transportation Committee solely for informational purposes in connection with the Committee's consideration of the General Plan Amendment to revise Map 5 of the Downtown Area Plan.

The final 33433 Report will be submitted to the Board of Supervisors for consideration at a public hearing to be held at a later date, subsequent to approval of the OP/DDA by the Commission on Commission Investment and Infrastructure.

Attachment: Draft Block 1 33433 Report

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TO: Supervisor Aaron Peskin, Land Use and Transportation Committee Member

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Tiffany Bohee, Executive Director

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Attachment: Draft Block 1 33433 Report

Edwin M. Lee
MAYOR

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DRAFT 33433 Report

Transbay Block 1
May _, 2016

INTRODUCTION

This report is submitted consistent with the requirements of Section 33433 of the California Health and Safety Code ("33433 Report"). Specifically, Section 33433 requires that before any property that was acquired, in whole or in part, with tax increment funds is sold or leased for development by a redevelopment agency, the sale or lease shall first be approved by its legislative body by resolution after a public hearing. The Board of Supervisors ("BOS") is the legislative body for purposes of Section 33433.

On _______________, the Commission on Community Investment and Infrastructure ("OCII Commission") approved an Owner Participation/Disposition and Development Agreement ("OP/DDA") with Block One Property Owner, L.P., an affiliate of Tishman Speyer ("Developer"), for the development of a residential project on Transbay Block 1 in the Transbay Redevelopment Project Area ("Project Area"). Prior to entering into the OP/DDA, the Office of Community Investment and Infrastructure ("OCII"), as the successor to the former San Francisco Redevelopment Agency ("Former Agency"), must submit the 33433 Report to the BOS for its consideration and approval.

BACKGROUND

Transbay Affordable Housing Obligation

The Project Area was established in June 2005 with the adoption of the Redevelopment Plan for the Transbay Project Area (the "Redevelopment Plan") by the BOS. The purpose of the Redevelopment Plan was to redevelop 10 acres of property owned by the State of California to generate funding for the Transbay Joint Powers Authority to construct the Transbay Transit Center and meet the affordable housing requirements of Assembly Bill 812 ("AB 812"). AB 812 requires OCII, as Successor Agency to the Former Agency, to ensure that a total of 25% of the residential units developed in the Project Area be available to low income households, and an additional 10% be available to moderate income households, for a total of 35% affordable housing units across the Project Area (the "Transbay Affordable Housing Obligation"). Per the Redevelopment Plan, individual residential projects of more than 10 units within the Project Area are required to provide a minimum of 15% onsite affordable units. Therefore, in order to meet the Transbay Affordable Housing Obligation, certain parcels in Zone One of the Project Area must be developed with a greater percentage of onsite affordable housing units than the 15% required by the Redevelopment Plan.

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Block 1

The Site

Transbay Block 1 is a 53,622-square-foot site on the north side of Folsom Street between Main and Spear Streets, two blocks south and two blocks east of the future Transbay Transit Center. It is comprised of five legal parcels: Assessor's Block 3740, Lots 027, 029, 030, 031, and 032. Lot 027 ("OCII Parcel") is owned by OCII, having been acquired by the Former Agency in 2003 in furtherance of the Transbay Affordable Housing Obligation. The remaining parcels are privately owned by the Developer.

The Exclusive Negotiations Agreement

The Redevelopment Plan and Development Controls and Design Guidelines for the Transbay Redevelopment Project specify that the OCII Parcel be aggregated with the private parcels for suitable for residential development on Block 1. To that end, the Developer approached OCII about a possible purchase of the OCII Parcel. In November 2014, OCII entered into an Exclusive Negotiation Agreement ("ENA") with the Developer to set forth the terms and conditions upon which the parties would negotiate for (a) the sale of the OCII Parcel to the Developer and (b) the development of a combined affordable and market-rate homeownership project. The ENA included two project scenarios: 1) a project with a 300-foot tower that was compliant with the height limits in the Redevelopment Plan and 2) a project with a 400-foot tower that required an amendment to the Redevelopment Plan. The 33433 Report focuses only on the 400-foot tower alternative.

The Project

Pursuant to the OP/DDA, the proposed project on Block 1 is a combined affordable and market-rate homeownership project with 391 units ("Project"). Of those, 156 of the units will be affordable to moderate income households, resulting in an overall project affordability level of 40%. Overall, the Project includes:

- A 400-foot residential tower and adjacent townhomes with 315 for-sale units. Of those 315 units, 235 units (75%) will be market-rate units. The remaining 80 units (25%) will be inclusionary affordable units dispersed in the first 26 floors of the tower and in the townhouses. Of those 80 affordable units ("Developer Affordable Project"), which will be subsidized solely by the Developer, 50 will be affordable to households earning no more than 100% of area median income ("AMI") and 30 will be affordable to households earning no more than 120% of AMI;
- An OCII-subsidized affordable housing component consisting of 76 for-sale units affordable to households earning between 80% and 100% of AMI (with an average of 90% AMI) in two 65-85 foot podium buildings ("OCII Affordable Project");
- Streetscape improvements including the extension of Clementina Street on the northern edge of the site and sidewalks along Folsom, Main and Spear Streets;
- Ground-floor retail space along Main, Folsom, and Spear Streets;
- Shared amenity spaces (for all residents), including an outdoor courtyard on Level 2 of the podium, an outdoor terrace on the roof of the townhomes, and an adjacent lounge space; and
- A shared underground parking garage with approximately 334 stalls.

In order to help preserve the affordability of the affordable units, separate homeowner associations for the affordable and market-rate units will be created under a master homeowners association that will govern shared Project amenities and costs.

The components of the Project are illustrated on the Development Concept included as Attachment 1.

33433 REPORT COMPONENTS

The following sections present the information required to be contained in the 33433 Report, in accordance with Health and Safety Code Section 33433. (The bolded and italicized text is excerpted from Section 33433.)

a)(2)(A) A copy of the proposed sale or lease.

Pursuant to Section 33433, a copy of the OP/DDA is included with this report as Attachment 2 and both the OP/DDA and the 33433 Report were submitted to the Clerk of the BOS and made available for public inspection and copying in advance of __________, 2016, the date of the first publication of the notice for the ____________, 2016 BOS public hearing to consider approval of the 33433 Report.

(a)(2)(B)(i) The cost of the agreement to the agency, including the land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreement.

Under the ENA, the Developer agreed to pay OCII $19,180,000 million for the OCII Parcel. In return, OCII agreed to contribute $20,900,000 to fund a portion of the production cost of the 76 units in the OCII Affordable Project, or $275,000 per unit. Under the OP/DDA, the parties agreed that the Developer would pay the $19,180,000 purchase price for the land by funding the entire construction cost of the OCII Affordable Project without the OCII subsidy of $20,900,000 agreed upon in the ENA. With this structure, OCII is effectively still providing a subsidy for the OCII Affordable Project ($19,180,000 as opposed to the $20,900,000 in the ENA), but realizes a net savings of approximately $1,720,000. All other costs related to the clearance and development of the site will be paid by the Developer.

(a)(2)(B)(ii) The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the plan.

The OCII Parcel was appraised by Carneghi-Blum & Partners, Inc. based on the highest and best use with a 400 foot height limit and a 20% inclusionary housing requirement in the tower, and an overall project affordability level of 35%. The appraisal determined that the value as of July 2014 was $19,180,000. In November 2014, OCII entered the ENA with the Developer based on the appraised value.

(a)(2)(B)(iii) The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, then the agency shall provide as part of the summary an explanation of the reasons for the difference.

The consideration OCII is receiving under the OP/DDA for the OCII Parcel consists of several value components, as further detailed in the memorandum from Keyser Marston Associates included with this report as Attachment 3:

- The purchase price of $19,180,000;
- Lost Developer revenues of approximately $17,000,000 as a result of negotiated changes in the percentage of affordable units and the distribution of affordable units in the Developer Affordable Project. Specifically, the percentage of affordable units in the Developer Affordable Project agreed upon in the ENA increased from 20% to 25% of the units in the Developer Affordable Project, resulting in a change in the overall level of Project affordability from 35% to 40%. In addition, the location of the units in the Developer Affordable Project changed from the lower floors of the tower, as agreed upon in the ENA, to the first 26 floors of the tower; and
- The Developer's obligation to fund the full cost of the construction of the OCII Affordable Project, which results in a net cost to the Developer of approximately $14,000,000 because the construction costs exceed the projected sales revenues for these units. Under the OP/DDA, the parties agreed that the Developer would pay the $19,180,000 purchase price for the land by funding the entire construction cost of the OCII Affordable Project without the OCII subsidy of $20,900,000 agreed upon in the ENA. With this structure, OCII is effectively still providing a subsidy of $19,180,000 for the OCII Affordable Project, but this subsidy is not sufficient to cover the gap between the cost of constructing the OCII Affordable Project and anticipated sales revenues. The development cost is estimated to be approximately $50,500,000. The sales revenue from the units in the OCII Affordable Project is estimated to be $17,300,000, resulting in a gap between the development costs and revenues of $33,200,000. A portion of this gap will be covered by the effective OCII subsidy of $19,180,000; the balance of approximately $14,000,000 will be paid by the Developer

Taking all of these factors into account, the consideration to be received by OCII is approximately $50,180,000 comprised of: (1) the appraised value of $19,180,000, (2) the lost $17,000,000 of revenue to the Developer resulting from the increase in the percentage of affordable units and the relocation of the affordable units in the Developer Affordable Project, and (3) the $14,000,000 gap being funded by the Developer for construction of the OCII Affordable Project. Therefore, the consideration being received by OCII is higher than the fair market value of the OCII Parcel as determined by an independent appraiser. In addition, as further detailed in Attachment 3, the consideration being received by OCII equates to a consideration of $253,440 per tower unit. This per unit consideration is substantially higher than the consideration that OCII has received on its two most recent residential transactions in Transbay: $150,000 per unit on Block 8 and $79,486 per unit on Block 9, both of which closed escrow in 2015.

(a)(2)(B)(iv) An explanation of why the sale or lease of the property will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation.

The OCII Parcel was formerly occupied by a portion of the Embarcadero Freeway, which was demolished after the 1989 Loma Prieta Earthquake. After the freeway was demolished, the OCII Parcel was a surface parking lot operated by the State of California. Surface parking was identified as an economic indicator of blight in the 2005 Report on the Redevelopment Plan for the Transbay Redevelopment Project ("Report on the Plan"), which was prepared as part of the adoption materials for the BOS. The section of the Report on the Plan titled "Underutilized Areas and Vacant Lots" on Page V-8 states, "Given the Project Area's density and location in the

Financial District, surface parking lots do not maximize the economic and development potential of the lot or area." The OCII Parcel is identified as an "Underutilized Area" on Figure V-3 in the Report on the Redevelopment Plan. The development of the Project on Block 1 will assist in the elimination of blight by transforming a vacant, underutilized surface parking lot, bringing quality architecture and new homes to the community.

Additionally, the development of the Project will assist in the elimination of blight by providing housing opportunities for moderate income households, a population whose housing needs are underserved. Land availability, high construction costs, and financing tools result in new housing development in San Francisco that skews toward both high income and low income residents, but minimal production for middle income households. Financing tools available to both market-rate and non-profit affordable developers in San Francisco are a key determinant in the types of housing that gets built in the City and whom that housing is built for. Extremely high development costs in San Francisco influence market-rate developers to build product serving high income residents that maximizes developer profit. On the opposite end of the spectrum, non-profit affordable housing developers are also constrained, but for different reasons. Affordable housing developers face similar challenges in terms of expensive land and high construction costs. The issue of expensive San Francisco land is often mitigated by the City and OCII's policy of providing City-owned sites to affordable housing developers using below market rate ground leases. These leases often restrict use of the site for affordable housing targeted to households earning less than 60% AMI. Furthermore, the Federal (Low-Income Housing Tax Credits), State (Multifamily Housing Program [MHP] or Affordable Housing & Sustainable Communities [AHSC]), and City (Local Operating Subsidy Program [LOSP]) financing tools non-profit developers rely on to build affordable housing also target specific low income populations earning as little as 10% of AMI for the City's formerly homeless population to no more than 60% AMI for many of the other financing programs. These policies result in affordable housing serving very low income and low income households. Consequently, very few units for middle income households (those earning between 80% - 120% AMI) are built because market-rate developers are not incentivized to build this product, affordable developers generally only have access to financing tools for housing serving households earning 60% or less; very few resources exist to induce developers to construct middle income housing. Therefore, a project like this Block 1 Project that is providing 156 homeownership units for middle income housing for households earning between 80% - 120% AMI is fairly unique and critical to generating units for an underserved population of City residents.

Prepared by: Office of Community Investment and Infrastructure

Attachment 1: Development Concept (Note: not yet available)
Attachment 2: Owner Participation/Disposition and Development Agreement, __________, 2016 (Note: not yet publically available; still the subject of negotiation)
Attachment 3: Draft Keyser Marston Associates, Inc. Memorandum, April 6, 2016

KEYSER MARSTON ASSOCIATES.
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

DRAFT

MEMORANDUM

ADVISORS IN:
REAL ESTATE
AFFORDABLE HOUSING
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PAUL C. MARRA

To: Tiffany Bohee, Executive Director
Office of Community Investment and Infrastructure as Successor Agency to the Redevelopment Agency of the City and County of San Francisco

From: Tim Kelly

Date: April 6, 2016

Subject: Transbay Block 1: Section 33433 Land Consideration

Executive Summary

Keyser Marston Associates, Inc. (KMA) has prepared this memorandum for the Office of Community Investment and Infrastructure as Successor Agency to the Redevelopment Agency of the City and County of San Francisco (OCII, or Successor Agency) with respect to the consideration being paid to OCII for the portion of Transbay Block 1 owned by OCII (referred to as the OCII Parcel) under Section 33433 of the former Community Redevelopment Law. Section 33433 states that the consideration paid for land cannot be less than the fair market value of the interest to be conveyed at the highest and best use consistent with the redevelopment plan.

Block 1 is an approximately 53,622 sq. ft. parcel in the Transbay Redevelopment Project Area ("Project Area"), located on the north side of Folsom Street between Spear and Main Streets. Block 1 consists of two parcels: the OCII-owned parcel (Block 3740, Lot 027) and the privately owned parcel, which is comprised of four lots (Block 3740, Lot 029-032) owned by an affiliate of Tishman Speyer (Developer). The OCII Parcel is approximately 33,782 sq. ft. The privately owned parcel is approximately 19,840 sq.ft.

The OCII Parcel was appraised by Carneghi-Blum & Partners, Inc. in 2014. The appraisal determined that the value as of July 2014 was $19,180,000 with a 400 foot height limit and a developer obligation to provide 20% inclusionary housing units in the tower. The OCII subsidized podium component contained 76 units. Overall the project has 35% BMR when the OCII subsidized podium units are included. In November 2014, OCII entered into an Exclusive Negotiation Agreement (ENA) with the Developer for (a) the sale to the Developer of the OCII Parcel and (b) the development of a combined affordable and market-rate homeownership project consisting of a residential tower, two residential podium buildings, and townhouses surrounding open space on Block 1. Under the ENA, the Developer agreed to pay the appraised value for the OCII Parcel (which was based on 20% BMR units in the tower), and to provide an overall project affordability level of 35%, a combination of 20% in the tower and 15% in the 76 BMR podium units. In return, OCII agreed to contribute $20,900,000 to fund a portion of the production cost of the 76 BMR units, or $275,000 per BMR podium unit. Since entering the ENA, the Developer has agreed to increase the number of BMR units in the tower by 5% to 25% and to distribute the BMR units throughout the first 26 floors in the tower. The 76 podium BMR units remains unchanged. In addition, the parties have agreed that the Developer will pay the $19,180,000 purchase price for the land by funding the entire construction cost of the podium units without the OCII subsidy of $20,900,000 agreed upon in the ENA.

The owner Participation Disposition and Development Agreement (OP/DDA) incorporates OCII realizing the appraised value of $19.18 million for the OCII Parcel. Thus, the consideration offered by the Developer is not less than the fair market value of the OCII parcel in 2014 as determined by an independent appraisal. In fact, the business terms exceed the conditions in the appraised value. The conditions in the OP/DDA exceed the appraisal with 25% tower BMR units (the appraisal was based on 20%) and dispersal of the BMR units throughout the first 26 floors of the tower, and the Developer funding the cost of the podium BMR construction to extent not covered by sales revenue or the OCII contribution. The combination of the appraised value plus the incremental Developer BMR obligations results in the Developer consideration of $50.18 million for the OCII Parcel. The 25% on-site developer obligation in the tower is the highest to date as a condition of sale of an OCII Transbay parcel.

This memorandum discusses the consideration offered by the Developer for the OCII parcel and the BMR requirements.

Analysis

The Block 1 Project (Project) is a proposed 400-foot for sale residential tower with a mix of market rate and BMR units and an 8-and 6-story podium housing component with all BMR units. There are 391 units in total, of which 315 will be in the tower and 76 units will be in the podium housing.

	OCII Parcel	Private Parcel	Total
Block 1: Land Area	33,782 (63%)	19,840 (37%)	53,622
Block 1: Tower			315 units
Block 1: Podium			76 units
BMR Units			156 units (40%)

The Project includes 156 BMR units. Of those 156 BMR units, 80 units (or approximately 25% of the 315 units in the tower) will be in the tower, and 76 units will be in the eight story podium project, which is 100% of the podium project. The BMR units will be affordable to households earning from 80% to 120% of AMI.

Typically sales prices are stated as a price "per door." The price per door is based on the number of units in the private development, including private obligation to provide inclusionary BMR units, such as 20% BMR units in the tower.[1] Multiple variables impact the range of pricing, including such factors as: intrinsic value of location, expensive construction costs with high density development relative to value, and BMR requirements. Typically, OCII residential developments in Transbay (e.g. Transbay Block 6, Block 8) have two components: a tower with inclusionary BMR units and a podium comprised entirely of BMR units. The podium component is typically financed by public sources of funding, including OCII funding, while the tower, including the inclusionary BMR units, is privately financed by the project developer. Each of the Transbay residential blocks has been required to provide BMR units on site. While there is a requirement that 35% of the units in the Transbay Project Area are affordable, the percentage of affordable units on each site has varied. For example, Block 8 included a 20% developer BMR obligation in the tower and 7% OCII sponsored podium BMR units.

The most recent transaction involving the sale of publicly owned land for a residential tower in the same timeframe as Block 1 is Transbay Block 8, approved in 2014. The Block 8 transaction resulted in a land payment of approximately $150,000 per tower unit[1] as well as private financing for the inclusionary BMR units in the tower (OCII financing is used to fund a portion of the cost of the podium portion of the project).

- *Transbay Block 8* – Located on the north side of Folsom between First and Fremont Streets. In 2014, The Related Company and Tenderloin Neighborhood Development Corporation agreed upon the final negotiated price of $71,000,000 for an approximately 49,673-square-foot parcel. The Project includes a market-rate condominium residential product (the "Condo Project") and an 80/20 mixed income residential component ("80/20 Project") in an approximately 550-foot

[1] OCII units, such as the 76 BMR podium units, are not considered because these units have a financing gap and do not support a price per door. Therefore, the price per door is based on the tower units only, including the BMR units in the tower.

tower, and an adjacent podium project. The tower enjoys the highest height limit of the Transbay Zone One residential parcels and will offer premium views. There are 474 tower units, of which 404 are market-rate units and 70 units are affordable to households earning up to 40% and 50% of AMI. The unit mix of BMR units will be proportional to that of the market-rate units. The podium component of the project will be separate from the tower and will be all BMR units. The podium will have 80 units affordable to households earning up to 40% and 50% of AMI and will be subsidized by OCII funding. The project also includes, among other things, ground-floor retail space along Folsom Street of approximately 17,320 square feet, which includes a grocery store on the basement level of approximately 10,500 square feet.

For the Block 1 OCII Parcel, the agreed upon consideration for the land is the appraised value of $19,180,000. In addition to the land consideration, the Developer is obligated to fund BMR unit production that is greater than other Transbay parcels. The additional BMR production obligation includes:

1. *Podium BMR Construction:* The Developer is required to fund the full construction cost of the podium units. Cost to produce the units exceeds the BMR sale revenues, as summarized in the table below. In exchange, OCII is contributing the $19,180,000 land payment to the cost of the podium buildings, still resulting in OCII financial assistance but in an amount that is less than the orginal $20,900,000 agreed to at the time of the ENA, a net savings of $1,720,000 to OCII. The net financing gap to be funded by the Developer is estimated to be roughly $14,000,000 as presented in the following table.

Podium BMR Construction		*76 Units*
Development costs (excluding land)[2]		$50,540,000
<Less> Average Podium Sales Revenue[3]		($17,310,976)
<Less> OCII Land Value Offset		($19,180,000)
Developer Podium Net Development Costs		$14,049,024
	Rounded	$14,000,000

[2] Source: OCII estimates the podium development cost to be approcimately $50.54 million. All estimates are rounded.

[3] Source: OCII estimates the BMR average podium sales price to be approximately $227,776

2. *Developer BMR Requirement Increase from 20% to 25% in the tower and BMR dispersal through Floors 10 – 26:* The increase in the Developer requirement in the tower by 5% to 25% (overall the Project increases to 40%) and the dispersal of the Developer required BMRs throughout the first 26 floors results in a cost to the Developer of approximately $17 million. This cost is in the form of lost revenues with the additional 5% BMR units and the redistribution of the market rate and BMR units within the tower. It is recognized that sales revenues on Floors 10 – 26 will decrease with the BMR dispersal. The estimated cost to the Developer is approximately $17 million.

In summary, the agreed upon consideration paid by the Developer under the terms and conditions of the OP/DDA is summarized in the following table. The additional BMR obligations are a condition of sale for the OCII Parcel. Therefore, the consideration under the OP/DDA Terms and Conditions for the OCII parcel includes the increased costs funded by the Developer for the additional BMR obligations.

OCII Parcel:
Consideration under DDA Terms and Conditions

(Allocated over 198 tower units which is a proration of 315 tower units based on OCII share of Block 1 land area)	**Total**	**Per Unit**
Land Appraised Value	$19,180,000	$96,870[4]
Podium Housing Net Development Costs (net after BMR podium sales revenue & OCII land value offset)	$14,000,000	$ 70,710
BMR incremental requirement to 40%	$17,000,000	$ 85,860
Total Consideration	**$50,180,000**	**$253,440**

In conclusion, the total consideration is $50,180,000, which is inclusive of the appraised value of $19,180,000. The business terms incorporate OCII realizing substantially more than the appraised value for the OCII Parcel, and substantially more than the value of $150,000 per tower unit received for Transbay Block 8 parcel. Thus, the consideration offered by the Developer is not less than the fair market value of the OCII Parcel in 2014 as determined by an independent appraisal. The consideration that OCII is achieving, when the increase in developer funded contribution to BMR is included, is the highest consideration to date in the Project Area for a residential parcel.

[4] The $96,870 per tower unit is derived using the proportionate share of the Block 1 OCII parcel land area. The OCII parcel is 63% of Block 1 land area and 63% of 315 tower units is 198 units. $19,180,000 allocated over 198 units is $96,870 per unit.