



*View from Main Street looking south*

# TRANSBAY BLOCK 2 EAST

GROUND LEASE  
AGREEMENTS RESOLUTION  
FILE NO. 240308

BOARD OF SUPERVISORS

APRIL 23, 2024

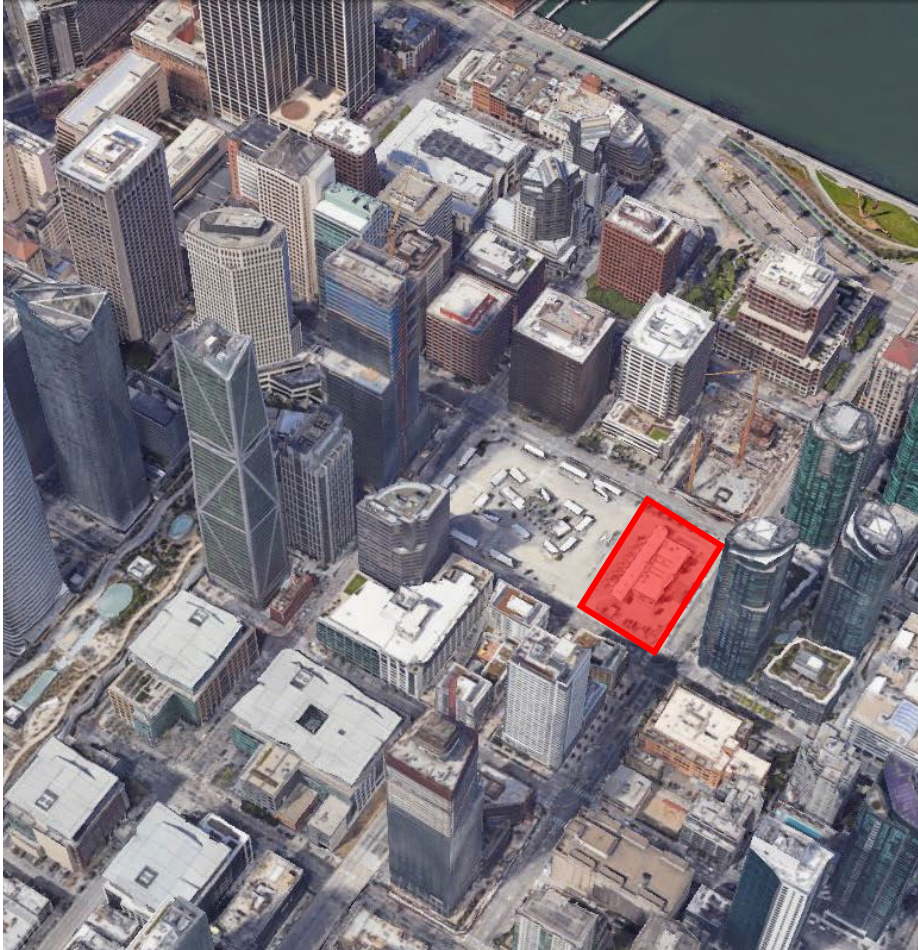
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OFFICE OF COMMUNITY INVESTMENT AND  
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# TRANSBAY BLOCK 2 EAST BOARD OF SUPERVISORS AGENDA ITEM

## **File #240308: Ground Lease Agreements**

- Authorization to execute ground leases with:
  - Transbay 2 Family, LP **\$15K/year**
  - Transbay 2 Family Commercial LLC **\$1/year**
- Make findings under Health & Safety Code, Section 33433

# TRANSBAY BACKGROUND



## 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
- 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

# TRANSBAY BLOCK 2 EAST TIMELINE

## BLOCK 2 EAST PROJECT TIMELINE:

- **2020** – Mercy Housing California and Chinatown Community Development Center selected as co-developers for Block 2
- **2023** – OCII loan financing approved by Citywide Affordable Housing Loan Committee, Block 2 East awarded tax-exempt bond allocation
- **March 19, 2024** – OCII Commission approved residential and commercial loans and ground leases
- **April 17, 2024** – Budget & Finance Committee forward Bond Issuance Resolution with positive recommendation
- **April 23, 2024** – BOS considers bond issuance and ground lease/33433 resolutions
- **May 1, 2024** – Budget & Finance Committee considers an Affordable Housing and Sustainable Communities (AHSC) Accept and Expend Resolution
- **May 7, 2024** – BOS considers AHSC Accept & Expend Resolution
- **May 23, 2024** – Planned close of construction financing, start of construction

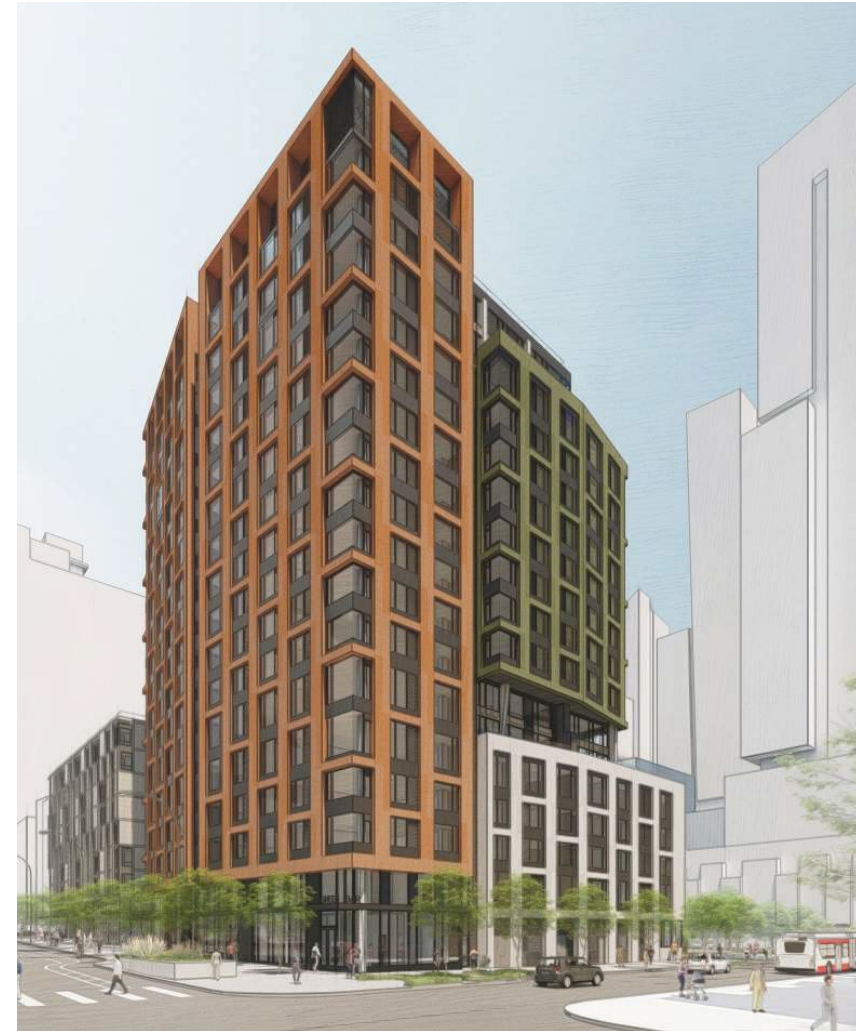


## PROPOSED PROJECT

- 184 affordable units for families and families experiencing homelessness (includes 40 LOSP units)
  - 17 studio units
  - 76 one-bedroom units
  - 52 two-bedroom units
  - 37 three-bedroom units
  - 2 manager units
- Large community room, landscaped rooftop terraces
- 2 community-serving commercial spaces
- Childcare center on two levels, serving approx. 45 children
- 40% - 80% MOHCD AMI
- Developer: Mercy Housing California

## LAND VALUE

- Transbay Redevelopment Plan requires the Board of Supervisors to approve OCII's disposition of Transbay properties pursuant to CA Health & Safety Code Sec. 33433
- Highest and best use value:
  - \$8,335,627 (residential parcel)
  - \$364,373 (commercial parcel)
- Restricted use value:
  - \$292,275 (residential parcel), present value of lease payments during 75-year ground lease term
  - \$19.48 (commercial parcel), present value of lease payments during 75-year ground lease term
- Base rents are consistent with MOHCD standards and intended to ensure viable operation of Transbay Block 2 East as affordable housing and public use/community-serving retail



*View from Folsom Street at Main Street looking west*



*View from Beale Street looking south*

THANK YOU