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RENT CONTROL AT RISK

THE IMPACTS OF CORPORATE & SPECULATIVE LANDLORDS ON SAN FRANCISCO TENANTS

INTRODUCTION

- Today's presentation, conceived and created by the Veritas Tenant Campaign, will touch on broad themes experienced and observed by tenants and tenant advocates.
- While Veritas Investments is featured in this presentation, other major actors, such as Mosser Companies and Ballast Investments, show similar practices. Tenant groups believe that large actors, such as Veritas and Ballast, model speculative practices for smaller actors.
- Presenters:
    - Landra Tankha, Veritas tenant
    - Amina Rubio, Veritas tenant
    - Brad Hirn, Housing Rights Committee of SF

MAJOR THEMES

- EXPLOITATION & VIOLATION OF SF'S RENT ORDINANCE
  - Loopholes and violations in existing laws
- HAZARDOUS CONSTRUCTION AND DEMO PRACTICES
  - Detrimental impacts on public health and safety
- EROSION OF SF'S RENT-CONTROLLED HOUSING STOCK
  - Loss of units from rent-controlled market due to short-term corporate housing

PRELIMINARY FINDINGS

- Housing Rights Committee of SF conducted an initial survey last fall of about 75 Veritas tenants. Some results below (full results attached):
  - When presented with the statement, "Greentree provides me with a safe and healthy living environment," 30% of respondents said they "Disagree" with that statement, while 60% said they "Strongly Disagree."
  - Nearly half (47%) of participants reported "receiving a 3-day notice that seemed unwarranted, baseless, or unfair."
  - In the time since Veritas became their landlord, tenants universally claimed (100%) to have experienced one or more of the following habitability issues: lead exposure; asbestos exposure; problems with mold; inadequate heat; ineffective weather proofing; uncollected garbage or waste; rats, vermin, or bedbugs; plumbing in poor order; gas facilities in poor order; lack of hot and cold running water; inadequate electrical plugs; or ill-maintained stairs, floors, or common areas.

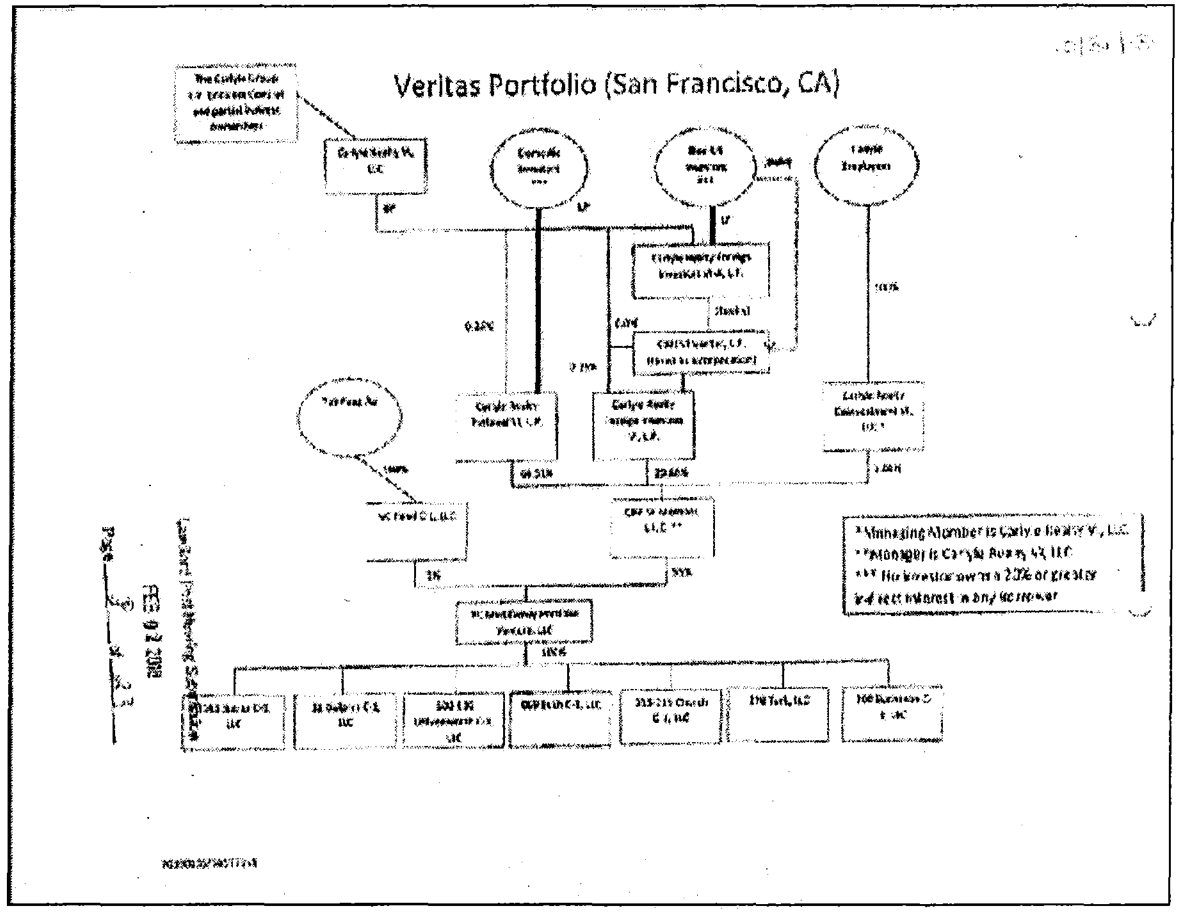
Previous Unit Type	Previous Average Monthly Rent Per Unit	New Average Monthly Rent Per Unit	% Increase in Average Monthly Rent Per Unit
Renovated	$1,864	$2,018	8.3%
Non-Renovated – Near Market	$1,675	$2,186	30.5%
Non-Renovated – Deeply Stabilized	$624	$3,530	465.9%
Down for Renovation	-	$2,670	NA
Vacant	-	$2,118	NA

IMPACTS OF CORPORATE LANDLORDS

WEAKENED RENT CONTROL

THE SPECULATOR MODEL

- Key features include:
  - Large, institutional investors, including private equity firms like Carlyle Group and hedge funds like the Baupost Group
  - Banks willing to lend cash
- Also concerned about individual property owners who are acting in bad faith behind LLCs and who may be benefiting from large, institutional investors



THE SPECULATOR MODEL

Neighborhood	Allocated whole loan amount ($)(ii)	Allocated whole loan amount (%)	No. of properties	No. of units	In-place rent per unit per year ($)	Market rent per unit per year ($)	Below market (%)
Nob Hill	88,623,770	18.5	8	293	55.55	86.39	(35.7)
Downtown	63,700,749	13.3	9	367	41.83	65.42	(36.1)
Russian Hill	61,288,825	12.8	7	159	48.60	74.02	(34.3)
Pacific Heights	45,478,799	9.5	5	141	48.20	68.24	(29.4)
Civic Center	39,829,975	8.3	4	164	48.87	71.78	(31.9)
Marina	32,362,906	6.7	5	97	48.36	68.80	(29.7)
Upper Market	27,329,406	5.7	2	97	41.50	72.39	(42.7)
Hayes Valley	25,455,713	5.3	3	96	41.53	67.24	(38.2)
Mission Dolores	15,948,622	3.3	3	44	43.30	74.92	(42.2)
Central Sunset	12,077,969	2.5	1	38	41.63	60.61	(31.3)
NOPA	11,369,096	2.4	1	36	46.75	65.33	(28.4)
Ashbury Heights	10,017,084	2.1	1	35	44.68	68.40	(34.7)
Mission	8,908,611	1.8	3	24	37.06	62.76	(41.0)
Lower Nob Hill	7,605,873	1.6	1	33	48.28	67.05	(28.0)
Inner Richmond	6,319,583	1.3	2	24	39.15	56.92	(31.2)
Cathedral Hill	5,443,710	1.1	1	15	40.62	57.37	(29.2)
North Beach	4,978,274	1.0	1	14	29.76	68.19	(56.4)
Richmond	4,512,404	0.9	1	14	31.43	49.87	(37.0)
Golden Gate Heights	4,490,229	0.9	1	18	42.80	58.67	(27.1)
Laurel Heights	2,854,899	0.6	1	12	47.66	68.69	(30.6)
Visitacion Valley	1,003,372	0.2	1	5	28.72	40.44	(29.0)
Total/weighted avg.	480,000,000	100.0	61	1,726	46.17	70.67	(34.5)

- Affordable, rent-controlled units targeted
- Entire city impacted
- Buildings with units that are occupied with long-term tenants are described as an "investment opportunity" and as having "a lot of potential"

RENT CONTROL LOOPHOLES AND VIOLATIONS

- Aggressive "bundling" of passthrough charges
- Widespread use of aggressive software (Rentlytics) that leads to:
  - Constant invalid late fees
  - Repeated 3-day notices and increased likelihood of unlawful detainers
- Buying an occupied rental building and entering the rental market for the purpose of 'exiting the market' using the Ellis Act, a just cause for eviction that allows the landlord to evict all tenants

greentree property management

600 California Street, 19th Floor
San Francisco, CA 94108

TEL: (415) 347-8600
FAX: (415) 366-8433

Christopher Kang
337 10th Ave #06
San Francisco, CA 94118

AMENDED

March 15, 2018

RE: Capital Improvement Increase

Dear Tenant(s)

The following changes are being made to your rent based on the filing of a Capital Improvement petition at the Residential Rent Stabilization and Arbitration Board, City and County of San Francisco.

This is to notify you that beginning May 1, 2018, your monthly rent will increase as follows:

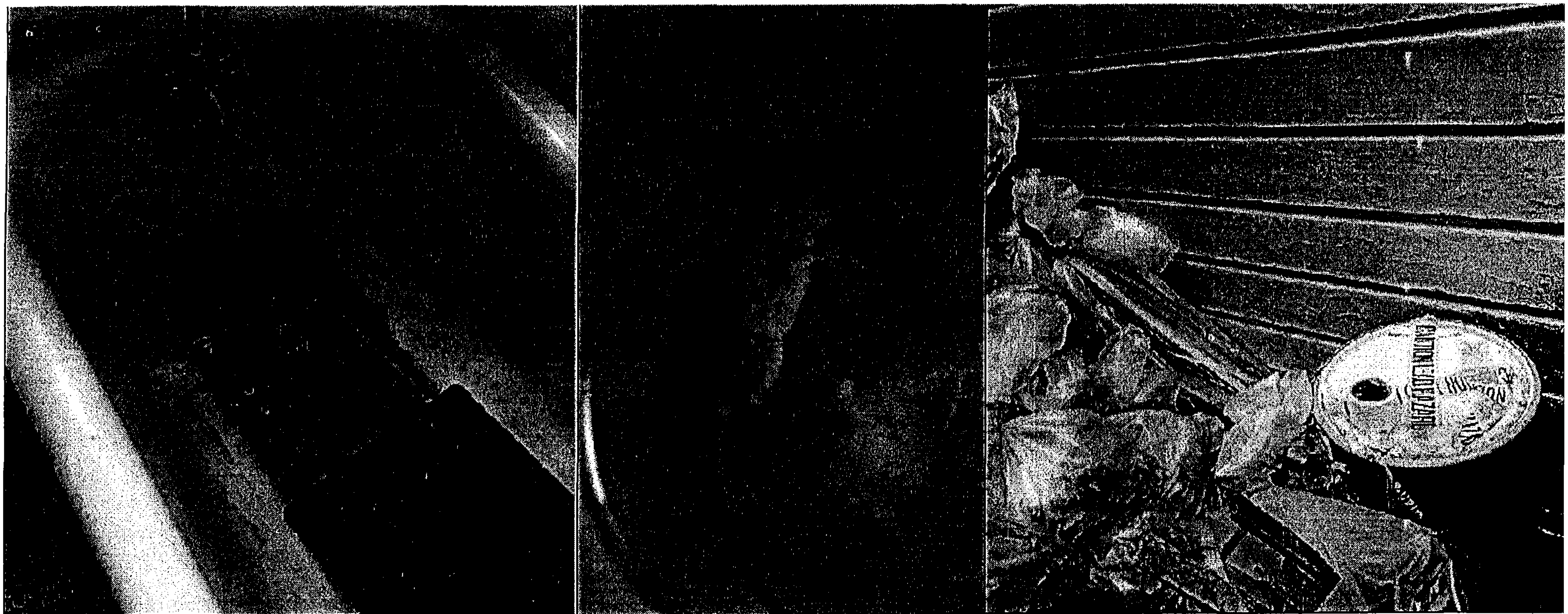
Current Charge(s) Description	New Base Rent
Rent - Unit (effective 04/01/2018)	$1,405.93
General Bond Passthrough 10/11 (effective 04/01/2018 to 03/31/2019)	$3.53
General Bond Passthrough 11/12 (effective 04/01/2018 to 03/31/2019)	$4.44
General Bond Passthrough 12/13 (effective 04/01/2018 to 03/31/2019)	$6.12
General Bond Passthrough 13/14 (effective 04/01/2018 to 03/31/2019)	$6.79
General Bond Passthrough 14/15 (effective 04/01/2018 to 03/31/2019)	$6.82
General Bond Passthrough 15/16 (effective 04/01/2018 to 03/31/2019)	$7.27
General Bond Passthrough 16/17 (effective 04/01/2018 to 03/31/2019)	$25.67
General Bond Passthrough 17/18 (effective 04/01/2018 to 03/31/2019)	$27.19
Water Bond Passthrough 2015 (effective 04/01/2018 to 03/31/2019)	$2.25
Proposed Op & Maint Passthroughs (effective 04/01/2018)	$94.78
New Charge(s) Description	
Proposed Cap Imp Passthrough 7y (effective 05/01/2018 to 04/30/2025)	$6.19
Proposed Cap Imp Passthrough 10y (effective 05/01/2018 to 04/30/2028)	$27.02
Total Charges	$1,624.00

All rent payments shall be made payable to: 337 10th IS, LLC

If you have any questions, please do not hesitate to contact us.

Advice regarding this notice is available from the San Francisco Residential Rent Arbitration and Stabilization Board at 25 Van Ness Avenue, Suite 320, San Francisco, California; Telephone: (415) 252-4600.

Thank you,

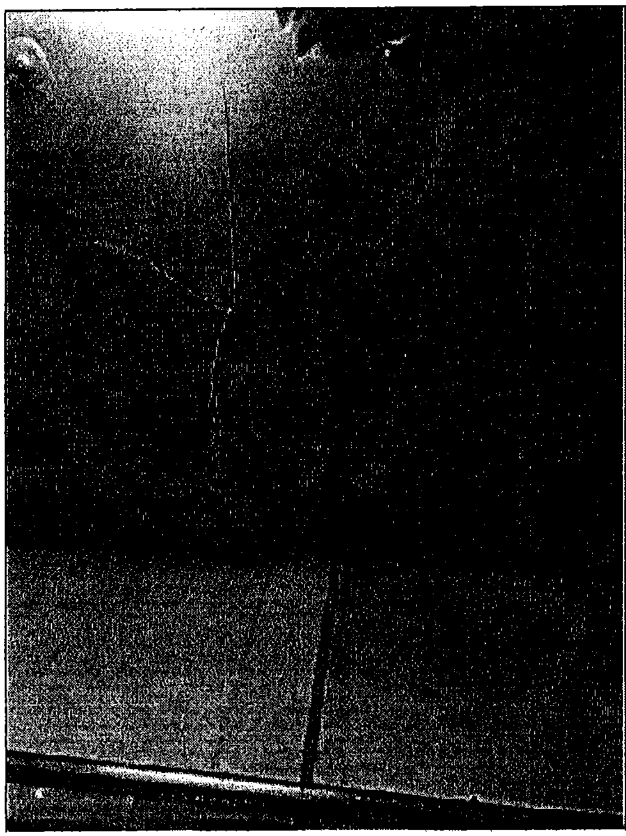
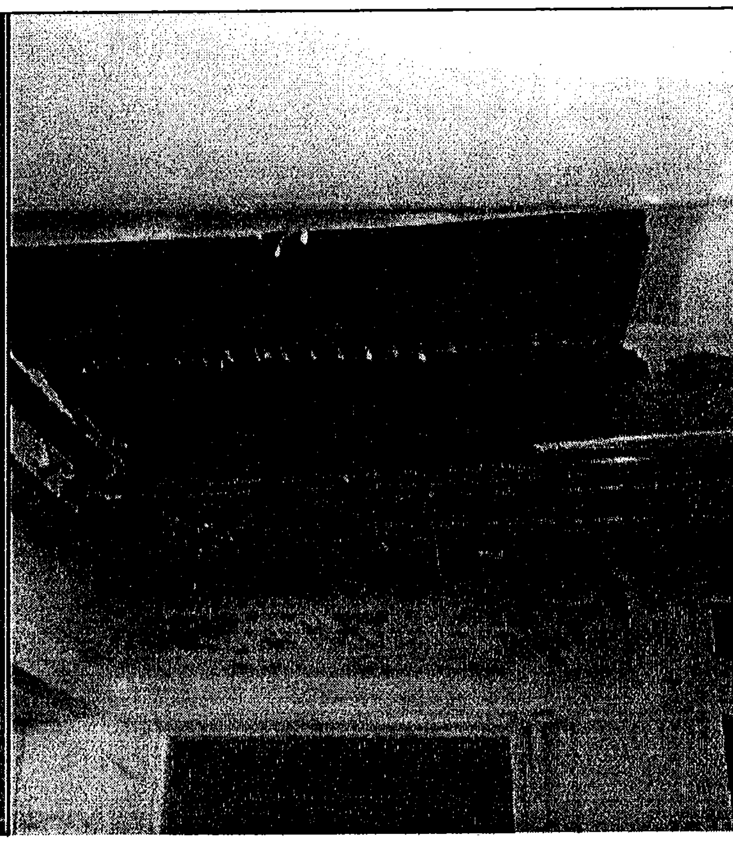
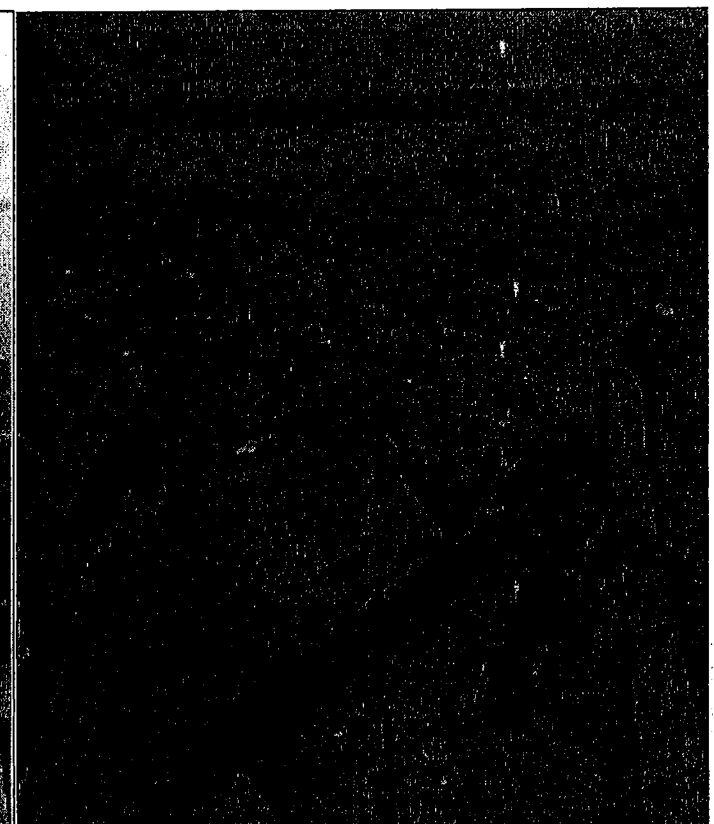


IMPACTS OF CORPORATE LANDLORDS

PUBLIC HEALTH AND SAFETY

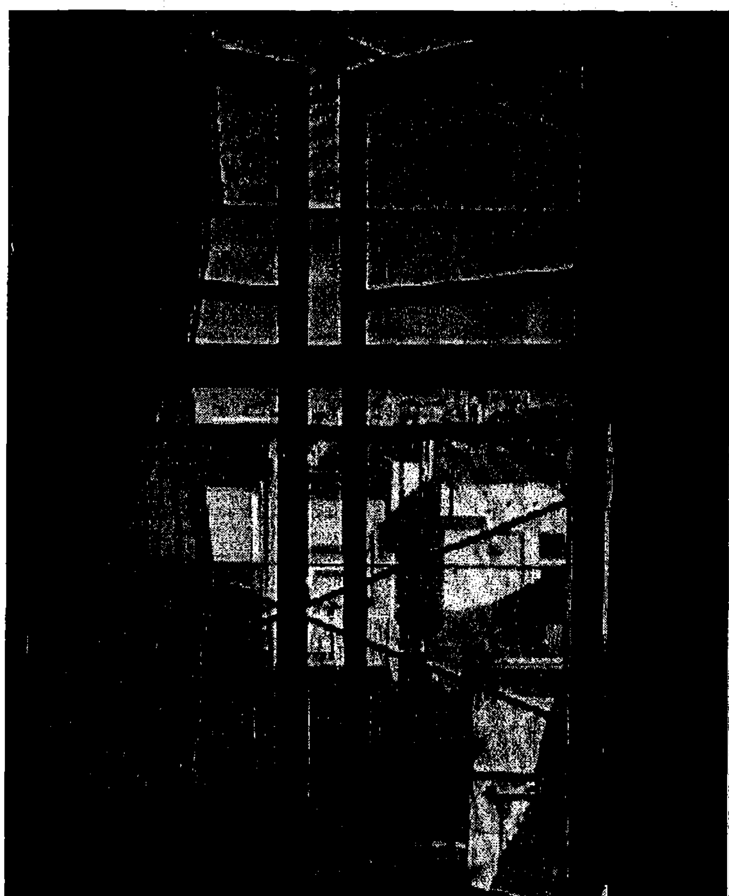
CONSTRUCTION AND DEMOLITION

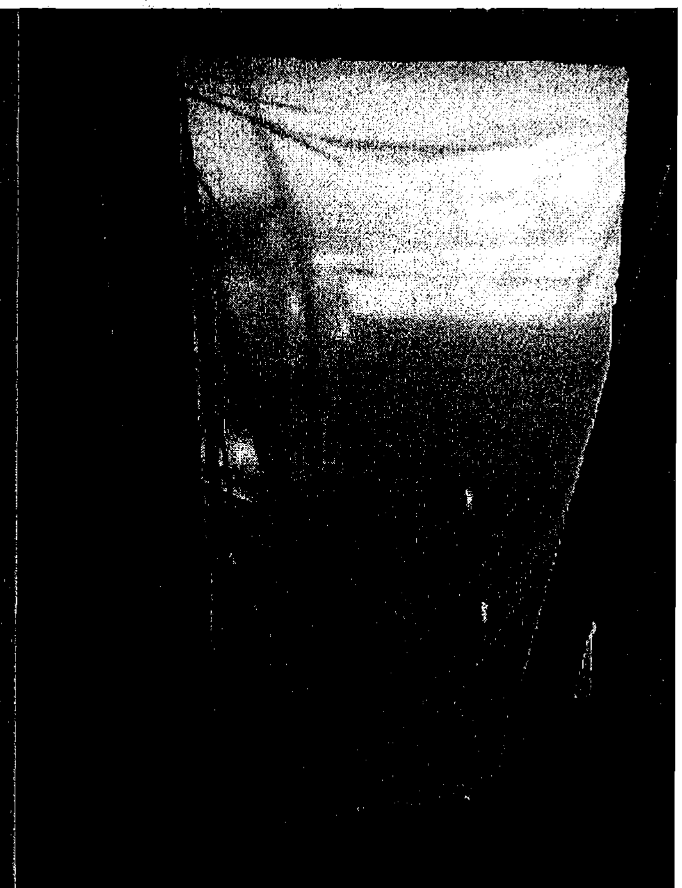
- Unsafe demolition practices
- Prolonged health impacts on tenants
- Tenant exposure to hazardous materials

DISRUPTIVE CONSTRUCTION PRACTICES

- Sustained disruption of quality of life and privacy





IMPACTS OF CORPORATE LANDLORDS

EROSION OF COMMUNITIES

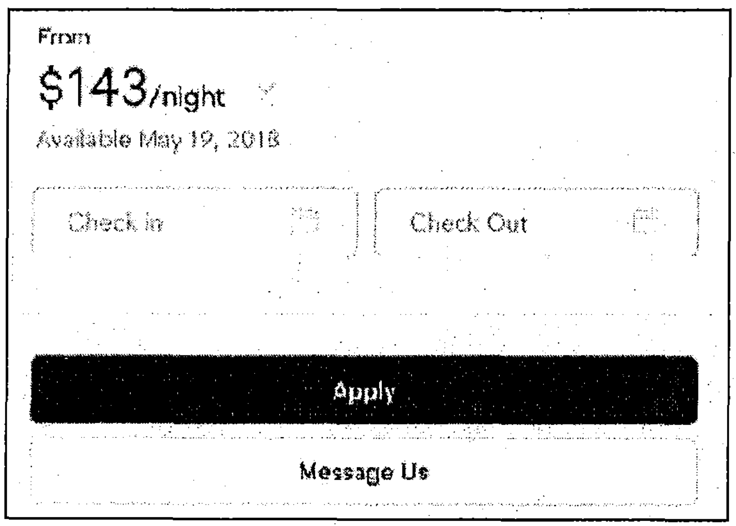
IMPACTS OF CORPORATE LANDLORDS

I stayed at the apartment for a couple of months, and it was extremely well-furnished, a great location, and well-operated. Communication with the manager was very smooth, and the apartment came furnished with everything I could possibly need - we cooked a few times, and we were able to find any and all kitchen implements needed easily. The location was very convenient for a short walk to the Financial District for work, and easily accessible to Nob Hill, Lower Nob, Union Square, and the Powell street BART. The only small complaint I'd note is noise - the apartment is in the heart of San Francisco, so there can be noise at night from tourists. The Powell Street cable car runs in front of the apartment until relatively late at night, and it is audible from the apartment. Not a knock at...

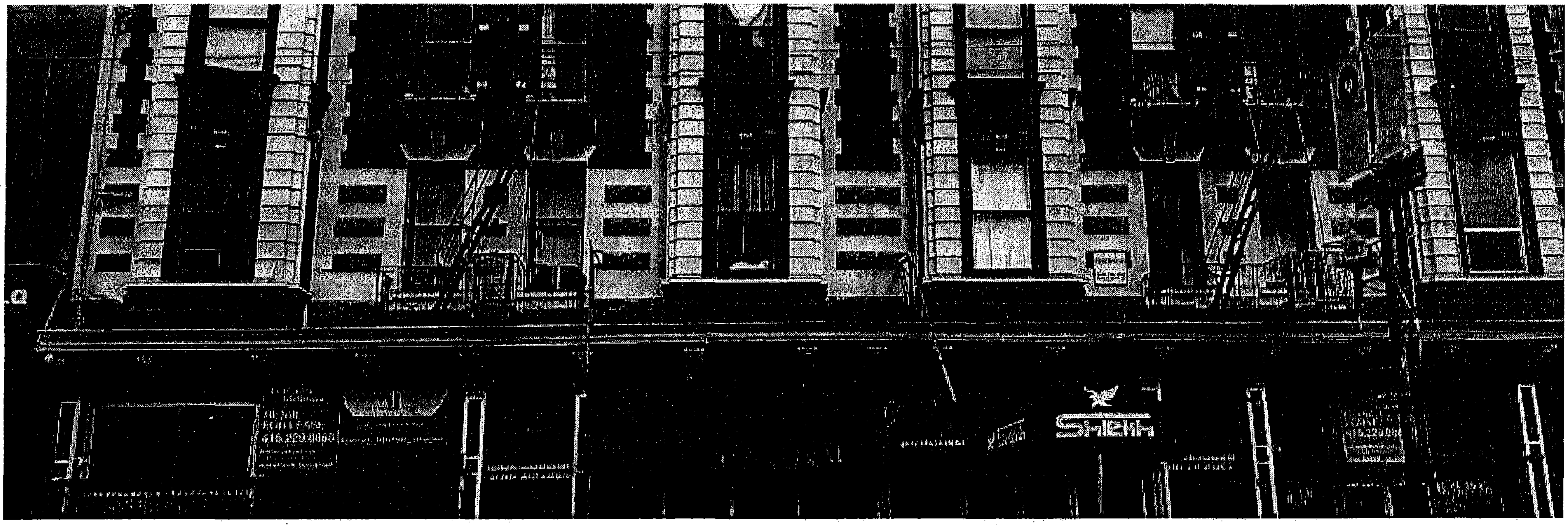
May 2017 Full Review

CORPORATE HOUSING

- Review of Veritas unit on Zeus Living
- Tenants often stay for 2-3 months



- Rental cost per night at a Veritas unit listed on Zeus Living (as of 5/16/18)
- Monthly rent amounts to $4,290 for a 400 square foot studio
- **Office of Short-Term Rentals has no permits on file for this building (as of 5/16/18)**



21st and Mission – several Veritas-owned storefronts sit empty. The distinctive RentSFNow sign is visible.

Google map showing proliferation of Veritas properties in SF

OUR RECOMMENDATIONS

- Enact Sup. Fewer's passthrough legislation
- Urge City Attorney's office to investigate Veritas Investments and other speculative actors for violations of the Rent Ordinance's anti-harassment provisions (Section 37.10B)
- Amend SF health code to require environmental health testing and disclosure of results to tenants in buildings undergoing renovations and demolition
- Create construction monitoring program within the Department of Building Inspection
- Restrict conversions of rent-controlled units to short-term corporate housing
- Ellis Act reform in the form of a mandatory staff-initiated discretionary review that would provide tenants, landlords, neighbors and advocates an opportunity to create a record and allow for better tracking of our city's affordable housing stock
- Protections for long-time commercial tenants who face displacement while vacant storefronts persist

Veritas Investments & Greentree Property Management

Since 2007, Veritas Investments has become SF's largest private landlord with an inventory of 250+ multi-family, rent-controlled buildings throughout the city. Veritas tenants, in partnership with SF tenant groups, have uncovered evidence of a deep pattern of attrition of long-term, rent-controlled housing stock in Veritas buildings. Evidence includes numerous interviews with Veritas tenants; Rent Board petitions; complaints received by various city agencies, such as the Department of Building Inspection and the Department of Public Health; and research into Veritas' transactions, loans, and investment partners. This research has uncovered a strategy for systematically clearing out rent-controlled buildings of long-term, below-market tenants and bringing those units up to market rates. As properties are acquired, the Veritas model seems to work like this:

1. Targeted buyouts and evictions, typically focused on long-term tenants with the lowest rents;

2. Sustained "required" construction, primarily for the purposes of subdividing vacant units to elicit higher rents and returns for investors; converting vacated units into short- term rentals and removing them from the long-term housing market altogether; and "gold plating," or upgrading buildings to attract higher paying tenants. This construction includes constant utility outages, noise, potential exposure to lead and asbestos, and aggravation of existing structural issues leading to, among other things, mold, water damage, cracks, and flooding;

3. Researching and imposing past and current general and water bond measures, annual allowable rent increases, and rent board fees not taken by previous owners. This stage is the first round of rent increases on below-market tenants.

4. Operations and Maintenance Passthroughs, which have been approved at a rate of 100% by the Rent Board. These passthroughs include debt service on Veritas' mortgages, a practice no longer permitted in surrounding Bay Area cities. This stage is the second round of rent increases on below-market tenants.

5. Capital Improvements Passthroughs, the third round of rent increases.

6. Soft-story retrofits, which bypass city approvals for converting garages, laundry rooms, and storage lockers – used solely by inherited tenants – into accessory dwelling units (ADUs) for even higher returns. This stage is the fourth round of rent increases.

In an effort to better understand their experiences, Housing Rights Committee of SF, together with the Veritas tenant committee, recently launched an online survey of long-term Veritas tenants. While responses have only just begun to be collected, and while they include tenants in only a handful of Veritas' 250+ properties, they suggest an attitude and pattern of behavior towards long-term tenants consistent with a hostile landlord seeking to clear rent-controlled buildings of below-market tenants.

- Contrary to Veritas' claims on their website and in their marketing materials, our survey reveals extremely low satisfaction with Veritas as a landlord, with 27% of respondents indicating that they are "Dissatisfied," and 67% saying they are "Extremely Dissatisfied," with Veritas as their landlord and Greentree as their property management company.

- Similarly, when presented with the statement, "Greentree provides me with a safe and healthy living environment," 30% of our respondents said they "Disagree" with that statement, while 60% said they "Strongly Disagree."

- To date, not one tenant surveyed has agreed – to any extent – with the statement, "Greentree welcomes my tenancy, and won't try to force me out in order to charge a new tenant more rent."

- Thus far, nearly half (47%) of participants have reported "receiving a 3-day notice that seemed unwarranted, baseless, or unfair."

- Nearly 4 in 10 (37%) residents surveyed were required to temporarily vacate their units due to Greentree construction projects, and almost always (82%) without advance written notice.

- Residents in every building surveyed indicated that Veritas initiated substantial construction projects since purchasing their building, with just over half (53%) claiming that they, or someone in their household, have suffered a physical ailment or health issue, as a result. Tenants complained of numerous consequences resulting from these construction projects, including: resulting damage to their own units; excessive noise problems; exposure to un-contained hazardous materials, such as lead, asbestos, and mold; disruption to sleep and work; regular and sustained interruptions of water, electric, and gas service, and elevators; asthma attacks; unexplained rashes and fatigue; and increased stress, anxiety, and fear.

- Tenants also report improper late fees after paying rent on time (57%), and invoices (67%) for charges that they could not understand.

- In the time since Veritas has become their landlord, these tenants universally claim (100%), to have experienced one, or more, of the following habitability issues: lead exposure; asbestos exposure; problems with mold; inadequate heat; ineffective weather proofing; uncollected garbage or waste; rats, vermin, or bedbugs; plumbing in poor order; gas facilities in poor order; lack of hot and cold running water; inadequate electrical plugs; or ill-maintained stairs, floors, or common areas.

- Of the 90% of tenants who said they complained to Veritas about one, or more, of these issues, not one indicated being satisfied that "Greentree responded to, and resolved, the issues to the best of their ability." (41% "Dissatisfied," and 59% "Very Dissatisfied").

- Roughly half (53%) of all those surveyed indicated that they had contacted the DBI (Department of Building Inspection) concerning habitability issues in their building. Of these, half (50%) reported that the DBI issued notices of violation, while about one-third (31%) weren't sure if a notice was issued.

- Just over half (53%) of those surveyed said that Greentree had asked them to sign agreements that would have surrendered at least some of their rights as a tenants. Of these, the majority (69%) claimed the agreements contained language about their right to engage in legal action in the future.

- Most of the tenants surveyed thus far (72%) say they have lived in their apartments for at least 4 years.

- Nearly all (86%) are between the ages of 35 and 74.

- A quarter (25%) reported having been diagnosed with a disability, and receiving disability, Social Security, or another form of government assistance.

- Just over half (52%) of those answering, reported annual pre-tax incomes of under $50,000.

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Presale:
GS Mortgage Securities Corp. Trust 2016-RENT

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Presale:

GS Mortgage Securities Corp. Trust 2016-RENT

$349.75 Million Commercial Mortgage Pass-Through Certificates Series 2016-RENT

This presale report is based on information as of Feb. 26, 2016. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings.

Preliminary Ratings As Of Feb. 26, 2016

Class	Preliminary rating(i)	Preliminary amount ($)	Implied market value decline (%)(ii)	LTV (%)(iii)	Debt yield (%)
A	AAA (sf)	100,000,000	73.4	45.0	14.9
X-A(iv)	AAA (sf)	100,000,000	N/A	N/A	N/A
X-B(iv)	A (sf)	82,750,000	N/A	N/A	N/A
B	AA- (sf)	53,750,000	67.2	55.5	12.1
C	A (sf)	29,000,000	63.9	61.2	11.0
D	BBB (sf)	42,000,000	59.0	69.4	9.7
E	BB- (sf)	65,000,000	51.5	82.1	8.2
F	B- (sf)	60,000,000	44.6	93.8	7.1

(i)The rating on each class of securities is preliminary and subject to change at any time. The certificates will be issued to qualified institutional buyers according to Rule 144A of the Securities Act of 1933. (ii)Reflects the approximate decline in the $865.9 million appraisal value that would be necessary to experience a principal loss at the given rating level. (iii)Based on the class A trust balance and pari passu non-trust portion of $130.25 million, and Standard & Poor's value. (iv)Notional balance. CE--Credit enhancement. N/A--Not applicable. LTV--Loan-to-value.

Profile

Expected closing date	March 11, 2016.
Collateral	A $349.75 million trust loan, which is part of a whole mortgage loan structure with a total principal amount of $480.0 million, secured by the fee interests in 61 multifamily properties totaling 1,726 units located across San Francisco. The mortgage loan sellers are retaining $130.25 million in non-trust companion notes pari passu to class A. Both the trust and companion notes are collectively secured by the same mortgage on the portfolio and will be serviced and administered according to the trust and servicing agreement for this securitization.
Payment structure	Principal payments will be made sequentially to the class A, then B, then C, then D, then E, and then F certificates. Interest payments on the certificates will be made pro rata to the class A, X-A, and X-B, and then sequentially to the class B, then C, then D, then E, and then F certficates. Realized losses will be allocated in reverse sequential order. The class X-A and class X-B certificates will not have certificate balances and will not be entitled to principal distributions. The class X-A notional amount will be equal to the class A certificate balance. The class X-B notional amount will be equal to the sum of class B and C certificate balance. The class X-A notional balance will be reduced by the amount of realized losses allocated to the class A certificates and the class X-B notional balance will be reduced by the amount of realized losses allocated to the class B and C certificates. The $480.0 million whole loan consists of a $230.25 million senior portion and a $249.75 million junior portion. The senior portion consists of a $100.0 million trust note and two pari passu non-trust notes totalling $130.25 million. The junior portion of the $249.75 million is held entirely within the trust. The borrowers' payments on the senior and junior trust components are distributed to this transaction, but payments on the senior non-trust components are not.
Depositor	GS Mortgage Securities Corp. II.
Loan seller	Goldman Sachs Mortgage Co.

Profile (cont.)	
Borrowers	52 special-purpose entities, each a Delaware limited liability company owned and controlled by a joint venture between Veritas Investments Inc. and The Baupost Group, collectively the sponsor.
Master servicer, special servicer, and certificate administrator	Wells Fargo Bank N.A.
Trustee	Wilmington Trust N.A.

Rationale

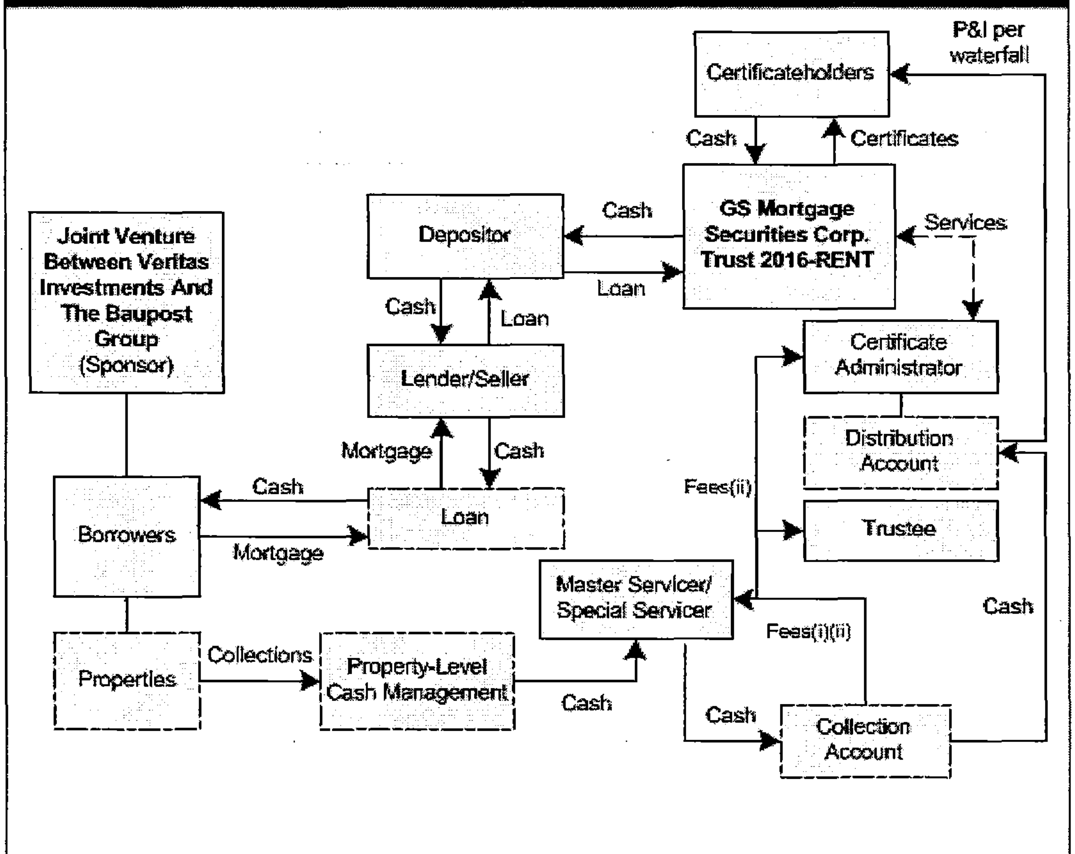
The preliminary ratings assigned to GS Mortgage Securities Corp. Trust 2016-RENT's $349.75 million commercial mortgage pass-through certificates reflect Standard & Poor's Ratings Services' view of the collateral's historical and projected performance, the sponsor's and manager's experience, the trustee-provided liquidity, the loan's terms, and the transaction's structure. We determined that the $480.0 million whole loan balance has a beginning and ending loan-to-value (LTV) ratio of 93.8%, based on our estimate of the long-term sustainable value of the collateral backing the transaction.

Transaction Overview

An overview of the transaction's structure, cash flows, and other considerations follows (see chart 1).

Chart 1

Transaction Structure



(i)Special servicing, liquidation, and work-out fees. (ii)Includes reimbursements.
P&I--Principal and interest.

Transaction- And Property-Level Strengths

The transaction exhibits the following strengths:

- The overall market for multifamily properties in San Francisco has remained one of the strongest rental markets in the nation in terms of occupancy and rental rate growth. As of third-quarter 2015, CB Richard Ellis Econometric Advisors (CBRE-EA) reported a market vacancy rate of 3.5% and projects a 2.6% increase in the rental rate for the San Francisco area in 2016. It also projects that average annual vacancy rates will range from 4.0%-4.6% through 2020 while the rental rate year-over-year change is projected to remain positive each year through 2020. The current occupancy across the portfolio is approximately 95.0% when excluding units designated for administrative use.
- The properties in the portfolio are well-located; they are spread across 21 neighborhoods in San Francisco. Over half of the properties in the portfolio are located in the desirable neighborhoods of Nob Hill, Downtown, Russian Hill, Civic Center, and the Marina district.
- In general, Standard & Poor's believes multifamily properties are inherently more stable than other commercial

property types because of their essentiality to renters and lower expense ratio relative to other property types. However, according to CBRE-EA, new supply in San Francisco from 2015-2020 is expected to average 1,804 units, while average absorption is expected to lag new supply at 1,480 units during the same time period. This could potentially constrain additional growth in rental rates.

- The whole loan balance has a 1.73x debt service coverage (DSC) ratio based on the 4.08% fixed interest rate and Standard & Poor's net cash flow (NCF) for the loan.
- The portfolio has approximately $23.0 million in potential rent that is currently not being captured on in-place leases as the properties in the portfolio are subject to San Francisco's rent control guidelines. The rent control guidelines restrict a landlord from raising a renewing tenant's lease by more than 60% of the city's consumer price index (CPI). However, the sponsor's ability to renovate units that become vacant could allow them to capture some of this upside. The sponsor has funded an upfront reserve of $19.0 million to fund these renovation costs. We have underwritten to in-place rents across the portfolio as the rent-controlled nature of the buildings is a disincentive for tenants to vacate their units.
- The loan's borrowers are structured as special-purpose entities (SPEs), have at least two independent directors, and have provided the lenders with nonconsolidation opinions.
- The transaction structure holds the borrower responsible for expenses that would typically result in shortfalls to the certificateholders, such as special servicing, work-out, and liquidation fees, as well as costs and expenses for appraisal and inspections that the special servicer conducts. In addition, if they are deemed recoverable from the liquidation proceeds, the service will make administrative advances to cover interest shortfalls from these expenses if the borrower does not make timely payments (provided the collateral has sufficient value), which we believe will help avoid or mitigate shortfalls to the certificateholders.

Transaction- And Property-Level Risk Considerations

The risks we considered for this transaction include:

- The transaction is concentrated by sponsor, property type, and geographic location. The collateral consists of one whole loan secured by 61 residential properties, all of which are located in San Francisco. We accounted for this concentration in our capital structure and via a 100% default assumption.
- The whole loan balance has high leverage, with a 93.8% LTV based on Standard & Poor's valuation. However, our estimate of long-term sustainable value is 40.9% lower than the appraiser's valuation of $865.9 million.
- In addition to the first mortgage debt, the borrowers have obtained a mezzanine loan A of $107.0 million, increasing the Standard & Poor's-calculated LTV to 114.7%, and a mezzanine loan B of $89.5 million, which results in an all-in LTV of 132.2%.
- Although the Standard & Poor's-calculated DSC on the whole loan balance is strong at 1.73x, the DSC including the $107.0 million mezzanine A loan and the $89.5 million mezzanine B loan is low at 0.97x. However, the loans are subject to an intercreditor agreement between the mortgage and the mezzanine lenders that limits the mezzanine lender's ability to foreclose without satisfying certain conditions. We accounted for this additional debt in our analysis by decreasing the LTV recovery thresholds at each rating level.
- The loan is structured with a hard lockbox and in-place cash management and with a cash flow sweep that begins when the DSC falls below 1.05x during year two of the loan term and 1.10x thereafter. We consider these thresholds low compared to what we generally expect to see. However, the DSC is currently 1.73x, as calculated by Standard & Poor's.
- The loan permits individual properties to be released upon a release premium payment that ranges from 105%-115% depending on the total debt being prepaid. However, these release premiums are below the 125%

minimum that we generally look for. In addition, upon release, the remaining debt yield must be greater than the maximum of either 5.29% and the portfolio's debt yield immediately before release, while the remaining DSC can be no lower than the greater of 1.01x and the portfolio's DSC immediately before release.

- The loan agreement does not require the borrowers to purchase earthquake insurance if the property's probable maximum loss (PML) is less than 20%. According to the January 2016 seismic performance and risk analysis reports on the properties, the average PML across the portfolio was 15.0%, which is below the threshold amount, and no single property in the portfolio eclipsed the 20% threshold.
- The properties were acquired in 2011; therefore, if the borrowers were to sell the properties, they would be subject to a reassessment under proposition 13 (Prop 13). To account for the potential increase in real estate taxes, we incorporated Prop 13 when we derived the Standard & Poor's long-term sustainable value for the portfolio.
- The loan is interest-only for its entire five-year term, meaning there will be no scheduled amortization during the loan term. Compared with fully or partially amortizing loans, interest-only loans have a higher refinance risk because of the higher loan balance at maturity. We accounted for this lack of amortization by applying lower LTV recovery thresholds at each rating category.

Collateral Characteristics

Collateral description

The transaction is collateralized by one whole loan secured by first-mortgage liens encumbering the fee interest in 61 multifamily properties located in San Francisco. The 61 properties in the portfolio combine for a total of 1,726 residential units (see table 2). The total square footage of the portfolio is 999,247 sq. ft. There are seven units that account for 4,398 sq. ft. in the portfolio that are used for administrative purposes and therefore have not been attributed any rental income in our cash flow analysis. The portfolio's weighted average annual in-place rent per square foot is currently $46.17, while the weighted average annual market rent per square foot of the aforementioned units is $70.67; as a result, the current portfolio is approximately 35% below market rent (see table 1).

Table 1

Collateral

Loan name	Whole loan amount ($ mil)	Properties	Units	Occupancy (%) (i)	Average in-place rent per unit year($)(i)	Average market rent per unit per year($)(i)	Below market (%)
GSMS 2016-RENT Portfolio	480.0	61	1,726	94.6	46.17	70.67	(34.6)

(i)According to the January 2016 rent roll.

Unit mix

Table 2

GSMS 2016-RENT Collateral(i)

Unit type	No. of units	Avg. unit size (sq. ft.)	Avg. rental rate ($)(ii)	Avg. rent per sq. ft. per year ($)(iii)
Studio	830	430	1,763	50.05
One bedroom	709	665	2,414	43.87
Two bedrooms	169	873	3,225	44.36
Three bedrooms	16	1,520	5,483	43.76
Four bedrooms	2	958	4,491	56.29

Table 2

GSMS 2016-RENT Collateral(i) (cont.)				
Total/weighted avg.	1,726	581	2,209	46.17

(i)According to the January 2016 rent roll. (ii)Calculated weighted average rental rate for the portfolio using the 1,632 occupied units by unit type. (iii)Calculated the weighted average rental rate per square foot for the portfolio using the 937,084 square feet of occupied units.

The properties are located across 21 neighborhoods in San Francisco. The Nob Hill, Downtown, Russian Hill, and Pacific Heights neighborhoods account for 54.0% of the allocated whole loan amount (see table 3).

Table 3

GSMS 2016-RENT Neighborhood Distribution(i)

Neighborhood	Allocated whole loan amount ($)(ii)	Allocated whole loan amount (%)	No. of properties	No. of units	In-place rent per unit per year ($)	Market rent per unit per year ($)	Below market (%)
Nob Hill	88,623,770	18.5	8	293	55.55	86.39	(35.7)
Downtown	63,700,749	13.3	9	367	41.83	65.42	(36.1)
Russian Hill	61,288,825	12.8	7	159	48.60	74.02	(34.3)
Pacific Heights	45,478,799	9.5	5	141	48.20	68.24	(29.4)
Civic Center	39,829,975	8.3	4	164	48.87	71.78	(31.9)
Marina	32,362,906	6.7	5	97	48.36	68.80	(29.7)
Upper Market	27,329,406	5.7	2	97	41.50	72.39	(42.7)
Hayes Valley	25,455,713	5.3	3	96	41.53	67.24	(38.2)
Mission Dolores	15,948,622	3.3	3	44	43.30	74.92	(42.2)
Central Sunset	12,677,969	2.6	1	38	41.63	60.61	(31.3)
NOPA	11,369,696	2.4	1	36	46.75	65.33	(28.4)
Ashbury Heights	10,017,084	2.1	1	35	44.68	68.40	(34.7)
Mission	8,808,611	1.8	3	24	37.06	62.76	(41.0)
Lower Nob Hill	7,605,673	1.6	1	33	48.28	67.05	(28.0)
Inner Richmond	6,319,583	1.3	2	24	39.15	56.92	(31.2)
Cathedral Hill	5,443,710	1.1	1	15	40.62	57.37	(29.2)
North Beach	4,878,274	1.0	1	14	29.76	68.19	(56.4)
Richmond	4,512,404	0.9	1	14	31.43	49.87	(37.0)
Golden Gate Heights	4,490,229	0.9	1	18	42.80	58.67	(27.1)
Laurel Heights	2,854,899	0.6	1	12	47.66	68.69	(30.6)
Visitacion Valley	1,003,372	0.2	1	5	28.72	40.44	(29.0)
Total/weighted avg.	480,000,000	100.0	61	1,726	46.17	70.67	(34.5)

(i)According to the issuer-provided January 2016 rent roll. (ii)The $480.0 million whole loan comprises the $349.75 million trust portion, and a $130.25 million non-trust pari passu portion.

The portfolio has undergone extensive capital improvements since being acquired by the joint venture in 2011. Since acquiring the properties, the sponsor has spent approximately $32.9 million on capital improvements, of which $22.7 million was spent on unit renovations and $10.2 million on building and common area upgrades. As of January 2016, approximately 57.1% of the units in the portfolio had been renovated. The remaining 42.9% of units provide an opportunity for the sponsor to achieve rents closer to market levels once renovated.

Loan Characteristics

Mortgage loan

The whole mortgage loan was originated in January 2016, has a principal balance of $480.0 million, and a five-year term maturing in February 2021. The mortgage loan is IO for its entire term and has a 4.075% interest rate. Since the mortgage loan does not provide for scheduled amortization, the entire original principal loan amount must be repaid on the loan's maturity date and thus carries greater refinance risk at maturity. To account for this additional risk, we applied a negative 2.5% LTV threshold adjustment at each rating level according to our criteria.

Of the $480.0 million whole mortgage loan balance, $349.75 million is included in this securitization and two senior pari passu non-trust companion notes totaling $130.25 million has been retained by the mortgage loan seller; these notes may be securitized in a future transaction.

The $349.75 million trust loan balance is composed of a senior portion of $100.0 million, and a $249.75 million junior portion.

The borrower's payments on the whole mortgage loan are first applied on a pro rata basis to the senior trust note and the two pari passu non-trust companion notes, and then to the junior trust notes.

The whole mortgage loan will be serviced and administered according to the trust and servicing agreement for this securitization.

Secondary financing

In addition to the first-mortgage loan, the borrowers have obtained a $107 million mezzanine loan A and an $89.5 million mezzanine loan B. An intercreditor agreement governs both the mortgage and the mezzanine lenders' rights.

Borrower/sponsor concentration

The 52 SPE borrowers are each Delaware limited liability companies. The borrowers are owned and controlled by the joint venture between the San Francisco-based Veritas Investment Co., and the Boston-based firm The Baupost Group. Veritas Investment Co. is the operating partner of the joint venture. The ownership interest in the portfolio is split between Veritas (10% equity interest) and Baupost (90% equity interest).

Veritas Investments was founded by Yat-Pang Au in 2007. Yat-Pang Au is the non-recourse carve-out guarantor for the mortgage loan. Veritas currently owns over 4,000 units across 167 buildings, making it the largest multifamily landlord in San Francisco. Veritas is vertically integrated with their property management subsidiary, Greentree Property Management, and its leasing subsidiary, RentSFNow. The Baupost Group is a Boston-based hedge fund founded in 1982 by Seth Klarman. The fund currently has approximately $28.0 billion under management.

Management agreement

Greentree Property Management is the property manager for the properties in the portfolio. Any management fees payable are subordinate to all payments due under the loan agreement, including debt service payments. In our analysis, we assumed a management fee of 3.5% of the Standard & Poor's effective gross income (EGI) for each property.

According to the management agreement, the annual management fee payable to the property manager is 2.0% of rent collections. The manager also receives certain additional fees related to lease renewals and certain construction management fees. The agreements automatically renew on an annual basis unless either party delivers a 30-day advance written notice of termination. The property manager's rights pursuant to the management agreements have been subordinated to all liens and security interests created for the lender's benefit.

The lender may remove the property manager in its sole discretion upon an event of default under the mortgage loan agreement or a material event of default under the management agreement, the property manager's insolvency or bankruptcy.

In the future, an approved property manager may manage the properties under a lender approved management agreement. The loan agreements require an additional insolvency opinion if the manager is an affiliate of the borrower. The approved property manager can be any management company approved by the lender in its reasonable discretion, along with rating agency confirmation.

Insurance

We reviewed the transaction's insurance provisions and providers and determined that they are generally consistent with our property insurance criteria and normal market standards.

The borrowers must maintain comprehensive all-risk insurance, including windstorm insurance, boiler and machinery insurance, commercial general liability insurance, and terrorism insurance for each property that at least equals each property's full replacement cost. Under the loan agreement, the borrower's deductible cannot exceed $150,000 except for any windstorm or earthquake coverage, whereby the deductible cannot exceed 5% of the total insurable value of the properties. In addition, the borrowers must maintain business interruption insurance for each property with coverage of at least 12 months after the property or properties have been repaired or replaced and operations resume. The borrower may obtain reinsurance through a "cut-through" endorsement with any insurer that does not meet our property insurance criteria.

The senior lender or mezzanine lender can force the borrowers to obtain earthquake insurance for properties with a PML greater than 20%. There are currently no properties in the portfolio with a PML greater than 20%, and the portfolio's weighted average PML is 15.0% according to the data provided in the seismic reports prepared by EBI Consulting as of January 2016.

Trade payables

The borrowers may accrue trade payables, not exceeding 3.0% of the individual loan balances, and other unsecured debt in the course of business. The loan agreement requires trade payables to be repaid within 60 days of the date billed.

Reserves

A summary of the reserves for the transaction follows (see table 4.)

Table 4

Reserves	
Taxes and Insurance	Upfront, $1,695,187. On an ongoing basis, the borrowers shall deposit an amount equal to 1/12th of the lender-estimated tax liability for the ensuing 12 months, unless covered under a blanket policy, and 1/12th of the insurance liability for the ensuing 12 months into a lender-controlled account.
Reserve for replacement	On an ongoing basis, the borrowers must deposit an amount equal 1/12th of the annual amount equal to $233 per unit in the portfolio.
Immediate Repairs	Upfront, $658,722. The borrowers funded the reserve to cover 110% of the estimated costs of immediate repairs across the portfolio identified in the PCA reports.
Upfront capital expenditure	Upfront, $19.0 million. The reserve was established to fund unit turnover costs and other capital expenditures. So long as there is no trigger period ongoing, the borrower can request a monthly reimbursement for unit turnover costs. During a trigger period, the borrower shall provide the lender an invoice outlining all costs for which it is seeking reimbursement.

PCA--Property condition assessment.

Cash management

The borrower's have established individual accounts with the lockbox bank in their respective names for the lender's benefit. All revenues the borrower or property manager collects will be deposited into the lockbox account within three business days after receipt. As long as a trigger period has not occurred or is continuing, all excess funds deposited into the lockbox account will be swept daily into each borrower related operating account held with the lockbox bank. During a trigger period, funds are swept on a daily basis directly to the cash management account.

During an event of default, the lender may apply all funds in the deposit account at its sole discretion.

A trigger period (a cash management sweep period) will occur upon an event of default under the mortgage loan agreement or a bankruptcy action by the borrower or manager, if the manager is an affiliate of the borrower, or if the DSC for the preceding two quarters falls below the DSC trigger of 1.05x in year two of the loan term, and 1.10x thereafter. The Standard & Poor's calculated a 1.73x DSC for the loan.

Structural And Legal Review

We reviewed the loan level structural features that we believe are relevant to our analysis as well as the major transaction documents--including the trust and servicing agreement, and other relevant documents and opinions--to understand the transaction's mechanics and its consistency with applicable criteria.

Market Summary

The city and county of San Francisco encompass approximately 45 square miles at the northern tip of the San Francisco Peninsula. The area is surrounded by eight counties, which together make up the Bay Area. San Francisco is linked to Marin County via the historic Golden Gate Bridge and Alameda County by San Francisco-Oakland Bay Bridge. San Francisco's economy remains one of the strongest in the nation, driven by the technology sector and Silicon Valley, income growth, and continued growth in tourism.

According to the appraisal, the San Francisco-Oakland-Hayward, Calif. metropolitan statistical area's population as of year-end 2015 was approximately 4.5 million people, accounting for greater than 11.5% of California's state population. The 2015 median household income for the metropolitan area was roughly $79,000, 49% higher than the

U.S. average of $53,217. However, the cost of living index provided by the American Chamber of Commerce Researchers Assn. (ACCRA) was 164.7, compared to the national average of 100.0. As of September 2015, the unemployment rate for the metropolitan area was 3.8%, outperforming the state of California and nationwide averages of 5.5% and 4.9%, respectively.

San Francisco's economy appears to be in the midst of a boom cycle, comparable to the growth of the dot-com era in 2001, although it's currently on pace to break through the employment records set during that time. According to the appraisal, San Francisco's economic expansion between 2011 and 2013 outpaced the four largest growth years during the late 1990s dot-com boom. This is mainly due to robust 45% growth in the technology sector since 2010, which has once again contributed to another San Francisco renaissance. Sustainability is a concern–the downside to such growth is the inflation in office and residential rents, cost of goods, etc., which could lead to widespread unaffordability should the technology sector flounder like in the early 2000s.

The San Francisco rental market has remained one of the most competitive in the country, rivaled only by New York City's. According to the appraiser, the San Francisco rental market was approximately 3.9% vacant as of third-quarter 2015. The vacancy rate has remained below 4% for the previous four years. In addition, the market has exhibited positive rent growth since 2010, with a five-year average rental growth rate of approximately 4.9%. As of third-quarter 2015, the reported rent growth was 3.0%. The appraisal indicates a projected 5.4% increase in rental rates over the next five years.

The properties in the portfolio are all regulated under the San Francisco rent control ordinance. A property is subject to this ordinance if it was built before June 1979, and the ordinance restricts landlords from raising an existing tenant's rent by more than the allowable increase as specified by the rent board. According to the rent board, the allowable increase is calculated as 60% of the increase in the city's CPI. According to the appraisal, the allowable increase for the period of March 29, 2015, through Feb. 29, 2016, is 1.9%. However, landlords can petition the rent board for increases over the stated allowable increase at that time.

Historical cash flow and Standard & Poor's cash flow notes

We reviewed the portfolio's historical cash flow and the issuer- and appraiser-reported cash flows to determine our view of a sustainable cash flow for the loan (see table 5).

Table 5

GSMS 2016-RENT Portfolio

	2013	2014	TTM ended November 2015	Budget	Appraisal	Issuer	Standard & Poor's
Income ($)							
Gross potential rent				70,472,927		70,426,740	
Base rent	37,141,491	42,154,722	45,108,460		45,406,856		43,267,792(i)
Less: vacancy loss	(3,796,224)	(4,898,533)	(3,947,561)	(5,261,696)	(1,153,621)	(3,012,780)	
Retail income	1,408,158	1,447,432	1,519,174	1,830,392	1,385,761	1,689,189	1,611,031(ii)
Non-revenue units						(198,780)	
Other residential income	1,450,936	1,732,748	2,124,251	2,390,706	2,100,640	2,480,500	2,124,251(iii)
Renovation vacancy			(1,356,257)			(993,660)	

Table 5

GSMS 2016-RENT Portfolio (cont.)

Loss to lease				(21,644,557)		(22,953,728)	
Concession loss	(161,332)	(107,714)	(156,016)	(198,223)		(156,016)	(156,016)(iii)
Bad debts		1,442			(294,185)		
EGI	36,043,029	40,330,098	43,292,052	47,589,550	47,445,452	47,281,465	46,847,058
Operating expenses ($)							
Real estate taxes	3,287,925	3,356,939	3,327,648	3,433,997	10.407,263	3,363,075	3,327,648(iii)
Property insurance	738,488	999,483	1,144,589	450,875	964,758	446,831	1,144,589(iii)
Utilities	2,846,090	2,854,973	2,918,456	3,020,204	2,852,428	3,020,204	2,918,456(iii)
Repairs and maintenance	1,851,960	1,397,882	1,238,346	1,287,413	1,496,969	1,287,413	1,238,346(iii)
Management fees	1,225,314	820,252	902,866	948,376	1,452,253	945,629	1,639,647(iv)
Payroll and benefits	970,337	1,377,921	1,445,604	1,557,238	1,395,086	1,557,238	1,445,604(iii)
General and administrative	672,395	381,045	332,712	306,747	422,545	306,747	332,712(iii)
Total operating expenses	11,592,509	11,188,497	11,310,220	11,004,851	18,991,302	10,927,138	12,047,001
NOI ($)	24,450,520	29,141,601	31,981,833	36,584,699	28,454,151	36,354,328	34,800,057
Capital items ($)							
Capital expenditures					464,350	385,690	517,800(v)
Total capital items					464,350	385,690	517,800
NCF ($)	24,450,520	29,141,601	31,981,833	36,584,699	27,989,801	35,968,638	34,282,257
Capitalization rate (%)							6.25
Additions/subtractions to value ($)							(36,816,724)(vi)
Standard & Poor's value ($)							511,699,389
Standard & Poor's value per unit ($)							296,465

(i)Based on in-place rents for the 1,632 occupied units as of the January 2016 rent roll. (ii)Commercial base rental income as of the January 2016 rent roll. (iii)TTM. (iv)3.5% of EGI. (v)$300 per unit. (vi)Proposition 13 adjustment. TTM--Trailing 12 months. NCF--Net cash flow. EGI--Effective gross income. NOI--Net operating income.

Standard & Poor's Credit Evaluation

Our analysis of the transaction included the following:

- We derived Standard & Poor's NCF and value for the 61 properties in the portfolio.
- We visited several properties in the portfolio accompanied by members of the Veritas Investments team and their leasing subsidiary, RentSFNow. We toured units which had been recently renovated, as well as and they showed well. In addition, we toured units that had yet to be renovated and showed as such. Generally, the properties showed as expected; the recently renovated properties appeared to be in excellent condition while the deeply stabilized units were in need of repair and were in poor to fair condition. The sponsor's plan to invest capital in the properties upon turnover was evident in the renovated units we toured.
- We analyzed the property-level operating statements, rent rolls, and third-party appraisal, environmental, and engineering reports for the loan.
- We reviewed legal matters that we considered relevant to our analysis of the loan and the transaction, and we

performed a loan-level structural analysis.

Standard & Poor's NCF variance

We reviewed the property's historical cash flows and the cash flows that the issuer and appraisers reported to determine our view of the property's sustainable cash flow. Our NCF for the portfolio was 4.7% lower than the issuer's underwritten NCF.

Transaction-level credit enhancement

We establish transaction-level credit enhancement levels using the concentration coefficient to interpolate between the weighted average standalone credit enhancement (SCE) and diversified credit enhancement (DCE) at each rating category, subject to applicable floors and any adjustment for overall transaction-level considerations.

Our analysis of a stand-alone transaction is predominantly a recovery-based approach that assumes a loan default. We use the loan's stand-alone LTV thresholds at each rating level to determine the principal proceeds that we expect can be recovered at default and are applicable to a loan with a 10-year loan term, a 30-year amortization schedule, and no additional debt. For this loan, these thresholds were negatively adjusted to account for the lack of amortization because of the loan's interest-only structure, as well as for the additional subordinate debt in the form of the mezzanine loans.

In our opinion, this transaction's characteristics did not warrant an additional adjustment beyond that produced from our loan-level analysis and model results (see table 6).

Table 6

Implied Market Value Decline

Class	Preliminary rating	LTV (%)	Implied market value decline (%)(i)
A	AAA (sf)	45.0	73.4
B	AA- (sf)	55.5	67.2
C	A (sf)	61.2	63.9
D	BBB (sf)	69.4	59.0
E	BB- (sf)	82.1	51.5
F	B- (sf)	93.8	44.6

(i)Reflects the approximate decline in the $865.8 million total appraised value that would be necessary to experience a principal loss at the given rating level. LTV--Loan-to-value based on Standard & Poor's values.

Scenario Analysis

We performed several 'AAA' stress scenario analyses to determine how sensitive the certificates are to a downgrade over the loan term.

Effect of declining NCF

A decline in NCF may constrain cash flows available for debt service. A decline in cash flows may occur due to falling rental rates and occupancy levels, changes to operating expenses, or other factors that may decrease a property's net income. To analyze the effect of a decline in cash flows on our ratings, we have developed scenarios whereby the NCF from the properties decreases by 10%-40% from our current cash flow, which is 4.7% lower than the issuer's underwritten NCF. (See table 7 for the potential effect on Standard & Poor's 'AAA' rating under these scenarios, holding constant Standard & Poor's overall 6.25% capitalization rate.)

Table 7

Effect Of Declining NCF On Standard & Poor's Ratings					
Decline in Standard & Poor's NCF (%)	0.00	(10.00)	(20.00)	(30.00)	(40.00)
Potential 'AAA' rating migration	AAA	AA	A+	BBB+	BB

NCF--Net cash flow.

Related Criteria And Research

Related Criteria

- U.S. Government Support In Structured Finance And Public Finance Ratings, Dec. 7, 2014
- Insurance Criteria For U.S. And Canadian CMBS Transactions, June 13, 2013
- Methodology And Assumptions: Assigning Ratings To Bonds In The U.S. Based On Escrowed Collateral, Nov. 30, 2012
- CMBS Global Property Evaluation Methodology, Sept. 5, 2012
- Rating Methodology And Assumptions For U.S. And Canadian CMBS, Sept. 5, 2012
- Criteria Methodology Applied to Fees, Expenses, And Indemnifications, July 12, 2012
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Assessing Borrower-Level Special-Purpose Entities In U.S. CMBS Pools: Methodology And Assumptions, Nov. 16, 2010
- Global Methodology For Rating Interest-Only Securities, April 15, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009
- Legal Criteria For U.S. Structured Finance Transactions: Special-Purpose Entities, Oct. 1, 2006
- Legal Criteria: U.S. Legal Criteria For "Recycled" Special-Purpose Entities, Sept. 19, 2002

Related Research

- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- Industry Economic And Ratings Outlook: CMBS Performance Continues To Benefit From A Stable Economy And Robust Capital Flows, June 9, 2014
- The Broad And Diverse Economy Adjustment: U.S. MSAs' Scores Based On Local Government GO Criteria, Nov. 6, 2013
- U.S. And Canadian CMBS Diversity Adjustment Factor Matrices, Sept. 5, 2012
- Application Of CMBS Global Property Evaluation Methodology in U.S. And Canadian Transactions, Sept. 5, 2012

In addition to the criteria specific to this type of security (listed above), the following criteria articles, which are generally applicable to all ratings, may have affected this rating action: "Post-Default Ratings Methodology: When Does Standard & Poor's Raise A Rating From 'D' Or 'SD'?," March 23, 2015; "Global Framework For Assessing Operational Risk In Structured Finance Transactions," Oct. 9, 2014; "Methodology: Timeliness of Payments: Grace Periods, Guarantees, And Use of 'D' And 'SD' Ratings," Oct. 24, 2013; "Counterparty Risk Framework Methodology And Assumptions," June 25, 2013; "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," Oct. 1, 2012; "Methodology: Credit Stability Criteria," May 3, 2010; and "Use of CreditWatch And Outlooks," Sept. 14, 2009.

My name is Landra Tankha. I am a disabled tenant who's lived in my current rent-controlled unit for 22 years. My building is owned by Veritas Investments and managed by Greentree Property Management. I'm part of the Veritas Tenant Committee and a volunteer with Housing Rights Committee of San Francisco. Thank you Sup. Sheehy for calling this hearing, and thank you to this committee for hosting us.

We are here today to raise awareness of various tenant problems facing S.F. renters that have not yet received adequate attention. I'll lay out some broad themes about the impacts endured by tenants under large corporate property owners and speculative landlords. Brad and Amina will follow with additional details. These issues have been compiled from various S.F. housing agencies, the S.F. Rent Board, and a range of tenants and tenant advocates. Tenants being forced to deal with these issues take up much of their precious time, energy and limited resources. Please note: 65% of SF residents are renters and 72% of those units are under rent control.

As we discuss these issues, it is important to state up front that:
1) We see a severe lack of enforcement of existing tenants' rights. Renters in S.F. do NOT have adequate recourse to enforce the legal protections for the housing and tenants rights that already exist under the law. Large corporate landlords in S.F. regularly violate or skirt existing laws that protect tenants in S.F. and many tenants can't afford to hire lawyers to help protect them. Furthermore, most attorneys are unwilling to take such cases due to not being equipped to go up against large corporate entities. Existing city agencies, housing rights organizations and the Rent Board are being overrun with numerous complaints and violations about these companies. They are overextended and unable to provide adequate and timely aid to many tenants. Tenant issues and violations have become backlogged while tenants suffer loss of protections.

2) Tenants are impacted by very real and serious threats to their health, safety, and wellbeing by speculative landlord behavior. These impacts include:
- Failing to adequately protect the health and safety of tenants including disabled tenants, the elderly, babies and young children, including evidence of multiple reports of lead poisoning.

- Displacing tenants due to so-called capital improvements by engaging in large & small scale construction projects often without proper permits or health protections for residents.

- Turning apartment buildings with near full tenancy into assembly line construction sites for extensive periods. Prolonging the completion of such projects due to mismanagement while tenants suffer under detrimental health conditions and various violations of their tenants' rights including the right to habitability, quiet, privacy, & more.

- Informing tenants they will be compensated for displacement and associated moving costs according to agreed upon terms, then failing to compensate them accordingly or in a timely fashion.

- Ignoring reasonable accommodation requests by disabled tenants, and violating them when supposedly provided.

- Violating the S.F. rent ordinance and CA state civil codes and disrupting various housing services.

- Requiring tenants to sign away their tenants' rights in order to have reasonable requests regarding their tenancy be met.

- Imposing double-digit rent increases on rent-controlled tenants through pass-throughs while notices of violation persist

- Violating tenants rights to privacy by various means.

- Ignoring or rejecting official requests for remuneration of tenants' property damage and other costs.

- Lack of professional response (or any) to letters and verbal requests from tenants regarding a wide range of tenancy needs, concerns and violations.

We are also greatly concerned about the increasing erosion of S.F.'s limited rent-controlled housing stock by corporate real estate entities, and you will hear more about that in our presentation.

3) We need to create new laws to protect renters and adjust existing laws in order to clarify, uphold and protect existing tenants' rights to health, safety, and wellbeing. Our suggested response is a combination of holding these problematic actors accountable and preventing their unlawful and harmful business practices from continuing. At the end of our presentation, you will hear some ideas on policy recommendations.

greentree
property management
724 Pine Street
San Francisco, CA 94108

April 6, 2018

Residents of
634 Powell Street
San Francisco, CA 94108

RE: Follow-Up To Important Information In The Building

Dear Resident of 634 Powell:

We are in receipt of the water sampling results taken on March 22, 2018. The levels indicate that full resolution has not been found. Levels of lead above the EPA's action level are present in your water. We are continuing to work diligently to rectify the situation.

Until further notice, we recommend that you flush the water from the faucets by running the tap for about one minute before using water for cooking or drinking. Also, please ensure you are using the Brita filter we have provided.

For more information, please visit U.S. EPA's website at http://water.epa.gov/drink/contaminants/basicinformation/lead.cfm.

We sincerely apologize for this inconvenience. We understand how hectic this time may seem and we greatly appreciate your patience and cooperation. Additional information will be provided as we know more.

If you have any questions, please do not hesitate to contact your Resident Manager, Jeff Franklin, via phone at (415) 845-7162 or email at 634powell@greentreepmco.com, or Resident Relations.

Sincerely,

Jennifer Cosgrove
Regional Property Manager
Greentree Property Management

greentree
property management

724 Pine Street
San Francisco, CA 94108

March 20, 2018

NOTICE TO ENTER FOR WATER TESTING

ADDRESS: 634 Powell Street, San Francisco, CA **UNIT #:** All Units

YOU ARE HEREBY NOTIFIED that, pursuant to California Civil Code § 1954, the Landlord will be entering the Premises for the following purpose(s):

☐ To inspect the unit for future necessary or agreed upon repairs.

■ To supply the following necessary or agreed upon services:

To test the water from the kitchen and bathroom sink faucets.

In order to take the most accurate samples, we recommend non-use/inactivity from all faucets for approximately 8 hours prior (after midnight on Wednesday, March 21, 2018) to the water being tested in your unit.

Water testing should take approximately 10 minutes per unit.

☐ To exhibit the Premises to prospective or actual purchasers, mortgagees, tenants, workers, or contractors.

☐ To conduct a pre-move out inspection pursuant to subdivision (f) of Section 1950.5.

DATE AND TIME OF ENTRY

The Owner/Owner's representative will be entering the Premises on:

Thursday, March 22, 2018 at or between 8:00 AM and 1:00 PM

San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

Water Quality Division
1657 Rollins Road
Burlingame, CA 94010
T 650.652.3100
F 650.652.3142

RECEIVED
FEB 15 2018
SFDPH - ENVIRONMENTAL HEALTH

February 14, 2018

Amina Rubio
634 Powell Street, Apt 23
San Francisco, CA 94108

The SFPUC Water Quality Laboratory has analyzed the water samples that you submitted for lead analysis.

LOCATION: 634 Powell St., Apt 23
COLLECTED ON: 1/25/2018

Sample Location	Result	Reference #
Bathroom Faucet	500 µg/L	LF18-023

The EPA's action level for lead is 15 µg/L or parts per billion (ppb) or more.

Your sample revealed a level of lead that exceeds the action level. The source of lead may be in your water faucet, the pipes in your home, or the solder that connects the pipes. There is no known lead in the SFPUC's distribution pipes or water meters.

The EPA recommends the simplest procedure to reduce the chance that lead remains in water from your tap is to let the tap run before using the water for drinking or cooking any time the water has gone unused for more than three hours. Flushing your tap means running the cold water faucet until the water gets noticeably colder, usually about one minute. For more information about lead in drinking water, please visit the U.S. EPA's website at http://water.epa.gov/drink/contaminants/basicinformation/lead.cfm

If there are children in your home, and you have questions about their exposure to lead from water or other sources, please direct questions to Sue Valdez at the San Francisco Department of Public Health Children's Environmental Health Program. She may be reached at (415) 252-3839. If you have questions about your monitoring results please give me a call.

Regards,
Susan Soteriou
Water Quality Inspector
(650) 652-3131

City and County of San Francisco
DEPARTMENT OF PUBLIC HEALTH
ENVIRONMENTAL HEALTH

London N. Breed, Acting Mayor
Barbara A. Garcia, MPA, Director of Health
Stephanie K.J. Cushing, MSPH, CHMM, REHS
Environmental Health Director

21 December 2018

Veritas Investments
600 California St, 20th floor
San Francisco, CA 94108

Reference: Water Sampling Results for 634 Powell Street, #23, San Francisco, CA

Dear Property Owner:

On the 15 February 2018, the San Francisco Department of Public Health received a letter from the San Francisco Water Department indicating that a water sample taken from the BATHROOM faucet of 634 Powell Street, #23 contained a level of lead that exceeded the EPA Action Level for Lead. (see enclosed letter) This level would be also a violation of Section 1603(v) of the San Francisco Health Code if children were present in apartment #23. I understand that children are not currently residing in that unit.

I am writing to recommend the following:

1) Evaluate and eliminate the source of lead in Apartment #23 because ingestion of lead by adults may result in lead poisoning. Potential sources include the faucet, the piping inside 634 Powell St., or the solder of the piping inside 634 Powell Street.

2) If there are currently children living in other units within the building, call the Water Department to conduct water sampling in those units. Call (650) 652-3131 or ssoteriou@sfwater.org to obtain an appointment.

3) If there are future renovations, consider identifying the potential sources of lead and eliminate the sources during the renovations, especially where renting to children is a possibility.

If you have further questions, please contact me at 415.252.3957.

Thank you for your conscientiousness in this matter and your work in providing a healthy and safe place for San Franciscans to live.

Sincerely,

Karen Yu

Karen Yu
Senior Environmental Health Inspector

cc: Jennifer Cosgrove

May 16, 2018

From: Landra Tankha
520 Buchanan St. Apt. 11
San Francisco, CA
landralife@gmail.com

Attn: Public Safety and Neighborhood Services Committee
Re: Hearing on Corporate Landlords Affects on Health and Wellbeing: Item 180436

Greetings Committee members,

My name is Landra Tankha. I'm a disabled tenant who's lived in my rent-controlled unit in San Francisco for 22 years which is owned & operated by Veritas/Greentree Property Management.

There are 19 units in my building. Within approximately the last 5 years, 10 units that I'm aware of have been gutted or undergone major renovations. We have also undergone several so -called capital improvement projects on the entire building. These have caused numerous disruptions to the quiet enjoyment of my premises as well as many water and electrical shut offs. During these projects, I experienced a host of threats to my health & well being including severe migraines, asthma attacks from lack of proper ventilation and construction dust, exacerbation of my disabling health conditions and one threat to my life. I clearly communicated with Greentree about these conditions in verbal and written form. Sometimes they said they would try to accommodate my health needs & other times, they ignored or overlooked them. When they did say they would accommodate my requests for reasonable accommodation due to my disabilities, they often did not then uphold them. When one of their large scale remediation projects occurred, my health issues required me to not be occupying my units while the work transpired. Greentree agreed to compensate me for displacement during the estimated days (3) that it would take for them to do the work that created my health problems. They agreed to compensate me for any additional days that the work continued to displace me and remained unfinished. The project went over schedule for approx 25 additional days. They refused to compensate me for anything but the few initial estimated days. They also refused to pay me the reimbursement costs they promised for requiring me to have my personal belongings moved unless I signed away a long list of my legal rights regarding my tenancy. I did not think that was right. I therefore suffered a great financial loss as I am disabled and on a low fixed income. All of this is of course intensely distressing in many ways.

There is an ongoing pattern of deep mismanagement with Greentree. Doing business with them requires a great deal of time and energy. They do NOT carefully read tenants correspondence. I'm forced to write extensively to them reminding them of things, re-requesting things, re-clarifying things for them that were already CLEARLY stated. They seem to be too busy with their many large scale projects to give adequate attention to any of my tenancy needs and others in my building have expressed similar demands and frustrations.

Please ask the City Attorney to investigate Veritas/Greentree for unlawful business practices, violations to tenants health & well being, & violations to tenants rights.

& enact the proposals of the tenants committee in the hearing today

Sincerely,
Landra Tankha

[signature]

THANK YOU for protecting our HOMES!