

Development Proposal for The San Francisco Flower Mart



Client:
San Francisco Planning Department
Western SOMA Task Force

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EXECUTIVE SUMMARY

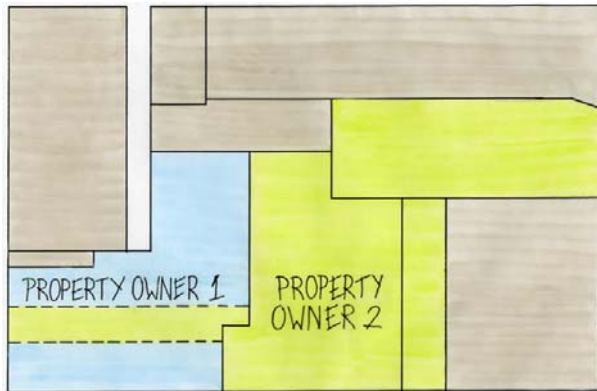
The San Francisco Flower Mart is located at 6th Street and Brannan in San Francisco's Western SOMA Planning District. There are four owners within The San Francisco Flower Mart, and two share access to and from the site through a legal easement and have internal connections within the buildings. This proposal will only address development on site for two property owners, The San Francisco Flower Grower's Association (Property Owner 1) and The California Flower Mart (Property Owner 2). The impetus for this investigation is the fact that Property Owner 1 is motivated to sell their property. The project site is 3.82 acres, or 166,554 square feet, and is completely built out and used for wholesale and retail flower mart operations. It is composed of several large single story warehouses, numerous small wholesale/reseller oriented "storefronts," a restaurant, and surface parking

Our objective is to create quality affordable housing and economic development. To do so, we designed a development program that allows for the development of housing Property Owner 1's site, while significantly improving the warehouse space on Property Owner 2's site. Affordable housing will be maximized, and market rate SROs will be developed for the primary purpose of financing the affordable housing and warehouse redevelopment. The popular Flower Mart Café on site will be preserved and a new internal circulation system will be developed that mimics the traditional alleys found in SOMA. The street frontage along Brannan will be improved with the addition of several storefronts designed for the needs of current Flower Mart vendors. The site will be a mixed use development in every sense by the inclusion of 2 affordable housing buildings, 1 market rate SRO building, small scale retail/commercial storefronts, and traditional SLI usage.

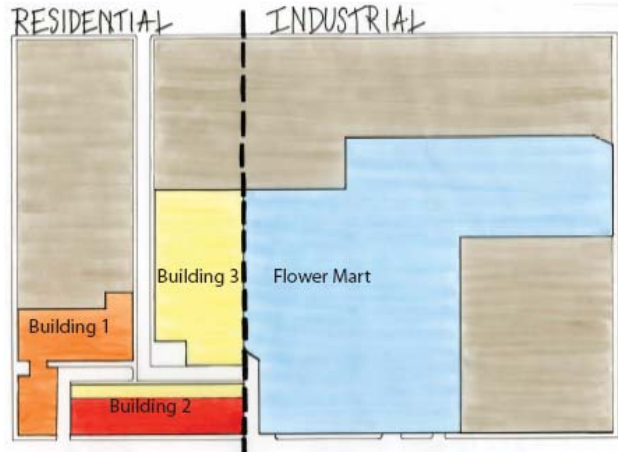
The total development cost for the entire project is \$86.7 million dollars. This amount includes the \$17.3 million the developer would offer Property Owner 1 to buy their land and the \$5.5 million the developer would offer Property Owner 2 to buy their easement. In our proposal, the \$5.5 million would be "paid" to Property Owner 2 through the construction of the new warehouse facility. We propose that a 501(c)3 do the development in order to be exempt from paying taxes on the sale of SROs. Additionally, we propose the development be done in three phases, in order to finance the project and minimize disruption, which we approximate would take a minimum of 6 years.

This project is financially feasible; however, it requires support and funding from the City/MOH in the amount of \$16 million. Another main source of gap financing would have to come from 4% tax exempt bonds totaling \$12 million dollars. Also, Property Owner 1 would need to agree to an offer price of \$17.3 million for the land to be paid over three development phases. Finally, we would need the cooperation of Property Owner 2 to transfer the easement to the developer in exchange for new upgraded warehouse facilities.

Current Site



Our Development Proposal



- Market Rate SROS
- Affordable Housing
- Retail/Wholesale
- Flower Mart

I. PROJECT SITE

The San Francisco Flower Mart is located at 6th Street and Brannan in San Francisco's Western SOMA Planning District. As shown in Figure 1.1, The San Francisco Flower

Mart is a composite of assessors' lots 001B, 002B, 004, 005, and 048 of Block 3778. Although there are four owners within The San Francisco Flower Mart, two share access to and from the site through a legal easement and have internal connections within the buildings. This investigation will only address development within lots 005, 004 and 048 ("the site"). Lot 005 is owned by the San Francisco Flower Grower's Association, commonly referred to as the "Italians". Lot 004 is owned by the California Flower Mart, commonly referred to as the "Japanese". Lot 048 is owned by a third property owner but is leased to the "Japanese". In the text of this report, we refer to the owners of lot 005 as "Property Owner 1" and the owners of lot 004 and lot 048 as "Property Owner 2".

FIGURE 1.1 Assessor Lots of Project Site



The project site spans most of block 3778, with sections fronting 5th Street and Morris Alley. The project site is 3.82 acres, or 166,554 square feet, and is completely built out. It is composed of several large single story warehouses, numerous small wholesale/reseller oriented "storefronts," a restaurant, and surface parking. Additionally, the site is bordered on all four sides by 4 lane arterials, with the 101 freeway off-ramp directly across from the 6th and Brannan intersection and a 101 freeway on ramp at the 5th and Bryant intersection.

FIGURE 1.2 Site Assessment

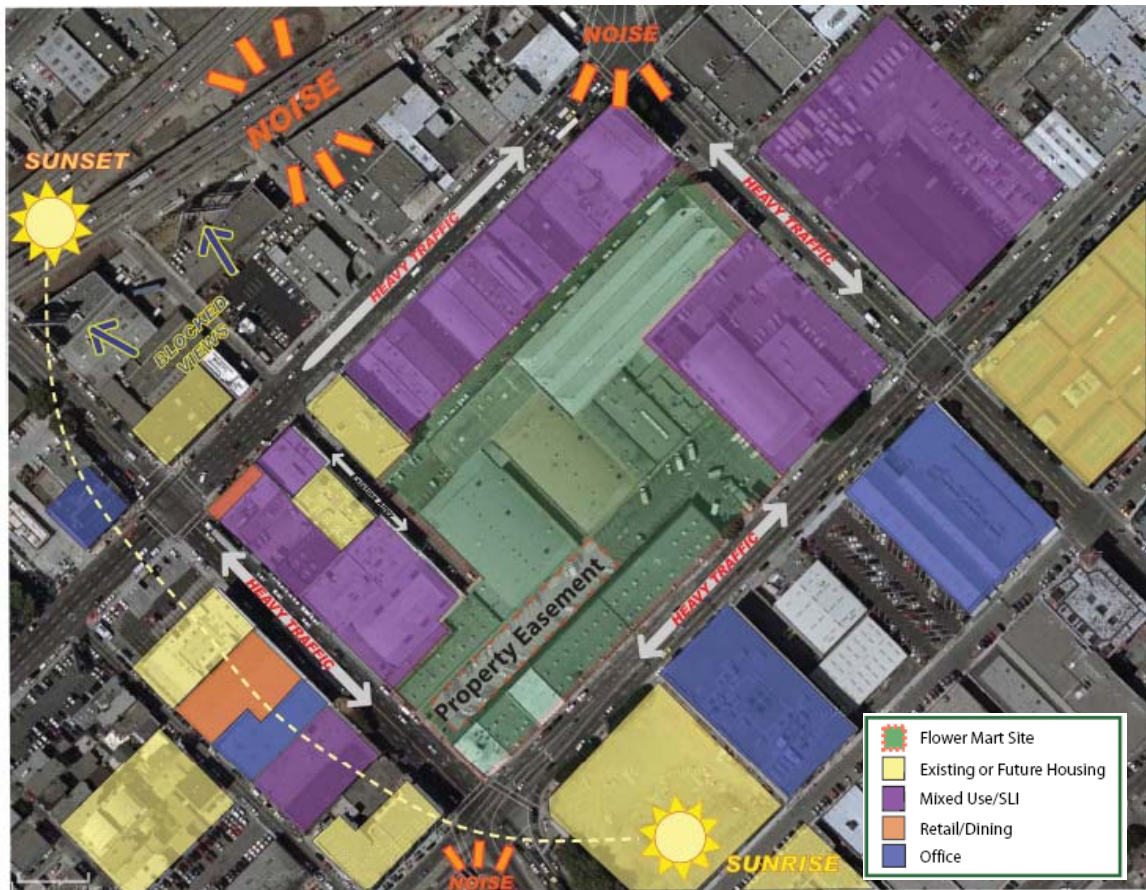


FIGURE 1.3 View of I-101 from Corner of 6th and Brannan



FIGURE 1.4 View of I-80 from Bryant and 5th Street

FIGURE 1.5 Brannan Street Frontage



FIGURE 1.6 Morris Alley



Neighborhood Context

The neighborhood surrounding the site has an industrial character which reflects the historic land usage of the district. There are many warehouse buildings with long walls and driveways fronting the street. Service alleys traverse long and deep through the blocks, and sidewalks are often very narrow. The streets surrounding the project site are 4 lane arterial streets, with heavy traffic designed for cars not people. There are few bike lanes and no concerted effort towards landscaping or beautification. The site is poorly served by public transit but it is within walking distance to the Cal Train transit hub.

Yet, new and converted residential development is on the rise. Market rate housing experienced a brief but dramatic upswing during the dot com boom as developers utilized an exception to a previous zoning designation for Live-Work lofts. Two Live-Work buildings are adjacent to the site. The latest housing phenomenon, market rate Single Resident Occupant (SRO) projects, have also been built recently, and more are in construction or entitlement now.



FIGURE 1.7 The Flower Mart Café at 6th and Brannan

Note: New housing under construction in the background

Housing is clearly encroaching into areas previously set aside for industrial use. This is not surprising, given the dramatic rise of condo projects in San Francisco generally and the limited availability of undeveloped land. As a result of residential land being worth so much more than industrial land, buying industrial land and converting it to residential usage presents a higher profit margin than buying land already zoned for residential use. If these trends continue, remaining industrial land could soon be hard to find.

Lastly, only one affordable project has been developed within the district in the past 10 years.

Flower Mart Context

The wholesale cut flower industry has been under pressure over the past decades as the established route from producers to consumers has shortened and blurred. Significant advancements in transportation systems and the globalization of the ornamental segment of agricultural industry coupled by the phenomenal growth of internet based commercialism and “just in time” business models vastly changed the establish routes to market. Resellers and end users can now effectively bypass the traditional middlemen (the wholesalers) and order directly from growers. This vertical integration forces each segment of the industry to reinvent itself or face the difficult reality that the industry is no longer viable.

Domestically, the cultivation of ornamental flowers by small family owned growers has for the most part been replaced by large international corporations. This globalization of the industry has forced a shift in domestic and local operations.

Yet in light of these changes, the consumer market remains strong, and census data suggests that wholesale activities have declined but appear to have stabilized.

The project site is an exemplary example of the challenges faced by the wholesale

Brief History of the San Francisco Flower Mart

With beginnings paralleling the growth and development of the San Francisco Bay Area, the origins of the San Francisco Flower Mart go back to the late 1800’s when land was plentiful. Local flower growers could bring their product to Lotta’s fountain in downtown San Francisco three days a week, selling their product to local flower shops. A need for a centrally located market bringing together the three ethnically diverse groups of flower growers was fulfilled with the opening of a market located at 5th and Howard Streets in 1924. As flower growers expanded production areas outside of the Bay Area and as product from other parts of United States came in, the need for a larger more modern permanent facility led to the design and construction of our current market at Sixth and Brannan Streets in the South of Market area of San Francisco.

The grand opening of the San Francisco Flower Terminal in September 1956 marked the establishment of an industry icon. Today, officially known as the San Francisco Flower Mart, we now have over 60 vendors, purveyors of cut flowers, potted plants, blooming plants and floral supplies. We have evolved from being a “growers” market to being a marketplace for floral wholesalers. Product, which at one time was only from the immediate Bay Area, now comes from the far reaches of the world.

Source: www.sfflmart.com

segment of the domestic cut flower industry but with the added challenge of the “highest and best use” of scarce urban land: Should the owners and operators of traditional warehousing invest in new infrastructure to remain viable or should they bow to the pressures of residential development and relocate to area with lower land costs, or cease operations altogether?

The Service/Light Industrial (SLI) District

The site is zoned SLI (Service/Light Industrial). The original intent of the SLI zoning category was to protect industrial uses from the influx of market rate housing. By not allowing market rate residential housing within the SLI, land values would remain relatively low and industrial uses could be maintained. However, there are two specific exceptions: affordable housing and Single Room Occupant (SRO) units, defined as dwelling units under 350 square feet.

Although many of the buildings in the SLI district still serve light industrial and warehouse-type operations, new and converted residential development is on the rise. First, there was a brief but dramatic rise in Live Work projects during the dot com boom, as developers utilized a previous exception to the zoning designation for Live Work lofts. This exception was closed, when Live Work lofts were recategorized as “residential,”; however, developers have recently started to build new market rate SRO projects. Affordable housing projects have also been developed nearby, however only one affordable project has been developed within the SLI district in the past 10 years.

TABLE 1.8 Zoning

Service/Light Industrial District (SLI)

Height:	50 Feet
Setbacks:	None
Maximum Density:	405 units on Property 1
FAR:	1 to 2.5
Parking:	1 space per 20 SRO units
	1 space per 1,000 SF industrial
	1 space per 500 SF retail

Expectations of Different Stakeholders

Based on our initial conversations with the San Francisco Planning Department and media reports on the future of San Francisco Flower Mart, we outlined our best guess of the goals and interests of the various stakeholders who would be affected by the development of the site. As we worked out our concept, we kept in mind the potential conflicts of interests but also tried our best to develop a proposal that would maximize cooperation and collaboration among the various stakeholders.

Below is a list of the major stakeholders and what we assumed to be their respective expectations from the development of the site.

San Francisco Planning Department

- Keep within the SLI zoning regulations
- Design a new neighborhood street fabric that reflects the SOMA neighborhood
- Provide adequate parking on site for all uses
- Address vehicle and pedestrian circulation issues on site as well as in the area immediately surrounding the site
- Develop a proposal that could win the support of the community

Western SOMA Task Force

- Create buffers between residential and light industrial use and between market rate and affordable use while also “integrating” spaces. (Develop a “true mix use” site)
- Ensure market rate SRO units needed to help drive industrial development do not out number affordable units on site
- Consider the feasibility of bringing in big box retail

Property Owners

Property Owner 1

- Preserve at least some Flower Mart use on site
- Sell property for as close to \$18 million as possible

Property Owner 2

- Preserve Flower Mart retail and light industrial usage on site
- Upgrade warehouse/industrial space to maintain long-term viability of the business
- Design new warehouse facility with adaptive reuse in mind
- Phase in development to minimize disruption of business
- Provide new loading docks to improve vehicle circulation

Mayor’s Office of Housing

- Provide affordable housing with adequate support services and amenities on site

Mayor’s Office of Work Force and Economic Development

- Preserve jobs in a thriving industrial sector
- Keep the San Francisco Flower Mart in San Francisco

II. DEVELOPMENT OBJECTIVES

After walking the site, studying its zoning regulations, and meeting with San Francisco planning staff and the Task Force, we met as a team to discuss what we desired to accomplish at the site. Very early on we decided to preserve the Flower Mart as a use on

the site, and accordingly preserve its light industrial space. However, in conversations with the Western SOMA Task Force and the assigned San Francisco Planner, and media reports of an impending sale of a portion of the site, it is clear that the future of the Flower Mart is in question. Further, the influx of residents into this historically “industrial” neighborhood has proven not to be a harmonious mix. New residents are forced to deal with the by-product of industrial uses, such as noise late at night or early in the morning, heavy traffic, and large trucks. Conversely, industrial uses are pressured by the escalating price of their land and rents, effectively forcing them to lower-cost locations, possibly out of San Francisco, or to cease operations altogether.

Industrial sector jobs are important to the city, and once the land is developed as residential it would likely not be converted back to industrial use again. From a city planning standpoint, San Francisco can not just be a ‘white collar’ city for downtown workers, nor can it be a city where ‘blue collar’ workers work but can not afford to live. The industrial sector provides choices as well as jobs that, on average, pay more than the low-pay services jobs in the retail sector that would likely be the alternative for workers in the industrial sector. Thus, economic development and workforce jobs are an important goal here as well.

The impetus for this investigation is the fact that the owners of lot 005 (Property Owner 1) are openly very motivated to sell their property. Media reports suggest that residential development would be the likely end result. This would result in the loss of a significant portion of a site that is dedicated to an important industry segment. How this would affect the remaining portion of the site is unclear but it is safe to assume that the long term viability of the Flower Mart at the site would be in question. We accepted the fact that at least one side of the site will be transitioned into housing.

We considered rezoning the parcel, or even making recommendations to the SLI district; however, we decided we valued the Flower Mart and its contribution to the local economy. We also recognized rezoning would put pressure on the industrial landowners. Hinting at rezoning would have had the unintended effect of freezing all development, as property owners would hold out in anticipation for a ‘better deal.’ Rezoning would open the door to speculation and greatly undermine our efforts to establish a reasonable cost for development.

Jobs in San Francisco’s Floral Supply Industry

Between 1998 to 2004 the floral supply industry consistently employed 250 to 300 people per year with an average salary of about \$30,000.

In 2004 the annual total payroll of San Francisco floral supply establishments was \$8.2 million

*Source: County Business
Patterns, US Census*

Given the high traffic and freeway proximity of the site, the lack of family friendly amenities such as schools, libraries, open space, and the fact that the site will still have an “industrial” character, we decided to steer away from affordable family type units.

Why Not Just Max Out Market Rate SROs?

We chose not to fully develop the site using the market rate SRO model because although we could have generated a significant amount of income for the property owner – at least on paper – we strongly felt that our clients would have objections to this type of development. The neighborhood stakeholders would oppose a fully market rate development, elected officials would not support it, and this would put enormous pressure on existing Flower Mart usages in operations. Most importantly, though the market may be strong for market rate SROs, such a huge influx at one site could likely saturate and undermine that market.

Further, we aimed to create more affordable housing units than market rate SROs, using the market rate portion only to pay for the affordable and industrial components, which will be detailed below. If we were to build a residential component, we knew we would need to develop appropriate separation between the affordable and market rate projects, and to buffer the residential from the remaining industrial use. Additionally, we wanted to create a new street fabric, mimicking SOMA’s street pattern and residential enclaves. We aim to phase the development to minimize disruption of the site’s operation as much as possible.

Finally, in order for the site to become a site at all, we had to acknowledge the importance of providing a reasonable return to the current owners of property 1 while encouraging the owners of property 2 to remain at the site.

In sum, our key development objectives are to:

- Maintain existing SLI zoning
- Preserve industrial uses in the area
- Provide quality affordable housing
- Integrate appropriate mixture of uses
- Create new neighborhood street fabric.

III. MARKET ANALYSIS

After examining the site and neighborhood context, and determining our development objectives, we analyzed the market for comparable projects and pricing. We wanted to ensure that our proposal made sense in terms of actual market demand. We looked at several sectors: affordable housing in the SOMA area, market rate SROs in general, general trends in warehousing in industrially zoned districts, and retail lease rates.

Affordable Housing

San Francisco is currently in a housing crisis. Over 35% of renting households, or 76,000 people, currently pay over 30% of their income towards rent, thus experiencing rent burden. In addition, over 25,000 households earning under 50% AMI pay over 50% of their income towards rent. Clearly there is a lack of affordable housing in the city. In addition, 35,000 people are on the Section 8 waiting list, which closed in 2001. 17,000 people are on the public housing waitlist, with a projected wait time of at least 2 years. Thus, clearly there is a demand for affordable housing as well.

Comparable affordable projects are Folsom Dore and SOMA studios. While they do have family units of 2 and 3 bedrooms, they also have many studio and 1 bedrooms, all which had long waiting lists. The lower the target AMI, the greater the demand and longer the waitlist, with the rent ceiling maxing at about \$1,000/month. Their studio and 1 bedroom units were 600-850 square feet. With this in mind, we aimed to target 40-50% AMI, with realistic rent ceilings of \$1,000 in smaller units. Our rents were set to be affordable to households earning 50% of AMI: \$766 for studios; \$875 for 1 bedrooms and \$982 for 2 bedrooms.

Why Not Big Box Retail?

In our initial conversations with our client, the topic of big box type retailing was mentioned as one of several proposals that should be considered. Although large format retailing has faced many challenges in San Francisco there are several successful examples. We surveyed the general vicinity to better understand the market conditions and to determine if SOMA is underserved by retail. Surprisingly, we found that larger format retailers tend to work well very near freeway ramps (e.g. Bed Bath & Beyond at the 9th and Bryant St, Safeway at 4th and King St, and Costco at 10th and Bryant). In this respect, the Flower Mart site may be a good candidate for a similar type of retailer. However we also found that SOMA isn't lacking retail establishments. Of those listed above, most of the needs of a typical household could be satisfied.

We decide to take another approach by looking at a particular large format retailer, Target. Target has three standard formats ranging in size from 126,000 to 174,000 SF. The entire Flower Mart site is about 166,000 SF so it could fit *if* the entire site was available. Because one property owner has shown interest in selling, we really only have about 80,000 SF to work with. A Target store may fit on half the site but the associated parking required could not.

We also considered the jobs generated by the retail sector and the wholesale cut flower sector. In general, jobs in the latter sector pay more than jobs in the retail sector.

Traffic was also a major consideration. We were uncertain that the circulation around the site could be maintained at the existing level of service, which isn't ideal currently. Lastly, we agreed that a large format retailer would likely face a significant opposition from the general public and elected officials.

For these reasons, we abandoned the idea of siting a large format retailer on the site.

Here are comparable projects in the SOMA area:

SOMA Studios



Folsom Dore



Colombia Square



These projects are SOMA Studios and Folsom Dore, both developed by Citizens Housing, and Columbia Square, developed by Mercy Housing. These projects are great comps because they show the urban, industrial character we will try to emulate. Columbia Square also demonstrates how to plan an inner courtyard which is accessible and vibrant.

TABLE 3.1 Affordable Housing Comparables

Project	Specified Units	Sq Ft	Target AMI	Waitlist
SOMA Studios	studios, 1brs, 2brs	600-850	30-50%	yes
Folsom Dore	studios, 1brs, 2brs	600-850	30-50%	yes
Columbia Square	studios, 1brs, 2brs	600-850	30-50%	yes

Source: Scott Falcone, Senior Project Manager at Citizens Housing

Market Rate SROs

There are 9 market rate SRO projects on line now, with 500 SRO units coming online in Western SOMA. While this could suggest potential market saturation, The Book Concern, a comparable market rate SRO project, is almost 100% presold, with another 2 months projected before its finished construction. Other SRO projects had similar quick absorption rates.

Other comparable projects were surveyed: The Book Concern, 77 Bluxome Street, The Palms. On average they were 325 square feet, and they were able to charge \$1,025 per square foot. Both these numbers are pulled up by The Palms, a more luxury project, with larger studios and better amenities. The Book Concern and 77 Bluxome Street averaged 270-300 square foot studios, charging just under \$1,000 per square foot, with \$1000/sf or \$350,000 being quoted to us as the upper limit we could charge for our product. Thus, we decided to aim for 350 square foot SROs, priced at \$350,000. Further, the market for parking stalls is about \$30,000 per stall in SOMA.

In terms of amenities, we would need large party-type rooms, where residents could reserve space to entertain guests since their living space was tight. Additionally, screening rooms, a gym or recreation area, a roof-deck, and laundry were typically designed in the SRO projects.

TABLE 3.2 Market Rate SRO Comparables

Project	Address	Units	Sq Ft	Unit Price	\$/Sqft	Absorption	Parking	Amenities
77 Bluxome	77 Bluxome St (Brannan/5th)	102	270	\$800-\$1200 (rent)	\$1,000	Under Construction	1:20	Community Room, Gym, Conference Room, Reservable Cinema
Book Concern	83 McAllister (7th)	60	260	\$254,000	\$977	100%presold	0	Community room, Roof Terrace, Gym, Laundry Area
Book Concern			400	\$350,000	\$875			
The Palms	555 4th (Brannan)	300	400	\$500,000	\$1,250	100% sold	Not Known	24 hour Concierge & Security, Jacuzzis, Gym, Yoga Room, Party Room with Pool Table, Business Center

A \$350,000 condo is affordable to household earning incomes above \$75,000 per year. In San Francisco, 32% of households earn over \$75,000. Thus, we'll be targeting those households, who are young professionals and first time homebuyers.

Here are comparable market rate projects being developed in the area:



These projects show the urban, industrial character that residential projects can maintain. They also show how to use glass to create a connection to the street front, and materials that best reflect the neighborhood.

Warehouse Space

In terms of price per square foot for spaces utilized for traditional warehousing type operations, lease prices range from a low of 0.75 cents to well over \$2 per square foot. The lower end of the price spectrum represents large (10,000+ SF) marginally improved space in industrially zoned areas. Generally, the larger the space the lower the lease price.

Although we could not confirm the per square foot lease rate for tenants within the site, based upon listed price for warehouses of similar size in industrially zoned areas, we believe that a asking price of \$1 per square foot would be consistent with this trend.

Warehousing is clearly at the lowest end of the price per square foot lease rate spectrum (See Table 3.3). As a result, it is economically infeasible to build new large-scale warehouse space in San Francisco.

It has been suggested that the owners of Property 2 have considered upgrades to their existing space in order to meet the challenges of a changing industry. Although it has not been confirmed by Property Owner 2, the concept of improving warehouse space should be considered.

In doing our research, we could find no reports on the construction of new warehouse buildings in San Francisco in recent years. Given the high land cost in San Francisco, the high cost of construction, and the fact that warehouse space lease for relatively low per square foot, it's economically impracticable to build new single use warehouse structures. It also unlikely that a significant investment of capital to improve an existing warehouse building could generate sufficient income to recoup the investment. For these reasons, it is unlikely that Property Owner 2 would make significant capital improvements to a building that has little ability for them to recoup their investment.

Yet, for the Flower Mart to remain viable, certain improvement should be considered: namely, the expansion and improvement of warehouse space. The challenge that must be addressed is the fact that the cost of a new building could not be recouped with the current rental rate and an increase in the price per square foot to pay for a significant improvements may force current wholesalers to relocate or out of business.

The only feasible solution would be to subsidize the cost of improvements through some external method. The ideal candidate would be the Mayor's Office of Economic and Workforce Development (MOEWD); however, conversations with program staff suggest that they are not considering the long term viability of this sector at this time.

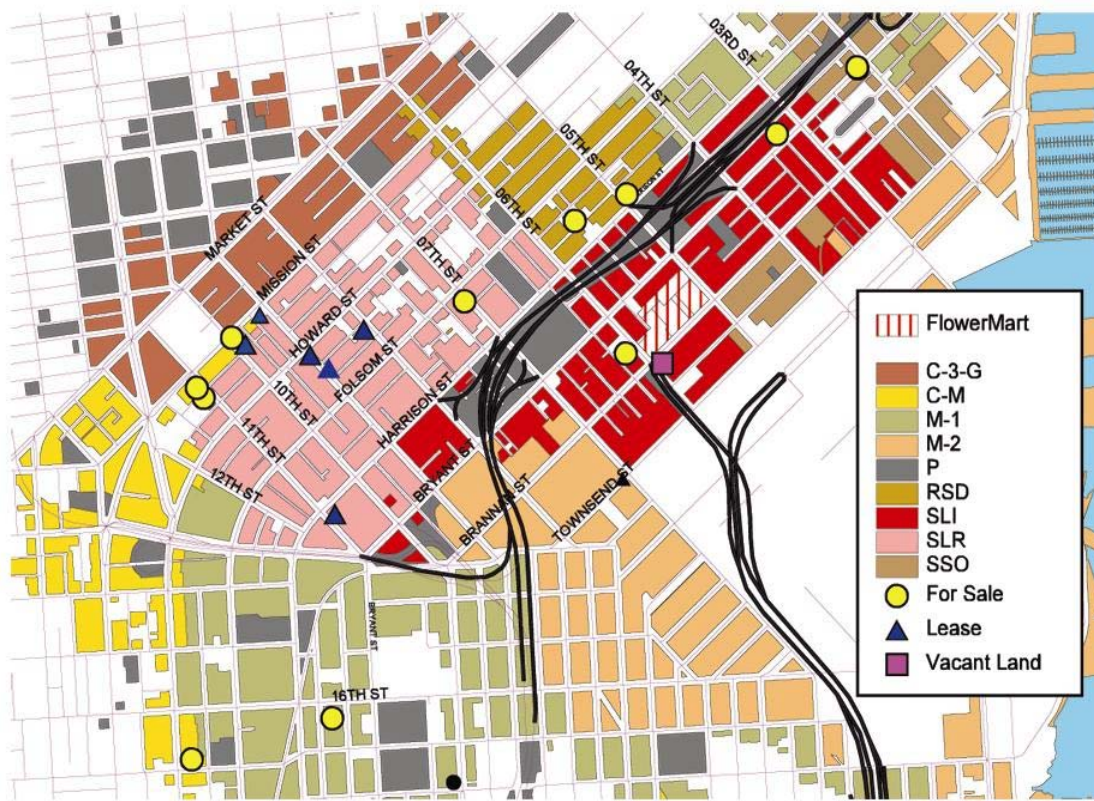


TABLE 3.3 Survey of Rents and Property Values Surrounding Site

Listed	Use	Price	Ttl SF	Price PSF	Zoning	Address
For Sale	Warehouse	\$2,350,000	13,817	\$170	SLR	351 11th
	Warehouse (2 Fls)	\$3,600,000	18,400	\$196	SLI	564 6th Street
	Commercial (3 FL)	\$7,950,000	36,845	\$216	RSD	880 Harrison
	Warehouse (3 Fl)	\$2,200,000	9,450	\$233	SLI	520 Bryant Street
	Office/Warehouse	\$3,295,000	14,000	\$235	SLR	308 7th Street
	Office	\$2,500,000	8,000	\$313	SLR	1269 Howard
		\$2,800,000	8,640	\$324	M2	120 11th Street
	Warehouse	\$3,500,000	9,700	\$361	M2	3176 17th
		\$3,600,000	9,200	\$391	SLR	140 11th Street
	Warehouse (4 lots)	\$5,500,000	13,500	\$407	RSD	254 Clara
Lease	Office/Retail	\$7,500	15,000	\$1	SLR	1155 Mission Street
	Office/Warehouse (Grd FL)	\$10,500	14,000	\$1	M1	2545 16th Street
	Office/Warehouse (3rd FL)	\$15,300	18,000	\$1	M1	2525 16th Street
	Retail	\$12,000	13,200	\$1	C3S	104 9th Street
	Office/Warehouse	\$34,400	34,400	\$1	M1	2650 18th Street
	Warehouse	\$12,200	12,200	\$1	M1	1890 Bryant Street
	Office (3rd FL)	\$2,000	2,000	\$1	SLR	131 10th Street
	Office/Retail	\$5,100	3,400	\$2	SLR	115 10th Street
	Office/Retail/Light Ind (3 Floors)	\$23,200	11,600	\$2	SLR	207-209 9th Street
	Warehouse	Negotiable	3,000	Negotiable	SLR	235-239 9th Street
Assessed	Vacant Land	\$7,872,847	63,844	\$123	SLI	Bryant @ 6th Street
For Sale	Vacant Land	\$5,000,000	14,997	\$333	M1	480 Potrero

Retail, Wholesale/Warehouse Space

Wholesale/Warehouse Space is defined as flexible space that will be suitable for current Flower Mart tenants that are primarily wholesale focused. These spaces are open to the general public but the majority of their users are industry professionals and resellers and function more as traditional retail spaces. Within the Flower Mart site these spaces front the easement and are not connected to the internal circulation of the warehouse buildings.

Within close proximity to the site, commercial leases for similar types of spaces range from a low of \$1 to well over \$2 per square foot. The lower end of this spectrum represents the smaller end of the warehouse market; the upper end represents spaces that function closer to office space or traditional retail space. Asking price is strongly related to location versus zoning. For example, spaces closer to Market Street are the most costly.

As stated above, we could not confirm current lease rates for these spaces, therefore we can only assume that these wholesale/warehouse spaces lease at a higher rate than the above mentioned warehouse space. Given the site location and similar comparable spaces, we forecast these rents to be no more than \$2 per square foot.

Land

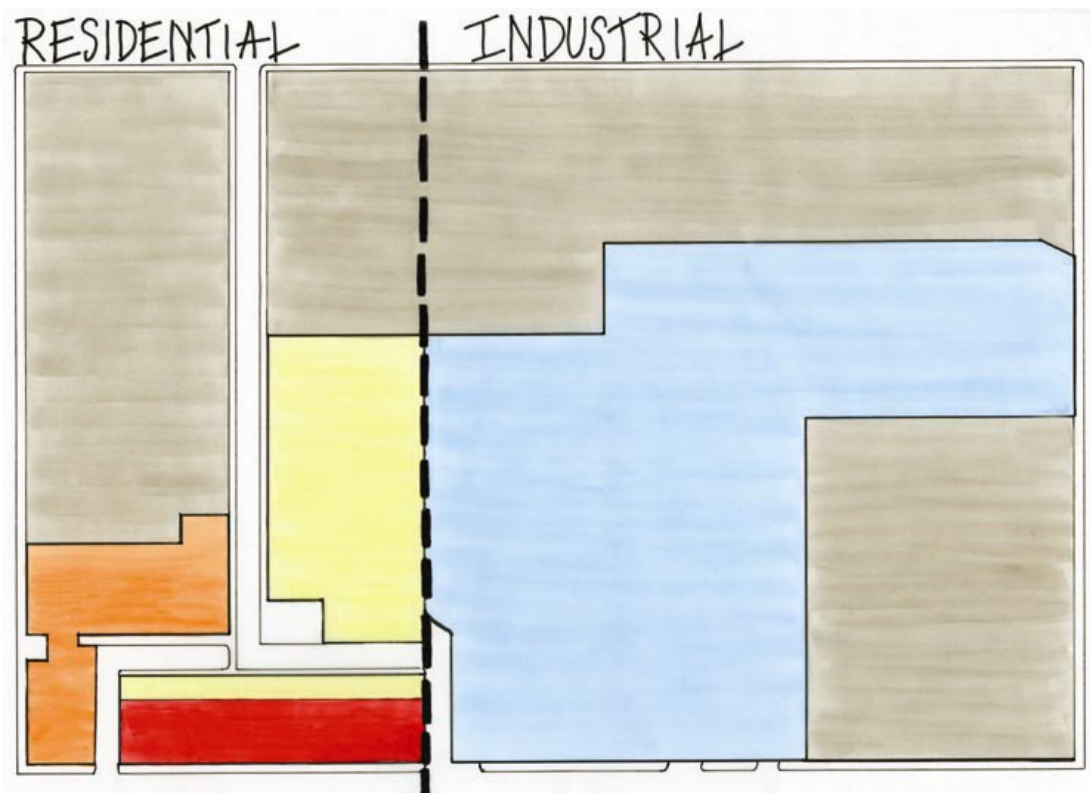
Our research indicates that Property Owner 1 is willing to sell their property for approximately \$18 million dollars, which is \$222 per square foot. The site located across the street, on the intersection of 6th and Brannan, was vacant in 2003 and valued at about \$7.8M, which is equivalent to \$123 per square foot.

This is a large discrepancy but is illustrative of the challenges of comparing ‘apples to oranges.’ The price of vacant lots is determined by the highest and best use allowed by current zoning, and is an excellent reflection of market demand. The price of improved land reflects the limitations of current uses as well as potential development costs. Even though our development plan calls for the demolition of the existing buildings, we cannot calculate the cost for the site based upon the asking price of vacant lots. We did, however, find several listings for improved sites with residential zoning limitations. Based upon this data, we determined a realistic offer price for the land of Property Owner 1 is between \$150 to \$200 per square foot.

IV. DEVELOPMENT PROGRAM

With the different users and different owners, our development program is complex. Our objective, throughout the program, is to create quality affordable housing and economic development. To do so we designed a development program that allows for the development of housing on Property Owner 1's side of the site while significantly improving the warehouse space on Property Owner 2's side of the site. Affordable housing will be maximized, but market rate SROs will be included for the primarily purpose of income generation to fund the development of the site. The Flower Mart Café will be preserved and a new internal circulation system will be developed that mimics the traditional alleys found in SOMA. The street frontage along Brannan will be improved with the addition of several storefronts designed for the needs of current Flower Market vendors. The site will be a mixed use development in every sense by the inclusion of affordable housing, market rate SRO units, small scale retail/commercial storefronts, and traditional SLI usage.

FIGURE 4.1 Separating Incompatible Uses



The development program for all four buildings is summarized in Table 4.4.

Building 1: Market Rate SROs, “The Flower”

Building 1 is a zigzag-shaped building, with the floor plan designed to produce the amount of SROs we need to make the project work. Thus, Building 1 is five stories of 128 for-sale SROs. In the SLI zoning district SROs only have to be parked at 1:1.05, or one stall for every 20 tenants, however we have designed 35 parking stalls, or almost 1:3. More parking, priced at \$30,000 per stall, was better for our bottom line, and it is also important given the location of the site and its proximity to freeways. On the ground floor is 4,950 square feet of café space, designed for the current Flower Mart Café. Thus, we’ll have neighborhood serving café along the street, and retain this vibrant use, possibly with outdoor seating. The market rate component would have very visible street presence, and would activate the 6th Street/ Brannan corner.

Building 2: Affordable Building with Retail-Wholesale Below, “The Brannan”

On the ground floor of the Brannan is 12,000 square feet of retail-wholesale. We designed this space to be rented to the current Flower Mart retail tenants, who use their shops to sell to both the public and to florists. Above this space we have designed quality affordable housing. There are 3 stories of 8 studios, 24 one bedrooms, and 18 two bedrooms, for a total of 50 affordable units.

Building 3: Affordable Building with Parking Below, “Morris Place”

On the ground floor of Morris Place are 98 parking stalls in surface parking and a podium. Above the podium parking, there are 4 stories of 8 studios, 36 one bedrooms, and 24 two bedrooms, for a total of 68 units. Combined with building 2, there are a total of 118 affordable units. 118 units, with 98 parking stalls, allows us to be parked at 1:1.8.

Building 4: Warehouse Facility with Rooftop Parking and Loading Bays

Building 4 is a new warehouse facility which would contain 40,800 square feet of flexible warehouse space. 149 parking spaces on the roof of this building combined with an additional 31 surface parking spaces provide more than the required SLI and retail parking amount for site. In addition, we are adding 6 new loading bays, two of which are for 18-wheelers.

FIGURE 4.2 Ground Floor Site Plan

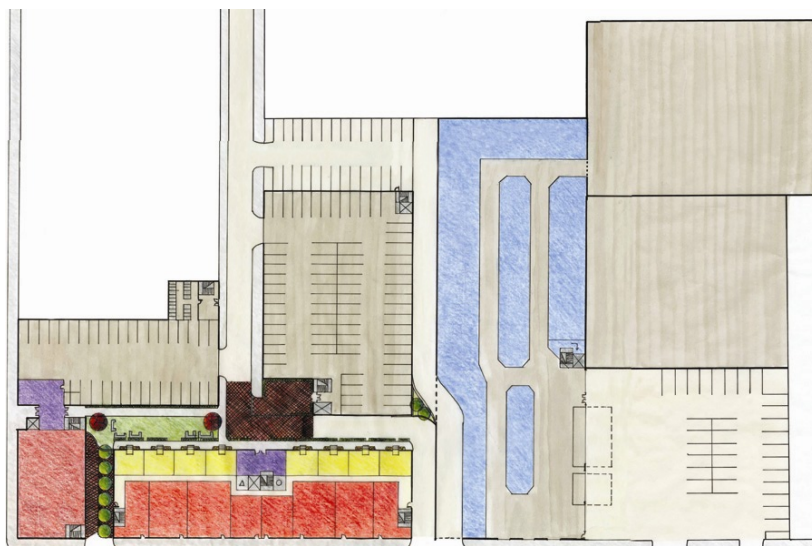


FIGURE 4.3 Second Floor Site Plan



TABLE 4.4. Development Program

Number of Buildings	4		
Unit Mix (30 to 50% AMI)	<i>Number</i>	<i>Unit Size</i>	<i>Percent</i>
Studios	16	400 to 560 SF	38%
1-Bedroom	60	600 to 800 SF	40%
2-Bedroom	<u>42</u>	800 to 900 SF	<u>22%</u>
	118	affordable rentals	100%
For-Sale SROs	128	300 to 350 SF	52% of all residential units
SLI Space			
Retail/Wholesale	9 spaces	16,950 SF total	
Warehouse	In one building	40,800 SF total	
Parking			
Residential SROs	35 spaces	1: .27 parking ratio	
Residential BMR	98 spaces	1: .80 parking ratio	<i>Parking Variance Needed</i>
Warehouse and Retail Parking	180 spaces		
Loading Bays	6		

New Flower Mart Space

Table 4.5 below compares the amount of retail/warehouse space (“flower mart space”) and related parking spaces before our development proposal to what it would be after. Though for the entire site there is a net loss of 17,125 SF of flower mart space, this loss is taken entirely by Property Owner 1. This loss is necessary in order to build the housing needed to generate the funds to pay Property Owner 1 for land at a price they would likely agree to. Given that the 16,950 SF of retail space that is retained on site would be new and upgraded, we hope that the net loss of flower mart space on site would be mitigated by more efficient design and use of the new space.

Property Owner 2, who has expressed an interest in continuing Flower Mart operations, would actually receive a net gain of 11,760 square feet of flower mart space. Additionally, Property Owner 2 would receive a net gain of 129 parking spaces for customers and employees of the Flower Mart. 68 of this parking gain of 129 actually represents a net gain for the entire site.

TABLE 4.5 Loss/Gain in Flower Mart Spaces: Before vs. After Development Proposal

	BEFORE		AFTER		NET LOSS/GAIN		TOTAL LOSS/ GAIN
	Property Owner 1	Property Owner 2	Property Owner 1	Property Owner 2	Property Owner 1	Property Owner 2	
Number of Buildings	3	2	3	1	0	(1)	(1)
SLI Parking Spaces (for Employees and Customers)	51	61	0	149	(51)	88	37
Loading Spaces	0	0	0	31	0	31	31
"Retail" SF	27,835	11,760	16,950	0	(10,885)	(11,760)	(22,645)
Light Industrial/ "Warehouse" SF	18,000	17,280	0	40,800	(18,000)	23,520	5,520
<i>Total "Retail" "Warehouse" SF</i>	<i>45,835</i>	<i>29,040</i>	<i>16,950</i>	<i>40,800</i>	<i>(28,885)</i>	<i>11,760</i>	<i>(17,125)</i>

V. DEVELOPMENT PHASES

We are proposing a three-phased development be done by a nonprofit developer, in order to further the goals of affordable housing and economic development. The economic development component is achieved through preserving the Flower Mart as a viable sector of the San Francisco economy and the jobs it provides. By upgrading the outdated warehouse space on Property Owner 2's site, we are arguably helping to sustain the viability of the Flower Mart business over the long-term. We anticipate a minimum of six years would be required for our development proposal.

We are aware that after the site is sold, some vendors may chose to relocate permanently or cease operations rather than face the disruption of their operations as the project is phased to completion. It is our goal to minimize this as much as possible.

Phasing Construction Timeline

Figures 5.1 and 5.2 below show the timeline and the related activities for each of the three phases. Each phase can be roughly broken down into four steps:

- **Step 1** Consolidate Flower Mart business operations locating in the building(s) targeted for renovation into available warehouse and retail space, preferably on site.
- **Step 2** Demolish old building
- **Step 3** Construct new building
- **Step 4** Move in new or returning tenants.

We anticipate some overlap between the phases during the consolidation and move-in steps of each phase. By phasing in the development over several years, we hope to minimize disruption and displacement of Flower Mart operations to the extent possible.

Why Not Provide Less Parking to Lower Development Costs?

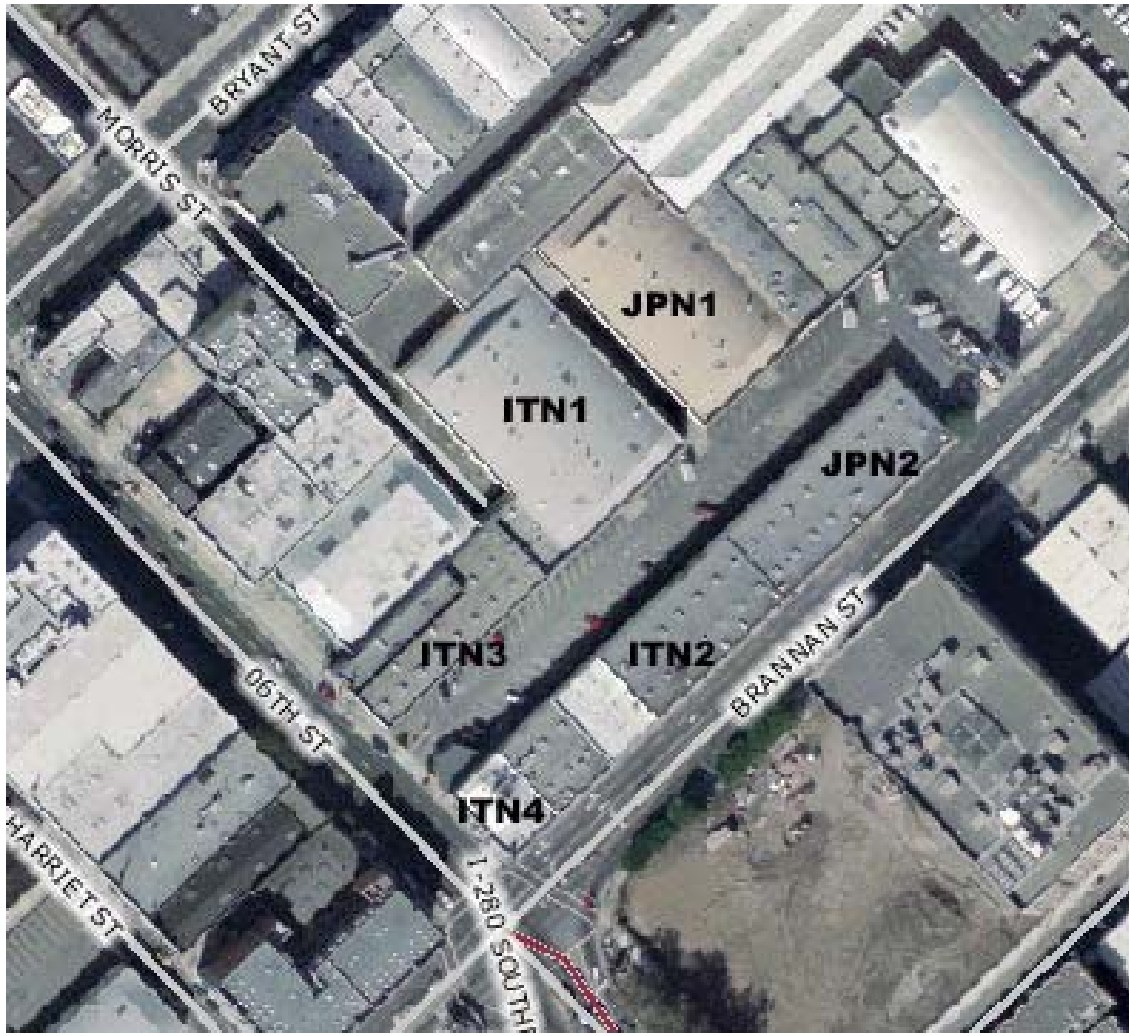
Because “maxing out” the residential density on the site would be met with disapproval from the surrounding neighborhood, we would not save much money by providing less parking. A lower parking ratio would support an increase in residential units and *not* a decrease in parking spaces.

Given our project concept, reducing parking would not save much money because 28 of the BMR parking spaces are surface parking spaces, costing only \$5/SF to “build.” The cost to build podium parking is \$80/SF. This is still less than the construction cost for residential which is \$175/SF.

Again, the benefit of a lower parking ratio would allow us to offer not less parking but more units. That would either keep total development costs the same or even increase development costs. For example, with a greater parking variance, we would have more flexibility to design our 2-bedroom units as 1-bedrooms or studios which would not change development costs by much. The extent that our current proposal may have “too many” 2-bedroom units for a site that is not ideal for families is due to our attempts to come close to meeting the 1 to 1 parking requirement. Therefore, our project concept would actually be improved if a greater parking variance were allowed. But to be clear, this would *not* reduce development costs.

Alternatively, development costs may actually increase if a lower parking variance were allowed in the zone because this would incentivize the building of residential units over parking spaces or green space. Not only would development costs be higher with more residential units, but allowing more residential units would put more displacement pressures on current industrial uses. For example, though the maximum density allowed on Property Owner 1's site is 405 units, this is prevented by the 1 to 1 parking requirement.

FIGURE 5.1 Existing Building Structures



(Insert phasing timeline chart)

Phase I

Each phase of development is associated with construction of a different building. Phase I would involve the construction of the for-sale SRO building, “The Flower” along the 6th and Brannan Street intersection. The income generated from the sale of the SRO units would entirely fund Phase II and a portion of Phase III as well as generate income to be paid to Property Owner 1 which will be close to their original asking price.

Phase I would begin with the demolition of buildings ITN3 and ITN4. The existing vendors would be encouraged to temporally relocate into building ITN1. This will likely be a temporary hardship for them, but it is a necessary move in order to advance the project.

The construction of “The Flower” would require spot rezoning as it exceeds the height limit of 50 feet by 2 feet in the current design. This additional two feet was needed on the ground floor to accommodate standard height requirements for restaurants. Alternatively, to avoid rezoning the four floors above the restaurant could be reduced from 10 feet to 9.5 feet, in order to stay within the height limit of the SLI zoning.

Phase II

Phase II would involve the construction of a new warehouse facility for Property Owner 2. As stated above, this would be paid for entirely by a portion of the proceeds from the sale of the SRO units. This too will require the demolition of a heavily used warehouse. Existing vendors will be encouraged to temporarily consolidate their operations and move into building ITN1. When this phase of construction is complete, vendors will relocate for the final time into a larger modern warehouse with roof top parking for 149 employee and customers.

Phase III

The final phase, Phase III would involve the demolition of the now vacant buildings ITN2 and ITN1 and the construction of two affordable housing buildings. “The Brannan” will be a mixed-use building containing eight retail/wholesale spaces targeted for Flower Mart use on the ground floor, and three floors of affordable rentals above. “Morris Place”

Adaptive Reuse Warehouse Design

Building a new single use warehouse with rooftop parking will cost \$125/SF. Although we agreed that this is a crucial component of the economic development plan of keeping the Flower Mart at this site, we also had to face the reality that a new warehouse doesn’t obligate the Property Owner 2 to stay at that site forever. For this reason we designed the warehouse with future reuse in mind. Interior columns will be kept to a minimum and exterior walls will be designed in a manner that would not preclude future windows and openings. Utilities will be routed for ease of future upgrades. Because the roof deck is designed to handle live loads, minimal improvements will be needed to construct additional floors if the site fully transitioned to residential.

We have designed a warehouse that in the future could easily be adapted to a podium building with residential units above and retail below.

building would contain podium parking on the ground floor with four stories of residential above.

The construction of 98 parking spaces for a total of 118 affordable units puts our development program just below the 1 to 1 parking ratio requirement. A parking variance would need to be granted to accommodate our parking ratio of .80 to 1. The parking ratio for the site overall is .57 to 1 or 133 parking spaces for 246 units.

VI. BUILDING DESIGNS



FIGURE 6.1 Brannan Street Frontage of New Flower Mart Warehouse

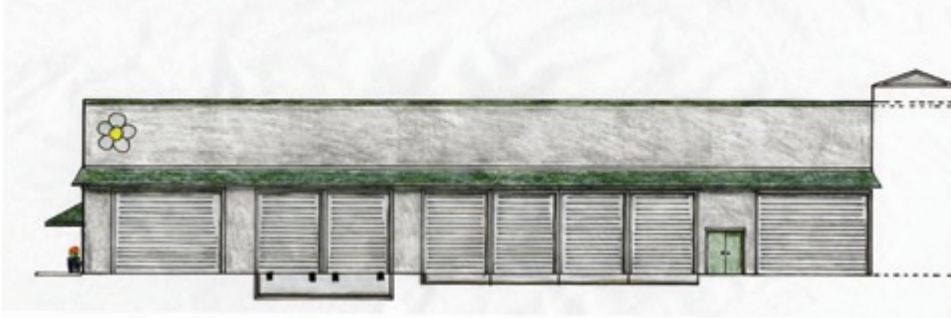


FIGURE 6.2 Loading Docks of New Flower Mart Warehouse

New Flower Mart Warehouse

The 40,800 square foot warehouse doubles as a parking podium structure on the second level, served by an approximately 100-foot ramp on the western edge of the building. The warehouse features 25-foot ceilings and an open interior, allowing maximum flexibility for tenant placement, delivery circulation, and storage. To make up for a reduced parking and circulation area outside the warehouse, an upgraded loading area includes six loading docks, two of which can accommodate 18-wheeler tractor-trailers. Also, two 20-foot doorways are provided at each end of the parking and loading area, which will allow trucks to enter and exit the warehouse, as they currently do with the existing warehouses. The new warehouse accommodates interior connections with existing warehouses. Finally, because the Flower Mart serves the public, as well as retail vendors, the eastern edge of the warehouse features three 10-foot roll-up doors along the Brannan Street sidewalk. These will allow vendors a prominent retail space along Brannan, and help soften the edge of what is now a long blank wall. Both the Brannan Street frontage and the parking and loading areas will be shaded by large awnings, both providing shade and baffling delivery noise.

The Flower: Market Rate SRO Building



FIGURE 6.3 6th Street Frontage of New Market Rate SRO Building

The Flower is an L shaped building bridged by a glass and steel wall that runs the entire height of the building introducing light and a sense of spaciousness to the lobby and corridors, as well as facilitating a visual connection between 6th Street and the Morris Alley extension. Building 1 is five stories high, with four stories of residential located above podium parking and a restaurant space on the ground floor. The central elevator and stairs are sheathed by glass and steel, evoking the industrial aesthetic of the Western SOMA area. Each of the 128 units is provided with one or two large windows and a clerestory, in order to maximize light and air. A large lobby features large circular windows, high ceilings, a mailroom, and night desk. Flower plantings are located along the 6th Avenue sidewalk.

Semi-private open space and recreation areas are made up of a long courtyard that runs along the western edge of the building. Adjoining and opening onto the courtyard is a long community room, featuring a kitchen, bathroom, and flexible space for parties, movies, and other activities. Laundry rooms are located in the western half of the building on each floor.

Residential parking is provided on the ground floor, with access off of Morris Alley. The 35 parking stalls will be sold separately from the SRO units, as will approximately 35 bike parking lockers.

The popular Flower Mart Café, currently located at the corner of Brannan and 6th Street is to be provided with a new space, approximately 5,000 square feet. The large space could easily accommodate an expanded Flower Mart Café or even two restaurants served by one kitchen. Service and waste facilities are located on the north side of the restaurant alley between Buildings 1 and 2. Delivery trucks will be able to back up to the rear of the restaurant area from Brannan Street.

The Brannan: Affordable Rental Building



FIGURE 6.4 Façade on Brannan Street



FIGURE 6.5 Internal Façade

The Brannan, located along Brannan Street, north of The Flower, is designed for both affordable rental housing and wholesale/retail uses. It is four stories high, with three floors of housing above a podium, and a mix of housing and wholesale/retail and studio units on the ground floor. Along the ground floor on the Morris Alley extension are eight one-story studio units, featuring stoops and individual gardens. They benefit from relatively high ceilings, thanks to the 15-foot podium, and may be lofted for additional space. These units are intended to help activate the Morris Alley extension, introducing eyes on the new pedestrian area between buildings and resident activity.

The main entry for residents who live on the upper levels is located on the Morris Alley extension side, and features a large lobby and glass-encased elevator and stairs mimicking the style of the other two buildings in the development. Two large courtyards are located on the second floor of the north and south halves of the building, facing the Morris Alley extension and providing some quality outdoor spaces away from the noise and traffic of the surrounding streets. Two-bedroom units face onto these courtyards, and the main corridor running north and south down the center of the building features a glass wall looking out onto the courtyard to bring light further into the interior of the building. A small courtyard is also located in the middle of the building facing Brannan Street, flanked by the glass and steel corridor that links the north and south halves of the building. Like Building 1, internal circulation areas are designed to admit as much light as possible, and present an attractive, industrial-like appearance. The upper level units are relatively long and narrow in order to maximize light. Windows are large and are topped with clerestories.

The 12,000 square feet of wholesale/retail space located on the ground floor runs the length of the building's Brannan Street frontage. These spaces are intended for the continued use by existing Flower Mart tenants arranged however in a more efficient arrangement. In keeping with the warehouse/industrial aesthetic, each wholesale unit has a 10-foot roll-up door with glass windows, in addition to a regular door. Awnings run the length of the building, and planters between retail spaces help soften its long edge. The design of the side of Building 2 facing Brannan street is intended to activate the street and provide a point of interaction for city residents with the activities of the Flower Mart. The units are relatively deep, and are served by a corridor that runs the length of the building, with bathrooms, loading, and trash services at either end. While the ground-level studios share their rear wall with this corridor, they are kept separate. The wall is heavily insulated to reduce noise disturbances.

Morris Place: Affordable Rental Building

Morris Place, the second affordable housing structure is located within the interior of the block, along the Morris Alley extension. The building is five stories high, with four stories of residential above podium parking. It features studios, one-, and two-bedroom units, and contains the development's office and services component. Parking for all of the project's affordable units is provided on the ground floor and on a surface parking lot adjacent to Building 3 (98 spaces, total).

The main entry is located off of Morris Alley, and has the same design features as the other two residential buildings: glass lobby and glass-encased stairs and elevator. The second floor lobby opens onto a large central courtyard, which features grass mounds and trees offering a play space in case families move into the 2-bedroom units. Units located adjacent to the courtyard can be provided with direct access. The services component (financial counseling, employment services, etc.) is located directly across the corridor from the courtyard on the eastern edge of the building.

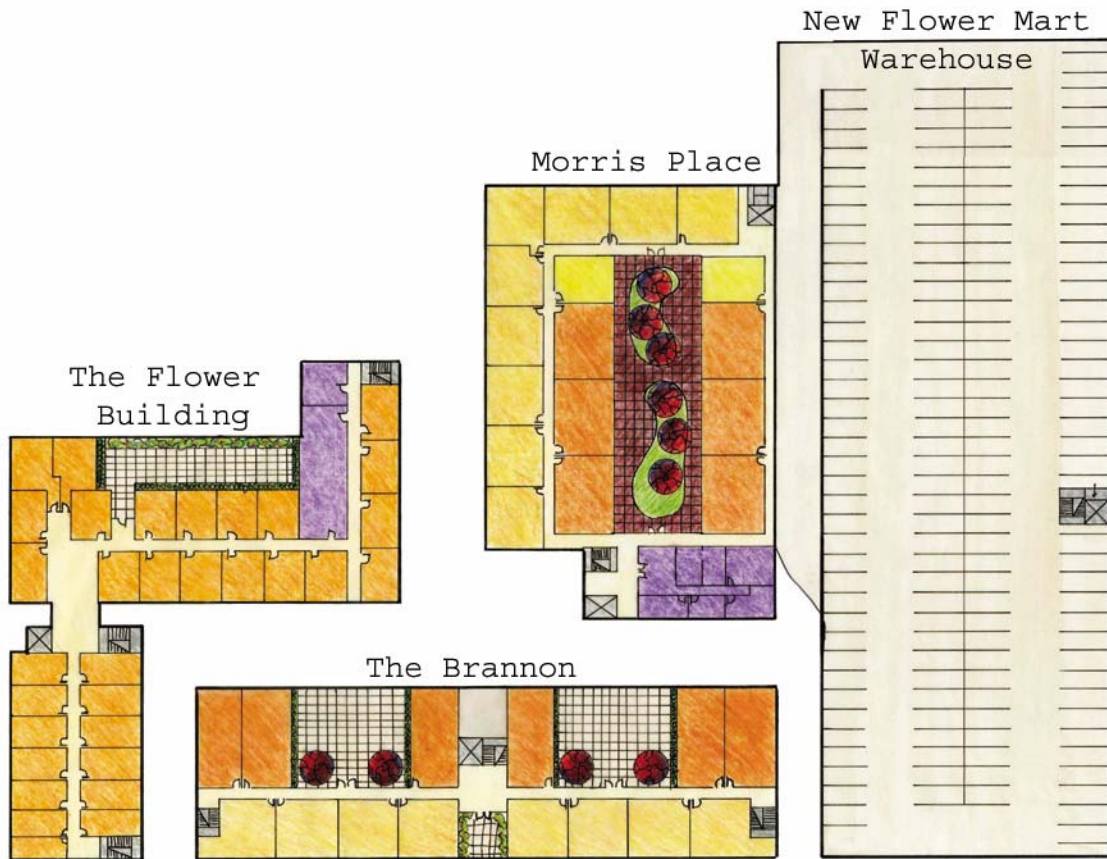
One of Morris Place's unique features is an enclosed corridor running the length of the northern edge, alongside the auto ramp leading to the parking level of the new warehouse next door. Units located on the north side of the building are entered from this corridor, but receive light and air from the internal courtyard. The exterior wall is heavily insulated, and clerestories are provided on the 3rd and 4th floors, for additional light. The south part of the building has a double-loaded corridor, with southern units facing Morris Alley.

Morris Alley Extension & Open Spaces

Morris Alley is extended through the block, making 90 degree turn north before Building 2 and another 90 degree turn south before the warehouse, to connect directly with Brannan Street. Morris Alley is considered the main circulation route for automobiles. In order to enhance the pedestrian connections between Buildings 2 and 3, the turn before Building 2 is a traffic calming speed table. Two-way residential traffic is allowed through Morris Alley, but through-traffic shall be prohibited.

Between Buildings 1 and 2 is a wide semi-public park space. The western edge of the space is hemmed in by a sidewalk and bamboo planters along the edge of Building 1, while the eastern edge is faced by the doors and stoops of the affordable studio units. Benches, trees, and landscaping create a relaxing space to sit in the sun or shade. At the southern end of this park space is a 90-degree turn, leading to a tree-lined alley that ends on Brannan Street. Auto traffic is restricted to loading vehicles servicing the restaurant space in Building 1. This alley, primarily, serves as a pedestrian connection between the Morris Alley and Brannan Street, but signals passersby that they are entering a semi-private space.

FIGURE 6.6 Second Floor Site Plan



VII. FINANCIAL FEASIBILITY

The financial feasibility of the project is contingent on several key assumptions.

- A 501(c)3 would develop the entire project in order to exempt the developer from having to pay taxes on the sale of the market rate SROs.
- Property Owner 1 would agree to the land offer price of \$17.3 million and would agree to receive this payment in phases.
- Property Owner 2 would agree to transfer the easement to the developer in exchange for a new upgraded warehouse facility costing \$5.5 million dollars to construct.
- The Mayor's Office of Housing and/or the City of San Francisco would support this project and grant a subsidy in the amount of \$16 million dollars (\$140,000 per unit) to preserve jobs and industrial space and build affordable housing.
- The project would qualify for \$12 million in 4% tax-exempt bond financing.

The development of the SROs by a 501(c)(3) developer would exempt the project from the payment of taxes which could be as high as \$10 million dollars according to our proforma calculations. Saving this money is an integral component to making this proposal financially feasible. Further, the sale of SROs at market rate generates the funds necessary to pay Property Owner 1 for their land as well as to pay Property Owner 2 for their easement. Though we considered the controversy around adding more market rate SROs to the area, they are included in our proposal nonetheless because the sale of market rate SROs is the economic engine driving the financial feasibility of this project.

We propose an offer price for land in the amount of \$17.3 million dollars, which is equal to \$213 per square foot of land. Again, our market study indicated comparable land prices are between \$150 to \$200 a square foot. Therefore, our price offer is on the high end and is reasonable. The financial feasibility of the project requires Property Owner 1 to agree from the outset to receive payment for the land over the three phases of development as opposed to in one lump sum payment before the beginning of development. The first \$1 million would be received as a down payment in the predevelopment phase; another \$1 million would come at the start of Phase I; the bulk of the payment for land would come in the beginning of Phase II in an amount of \$12.6 million dollars. However, Property Owner 1 could receive portions of this \$12.6 million earlier by taking a percentage of proceeds from the sale of SRO units during the latter part of Phase I. In the proforma, we assumed a payment rate of .65 cents to the landowner for every dollar of the net gains from the sale of SROs. Therefore, if the SROs sell for more than the anticipated price, there is a chance that Property Owner 1 may get more for the land. A final payment for land would come in Phase III in the amount of \$2.7 million.

The 128 SROs are priced at \$1,000 a square foot or \$330,000 a unit, based on comparables in the area. The 35 parking spaces on the ground floor are priced at \$30,000 a space. In addition, the 4,950 SF of restaurant space is priced at \$1.3 million. This price is calculated based on rents of \$1.5/SF and a cap rate of 6.5%. We approximate that the

sale of the SROs, parking spaces and the restaurant space would generate \$45 million dollars. However, after accommodating for development costs of the building at \$25 million, we are left with a gain of about \$20 million at the end of Phase I. Part of this \$20 million would be used in Phase II to repay an initial loan of \$2.5 million taken out in predevelopment. Our assumption is the predevelopment loan could come from a nonprofit lender such as LISC in order to take advantage of a below market rate interest rate. As mentioned earlier, \$12.6 million would go to pay for land. Table 7.1 below summarizes how the funds generated from the sale of SROs will be spent.

TABLE 7.1 Uses of SRO Sales

	\$ Millions
Sale of SRO Building	+\$45.0
SRO Building Development Cost	-23.6
Land (in Phase I)	-1.0
Land (in Phase I to II)	-12.6
Warehouse Facility Construction	-5.5
Predevelopment Loan Repayment	- 2.5

The remaining \$5.5 million from the \$20 million gain from SROs sales is allocated for the construction of a new warehouse facility for Property Owner 2, in exchange for their easement. This new warehouse building to be constructed in Phase II contains 40,800 SF of flexible warehouse space. This amount represents a net gain for Property Owner 2 of 11,760 SF of warehouse space. 149 parking spaces on the roof of this warehouse building and 31 surface parking spaces represents a net gain of 119 SLI parking spaces for Property Owner 2 and a net gain of 68 SLI parking spaces for the entire site. As part of the new warehouse facility six new loading bays would be constructed, 2 of which would accommodate 18-wheelers.

Phase III would be the construction of the two affordable housing buildings. Construction cost for the affordable housing building is \$284 a square foot. This amount is lower than the SRO per square foot amount which is \$358 a square foot because the SROs would contain higher-end amenities and finishes. The total development cost for the affordable housing buildings, including land cost for Phase III, is \$39.6 million.

Rents are priced at just below what is affordable for households at 50% of AMI: \$766 for a studio, \$875 for a 1 bedroom and \$982 for a 2 bedroom. Those households at 30% of 40% AMI who could not afford to pay this rent amount would require a subsidy from the city (e.g. Department of Public Health and/or Health and Human Services). Rents were set at just below the maximum allowed at 50% of AMI in order to maximize financing potential. Still, after permanent financing, this project requires gap funding from three main sources. The Mayor's Office of Housing and/or the City would need to grant a subsidy of \$140,000 per unit; nearly \$12 million is needed from tax exempt bond financing; and \$590,000 is needed from AHP funds.

The costs and sources of funding for each phase of development are detailed on the following page. More detailed proformas for the three of the buildings – the SRO

Building 1, Affordable Building 2, and Affordable Building 3 – can be found in the Appendix. (Note: The total costs of development and sources of funding for each building according to the proforma is slightly higher than the total costs/sources for that building as indicated in the “Summary of Sources and Uses by Phase” chart on the next page. This is because some of the individual building costs, as indicated in the proforma, are captured early in the Predevelopment Phase of the “Summary of Sources and Uses by Phase” chart. However, the total project cost of all phases is equal to the total project cost of all three buildings. The proformas were used to calculate primarily the net cash flow for Building 1 and the amount of equity that can be raised by tax credit sales for the two affordable buildings.)

In sum, total development cost for the entire project, including land, is \$86.7 million dollars. This project is financially feasible; however, it requires support and funding from the City/MOH in the amount of \$16 million. Also, Property Owner 1 would need to agree to an offer price of \$17.3 million for the land to be paid over three development phases. Finally, we would need the cooperation of Property Owner 2 to transfer the easement to the developer in exchange for new upgraded warehouse facilities.

(Insert Costs and Sources by Phases Chart)

APPENDICES

- Appendix A: Proforma for SRO Building # 1 (The Flower)
- Appendix B: Proforma for 4% Tax Exempt Bonds for Affordable Building # 2 (The Brannan)
- Appendix C: Proforma for 4% Tax Exempt Bonds for Affordable Building # 3 (Morris Place)
- Appendix D: Presentation Boards
 - Site Opportunities and Constraints
 - Development Overview
 - Market Analysis
 - Development Program
 - Development Character
 - Development Proposal