

Commission on Community Investment and Infrastructure

Mission Bay South Block 9A

Predevelopment Loan and Exclusive Negotiations Agreement

April 7, 2020



Current Request

Approval of Mission Bay South Block 9a:

- Exclusive Negotiations Agreement
- Predevelopment Loan Agreement

Limited Equity Program (LEP)

- All units will be restricted to no more than 110% AMI and sold through the OCII LEP, administered by MOHCD
- Unit sales prices based off of AMI level for each unit
- Deed restricted resale prices for life of project
- Eligibility requirements:
 - Cannot have owned residence past 3 years
 - Income eligibility includes income from all assets
 - 5% down payment, minimum 3% buyers own funds
 - Private mortgage must be written to MOHCD standards

Marketing & Outreach Process

- **Early Outreach Plan to OCII w/in 30 days of construction start**
 - MOU with housing counseling agency
 - Including homeownership counseling opportunities
 - Emphasis on Certificate Of Preference holders
- **Marketing Plan 12 months prior to TCO**
 - Application, lottery dates
 - Advertising, community meetings, and open houses
 - Strategies to target qualified income buyers

Occupancy Preferences

- All units will be restricted to no more than 110% AMI
- **Preferences Order:**
 1. Certificate of Preference holders
 2. Displaced Tenant Preference Program (20% of units)
 3. Neighborhood Resident Housing Preference* (40% of units)
 4. San Francisco Residents or Workers
 5. Members of the General Public

Site Location



Block 9a

LEGEND:

- | | |
|---|---|
|  Public Facility |  UCSF Campus |
|  Parks |  UCSF Medical Center |
|  Retail |  Commercial Office |
|  Residential / Market Rate | |
|  Residential / Affordable | |
|  Hotel / Residential | |

Site Amenities



Background

- 1998: Mission Bay North and South Redevelopment Plans and Owner Participation Agreements (“OPAs”)
 - 6,514 residential units, 1,916 or approximately 29% affordable
 - MBN: 698 affordable units complete
 - MBS: 493 affordable units complete, 725 planned or under construction
 - Remaining affordable housing developed by nonprofit housing developers

Background (cont'd)

- OPA requires “Major Phases”
- MBS Block 9a approved in 2004 as part of the Major Phase for Blocks 8, 9, 9a, 10, 10a, and Parks P18, P19, and P20
- Major Phase confirms Block 9a as an affordable housing site

Request for Proposals

- **May 2019:** OCII issued RFP seeking qualified development team
- **September 2019:** Evaluation Panel reviewed response
- **October 2019:** Developer team recommended to the Mission Bay CAC
- **October 2019:** Informational Memo to the OCII Commission

Development Program

Number of units	140
Population	Households earning between 80-110% AMI as defined by MOHCD
Unit sizes	• 25% 1 bds: ranging from 500-550 net useable sf • 50% 2 bds: ranging from 800-850 net useable sf • 25% 3 bds: ranging from 1,000-1,100 net useable sf
Parking	33 spaces for vehicles; 0.24:1 ratio per unit 140 spaces for bikes
Amenities/ Community spaces	• Community room • Outdoor courtyard and roof deck • Offices for sales and property management staff • In-unit washer & dryers • Refrigerator and dishwasher

Predevelopment Loan Agreement

- Loan Amount = \$3.5 million
- Terms include: 3% simple interest, converts to a permanent forgivable loan at construction closing
- Funds for design, survey and engineering, financing and legal fees, developer fees

Predevelopment Loan cont'd

- Authorized by Loan Committee on January 17, 2020
- Loan conditions:
 - Early design and cost estimating exercise to reduce hard costs by July 2020
 - Pursue additional funding sources
 - Marketing and sales team subject to OCII review/approval
 - Close review of HOA fees and adjust HOA reserves, as appropriate
 - Outreach to the Mission Bay community

Exclusive Negotiations Agreement

- Initial term of 18 months; optional extension of up to 12 months
- Developer performance deposit of \$10,000
- Predevelopment period milestones
- Disposition and Developer Agreement in lieu of a ground lease

Equal Opportunity Program

- Contracting:
 - Initial professional services RFQ released in December 2019
 - Pre-bid meeting and review of responses in collaboration with OCII Contract Compliance staff
 - Explore general contractor joint venture
- Establish plan for meeting local hiring goals

Community Outreach

- **April 2019** – Presented RFP to Mission Bay CAC
- **Sept 2019** – CAC member participated in evaluation panel
- **Oct 2019** – Presented developer team recommendation to CAC
- **July 2020/Ongoing:** Continue to engage and solicit feedback from CAC on early designs

Project Schedule

- **July 2020** – Submit 50% Schematic Designs and cost estimate
- **July 2020** – Submit updated preliminary financing plan
- **Winter 2020** – Schematic Design approval
- **Early 2022** – Permanent Loan and DDA approval
- **Spring 2022** – Construction start
- **Spring 2024** – Construction complete

Developer Team/Introductions

- **Co-Developers:** Curtis Development, Michael Simmons Property Development, Inc., and Young Community Developers (“YCD”)
- **Architect:** Mithun Architects
- **Workforce Consultant:** Monica Wilson Community + Real Estate Development

Mission Bay South Block 9a

Questions & Comments

