

Commission on Community Investment and Infrastructure

Mission Bay South Block 9
410 China Basin Street
Affordable Housing with Supportive Services
Ground Lease and Gap Loan



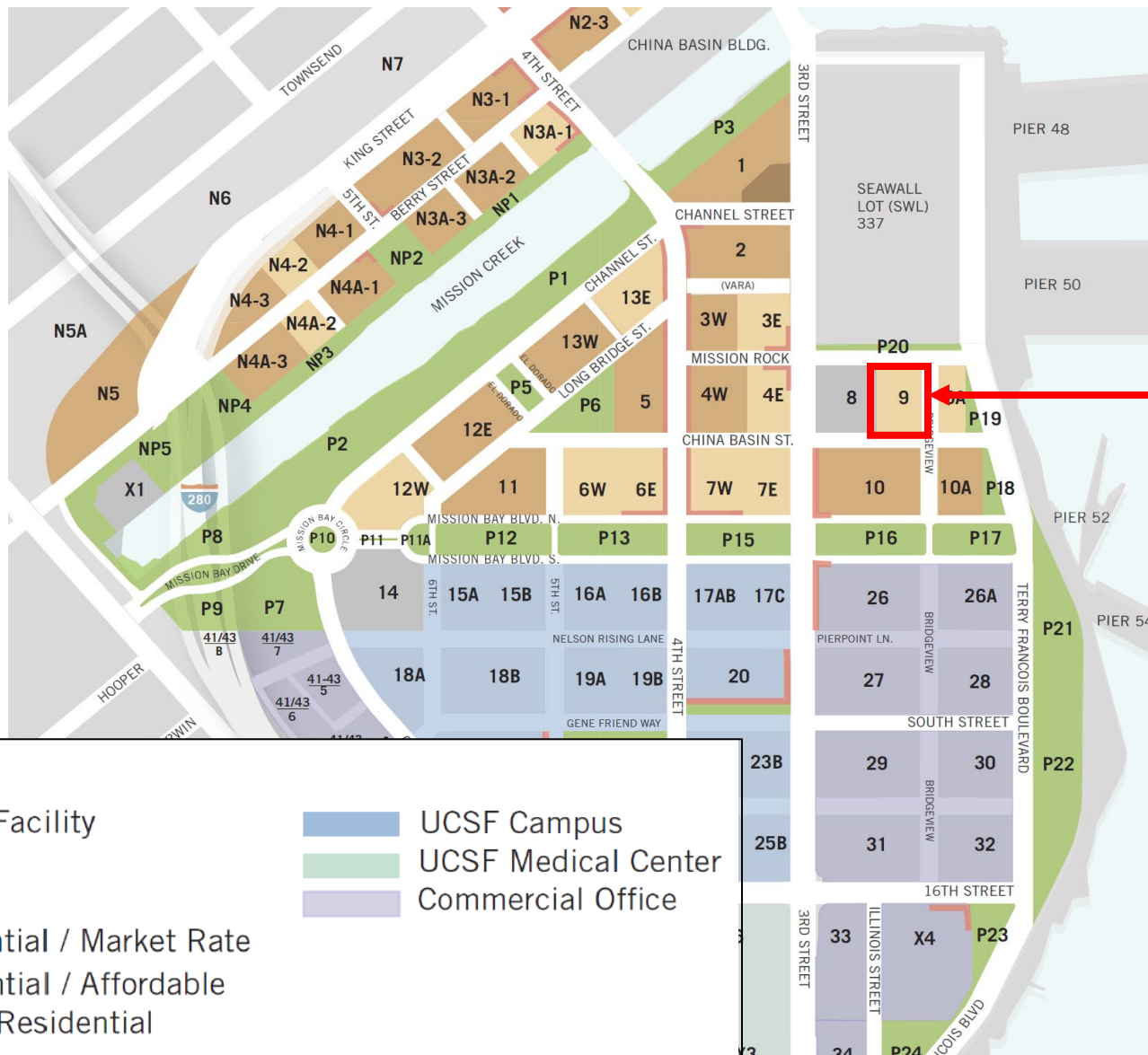
April 7, 2020

Current Request

Approving:

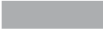
- **Long Term Ground Lease:** 75 years (+ option to extend to 99 years)
- **Permanent Loan Agreement:** \$37,245,760

Site Location



Block 9

LEGEND:

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

Neighborhood Amenities



Background

- Mission Bay North and South Redevelopment Plans and Owner Participation Agreements (“OPAs”)
 - 6,514 residential units, 1,916 units affordable (29% affordable)
 - Mission Bay North: 700 affordable units are complete
 - Mission Bay South: 612 affordable units complete, 606 planned or under construction
 - Remaining affordable housing units are being/will be developed by nonprofit housing developers

Background Continued

- OPA requires “Major Phases” (required as part of the entitlement process for each development)
- MBS Block 9 was initially approved in 2004 as part of the Major Phase application for Blocks 8, 9, 9a, 10, 10a, and Parks P18, P19, and P20
- Major Phase confirms Block 9 as an affordable housing site

Project Background

- April 2017: OCII issued RFP seeking qualified development team, then addendum seeking modular construction scenario
- September 2017: developer team recommended to the Mission Bay Citizens Advisory Committee
- October 2017: developer team selection approved by OCII Commission
- February 2018: Exclusive Negotiations Agreement and Predevelopment Loan Agreement approved by OCII Commission
- January 2019: Basic Concept/Schematic Design approved by OCII Commission

Developer Team

- Co-Developers/Sponsors: BRIDGE Housing and Community Housing Partnership (“CHP”)
- Architect: Leddy Maytum Stacy Architects
- Property Manager/Lead Services Provider: CHP
- Health Services Provider: HealthRIGHT 360
- Workforce Consultants: Monica Wilson Community + Real Estate Development and Le Blanc and Associates

Development Program

Number of units	141 (including 1 manger's unit)
Unit types	- Studios - Studio+ units (to accommodate those with in-home care needs)
Target population	- Formerly homeless adults - Referred to the project by the Department of Homelessness and Supportive Housing (priority for Certificate of Preference holders)
Amenities	- Community room with kitchen - Large central ground floor courtyard - Community garden - Resident lounge and game room - Services suite - Bike parking - Two staff parking/loading spaces
Construction type	Type V (wood framed), modular construction (upper 3 stories)



CHINA BASIN ST. VIEW LOOKING EAST

Modular Construction

- 70% of construction work completed on-site
- Modular expected to result in hard cost savings and shorter construction duration
- Modules for upper 3 stories (residential units/corridors) constructed at Factory OS in Vallejo, CA
- Modular permitted/inspected by CA Dept. of Housing and Community Development
- City agencies completed courtesy review of modular plans to confirm compliance with City Building Code
- Requires up-front payments for modular deposits, funds held in escrow for payments during production

Tenant Referrals & Supportive Services

- **Tenant Referrals:**
 - Referred by HSH Coordinated Entry program
 - Adults/households experiencing homelessness in San Francisco
 - Priority for Certificate of Preference holders
- **Services:** provided by CHP and HealthRight360
 - Resident engagement
 - Case management
 - Mental and physical health
 - Housing retention
 - Employment training

Ground Lease Terms

- **Term:** 75-years (with one option for an additional 24 years)
- **Rent:** \$1/year rent for any year that the Project is funded by LOSP
- **Affordability:** Rent/income restrictions at 60% of AMI
 - Target population will have incomes ranging from zero to 60% AMI
 - Residents pay 30% of monthly income to rent
- **Construction/Operations:** Project constructed and operated in compliance with approved documents

Project Financing

Financing Source	Amount
OCII Loan	\$37,245,760
Federal Tax Credit Equity	\$32,907,428
State Tax Credit Equity	\$9,206,413
FHLB Affordable Housing Program	\$1,500,000
General Partner Equity	\$500,000
Total	\$81,539,601
Total Per Unit	\$577,018

Loan Agreement Terms

- Recognized Obligation Payment Schedule, Item #417
- **Amount:** up to \$37,245,760
 - Predevelopment funds: \$5,000,000
 - Additional funds current request: \$32,245,760
 - Up to \$10,919,790 prior to close of construction financing additional predevelopment for modular
 - Remaining funds for construction/permanent financing
- **Term:** 55 years
- **Interest rate:** 1.5%*

** May be adjusted to between 0% and 3% in the Final Financial Plan*

Loan Agreement Terms

- Conditions:
 - Good faith efforts in selecting SBE subcontractors
 - Updated community outreach plan and an operating plan for the community garden
 - Allowance for additional predevelopment funding
 - Increased hard cost contingency
 - Application for LOSP funding and, if directed, Continuum of Care funds
 - Contract with HSH for services funding
 - Modular performance evaluation
 - BRIDGE exit from partnership

Equal Opportunity Program

- Professional services:
 - 49.7% Small Business Enterprise
 - 47.4% San Francisco Small Business Enterprise
 - 27.2% Woman-Owned Business Enterprise
- Workforce
 - Cahill Contractors to partner with SBEs for key scopes of work
 - Local hiring goals on site-built work

Community Outreach

- Outreach to date:
 - Mission Bay Citizens Advisory Committee meetings
 - Public tours of Rene Cazenave Apartments (Transbay) and Richardson Apartments (Hayes Valley)
 - Homeowner association and other group meetings
 - San Francisco Police and Fire Departments
 - SF Giants
 - SF SAFE
- Sponsors to conduct ongoing outreach for construction/operations
- Establish plan to engage neighbors in plan for community garden

Schedule

Timeframe	Milestone
May/June 2020	Begin indicator pile program
July/August 2020	Close financing, construction begins
September 2021	Lease-up begins
December 2021	Complete construction, units ready for occupancy
2023	Transfer assets to MOHCD

Questions/Comments