

Office of Community Investment and Infrastructure

**Mission Bay South Block 6 East
(626 Mission Bay Boulevard North)**



Current Request

- Approving an Option to Ground Lease to allow Sponsor to demonstrate site control to the California Debt Limit Allocation Committee (“CDLAC”) and the Tax Credit Allocation Committee (“TCAC”).

Background

- Mission Bay North and South Redevelopment Plans allows up to 6,350 new residential units
- A total of 821 affordable units have been developed
 - 672 units in Mission Bay North
 - 149 units in Mission Bay South
- 200 units are under construction
- 244 units are in predevelopment
- 626 Mission Bay Boulevard North (formerly known as 1300 Fourth Street) will be the third Agency Affordable housing development in Mission Bay South.

Background cont.

- In the Spring of 2014 OCII staff prepared a Request for Proposals (RFP) for Mission Bay South Block 6 East.
- OCII sought submittals from qualified teams comprised of a nonprofit housing developer, an architect, a property manager and a service provider.
- The interdisciplinary panel unanimously selected the team lead by the Tenderloin Neighborhood Development Corporation.

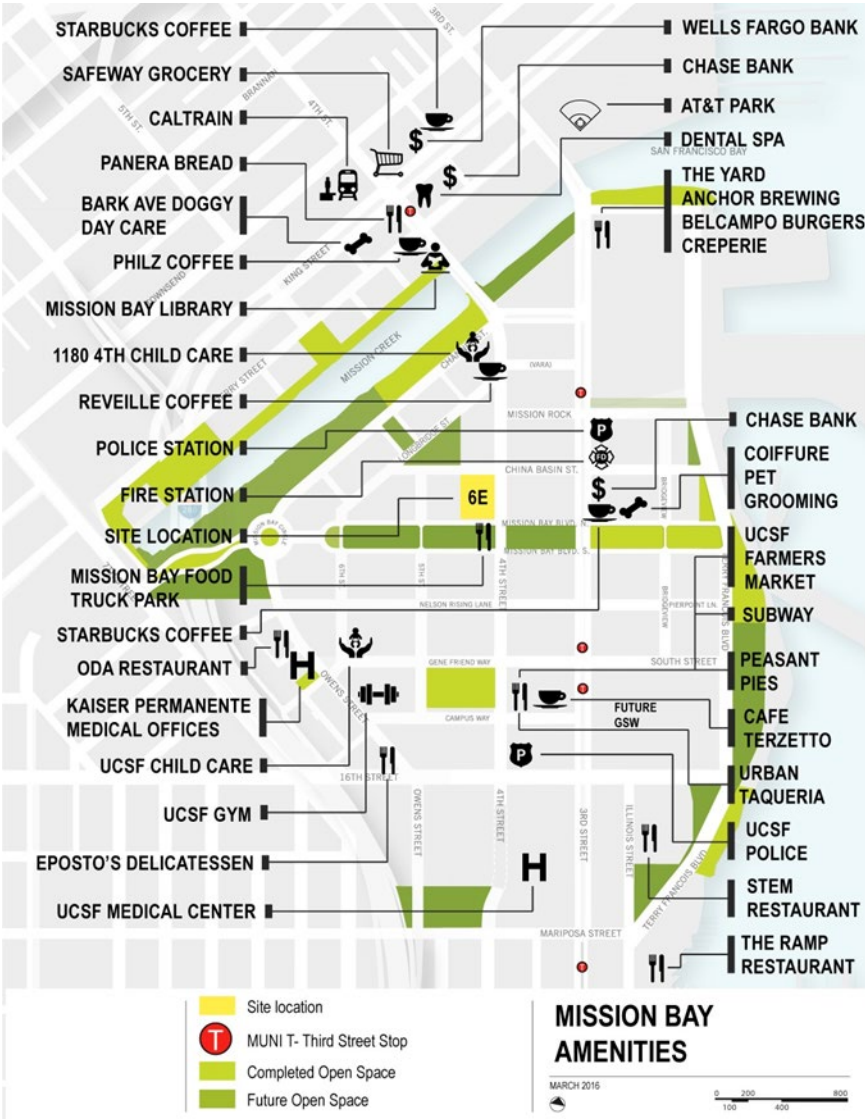
Project Summary

- 143 rental housing units for very low – income and formerly homeless families
- 80% of the units (or 114) affordable to households at 50% of AMI (Family of 4 at 50% AMI = \$53,850)
- 20% (or 29) of the units will be set aside for formerly homeless households
- TNDC will provide core supportive services
- 826 Valencia will provide after school literacy programming to school aged residents and the surrounding community in a ground floor retail space to help in the activation of the 4th Street retail frontage
- The balance of the retail space will be leased to commercial providers benefiting the surrounding neighborhood
- Retail space totaling approximately 9,730 sf
- “Green” and sustainable building strategies.

Parking at the Project

- A total of 41 on-site parking spaces
 - 34 – for residents
 - 5 – commercial
 - 2 – car share
- Based on other Mission Bay affordable housing developments parking demand from the residents is expected to be moderate
- Limited parking at the Project is in line with San Francisco's transit first policy
- Site located one block from the Mission Rock Muni Light Rail station for the T-Third line.
- 136 bicycle storage spaces
- In July 2015, the Project received a State of California HCD Affordable Housing and Sustainable Communities Program ("HCD AHSC") award of \$4,999,989, based on the lower parking ratio, and informs the Project's greenhouse gas emission reduction benefits.

Site Amenities



Financing

- A permanent funding request will be presented to the Commission this Summer
- The Project's financing sources include: 4% Low-Income Housing Tax Credits; Affordable Housing Program funds; HCD AHSC funding; and tax-exempt bond financing. Local Operating Subsidy Program funds will be available from the City to augment operating costs associated with the formerly homeless units.
- Per the Permanent Financing Loan Agreement the Sponsor will be required to submit a robust outreach and marketing and tenant selection plan

Marketing

- Overall the Sponsor must submit draft Early Outreach and Marketing Plans one month after construction commences that focuses on Certificate of Preference holders.
- The Sponsor will provide the following services or work with a City-approved Access to Housing organization to provide:
 - Landlord tenant relations
 - Tenant counseling and housing rights
 - Rental Readiness
 - Financial education workshops including eviction prevention
 - Rental application assistance and preparation
- The Sponsor will provide a report to the OCII Commission outlining its compliance with the COP Outreach Obligation prior to the initiation of any tenant selection process

Option to Ground Lease Terms

- California Debt Loan Allocation Committee now requires the Sponsor to demonstrate site control through an Option to Ground Lease Agreement (“Option”).
- The Option allows staff to negotiate the terms and conditions for the ground lease.
- Terms include:
 - 75 years from the date of construction completion, plus one 24-year option;
 - Tenant is responsible for all property taxes and assessments against the leasehold estate;

Option Terms cont.

- AMI levels will be set (and will remain) no higher than 50%;
- Tenant annual rent will be set at 10% of the land value and consists of:
 - Base rent of \$15,000
 - Residual rent which is only paid to the extent there is surplus cash after the Project pays all of its operating expenses
- Tenant is responsible for operation and maintenance of the Project;
- Tenant is allowed to encumber the leasehold interest to secure necessary loans (as approved by OCII); and,
- Tenant may only sell, assign, convey, sublease or transfer any part of its ground lease interest to a Sponsor affiliate (with prior notice to OCII).
- Per Section 2 of the Option, the Executive Director approves any request to extend the term.

Equal Opportunity Program

- Developer has achieved 54.0% SBE participation for professional services to date.
 - 39% SF-SBE
 - 8.4% MBE
 - 11.1% WBE
- In March 2015, the Developer selected Nibbi Brothers as the general contractor for the Project.
- Developer is committed to achieve 50% SBE participation during the construction phase.

Schedule

- May 20, 2016 – apply for Tax Credits and for a bond allocation
- Summer 2016 – return to Commission to request gap financing and ground lease agreement approval
- Late Summer/Early Fall 2016 – close financing and construction begins
- April 2018 – complete construction

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Questions & Answers

