



Mission Bay South Block 3 East 1150 3rd Street



**Commission on Community Investment and Infrastructure
November 7, 2017**

Current Request

Approval of Mission Bay South Block 3 East (1150 3rd Street):

- Ground Lease
- Amended and Restated Loan Agreement





Background

- 1998: SFRA Mission Bay North and South Redevelopment Plans and Owner Participation Agreements (“OPAs”)
 - 6,514 residential units, 1,916 or approximately 30% affordable
 - Mission Bay North: 698 affordable units are complete
 - Mission Bay South: 350 affordable units complete, 868 planned or under construction
 - Remaining affordable housing units are being/will be developed by nonprofit housing developers
 - Affordability at levels up to 60% of Area Median Income (AMI)
(Family of 4 at 60% AMI = \$69,200)

Background, continued

- OPA requires submittal of overall plans in “Major Phases” (required as part of the entitlement process for each development)
- MBS Block 3 East was initially approved as part of the Major Phase application for Blocks 2 - 7 and 13 in 2005
- Major Phase confirms Block 3 East as an affordable housing site

Development Process

- Spring 2015 - OCII issued a Request for Proposals (“RFP”) for Block 3 East (1150 3rd Street)
- Spring 2015 – Mayor announced partnership with sf.citi to leverage \$4.5M in philanthropy to accelerate development of Block 3 East, a veterans’ housing project
- Summer 2015 – Development team selected:
 - Co-developer: Chinatown Community Development Center (“CCDC”)
 - Co-developer, services provider, property manager: Swords to Plowshares (“Swords”)
 - Lead architect: Leddy Maytum Stacy Architects

Development Process continued

- February 2016 - Commission approved an Exclusive Negotiations Agreement and a \$2.5 million predevelopment loan
- October 2016 – Commission approved a schematic design and Option to Ground Lease Agreement

Hamilton Family Center/sf.citi Donation

- Total donation of \$4.5 million
 - \$2.5 million funded the predevelopment loan
 - \$2 million toward project construction
- Allowed project to proceed on an accelerated timeline
- Donors: Conway family, Marc & Lynne Benioff, Peter Thiel, Sean Parker, Andrew Mason, Drew Houston, Alfred & Rebecca Lin, Golden State Warriors, and two anonymous donors

Development Program

- 119 affordable rental housing units
 - **Formerly homeless veterans**
 - 62 units
 - 55 subsidized with Veterans Affairs Supportive Housing (VASH) vouchers
 - 7 subsidized with San Francisco Local Operating Subsidy Program (LOSP)
 - Targeted at 30% AMI (single person at 30% AMI = \$24,200)
 - **Low-income families**
 - 56 units
 - Affordable to families at 60% of AMI (Family of 4 at 60% AMI = \$69,200)

Development Program

Occupancy Type	Unit Size				Total
	Studio	1-bed	2-bed	3-bed	
Veteran	12	50	0	0	62
Family	0	5	30	21	56
Manager	0	0	1	0	1
Total	12	55	31	21	119

Development Program, continued

- Supportive services for veterans and families
- Resident amenities:
 - Two-level central courtyard
 - Community room with kitchen
 - Computer lab
 - Teen space
 - Children's play space
 - Services and management offices
 - On-site laundry



Southeast Corner from 3rd Street & Mission Rock Street



Northeast Corner from 3rd Street & Long Bridge



East Elevation – 3rd Street



South Elevation – Mission Rock Street

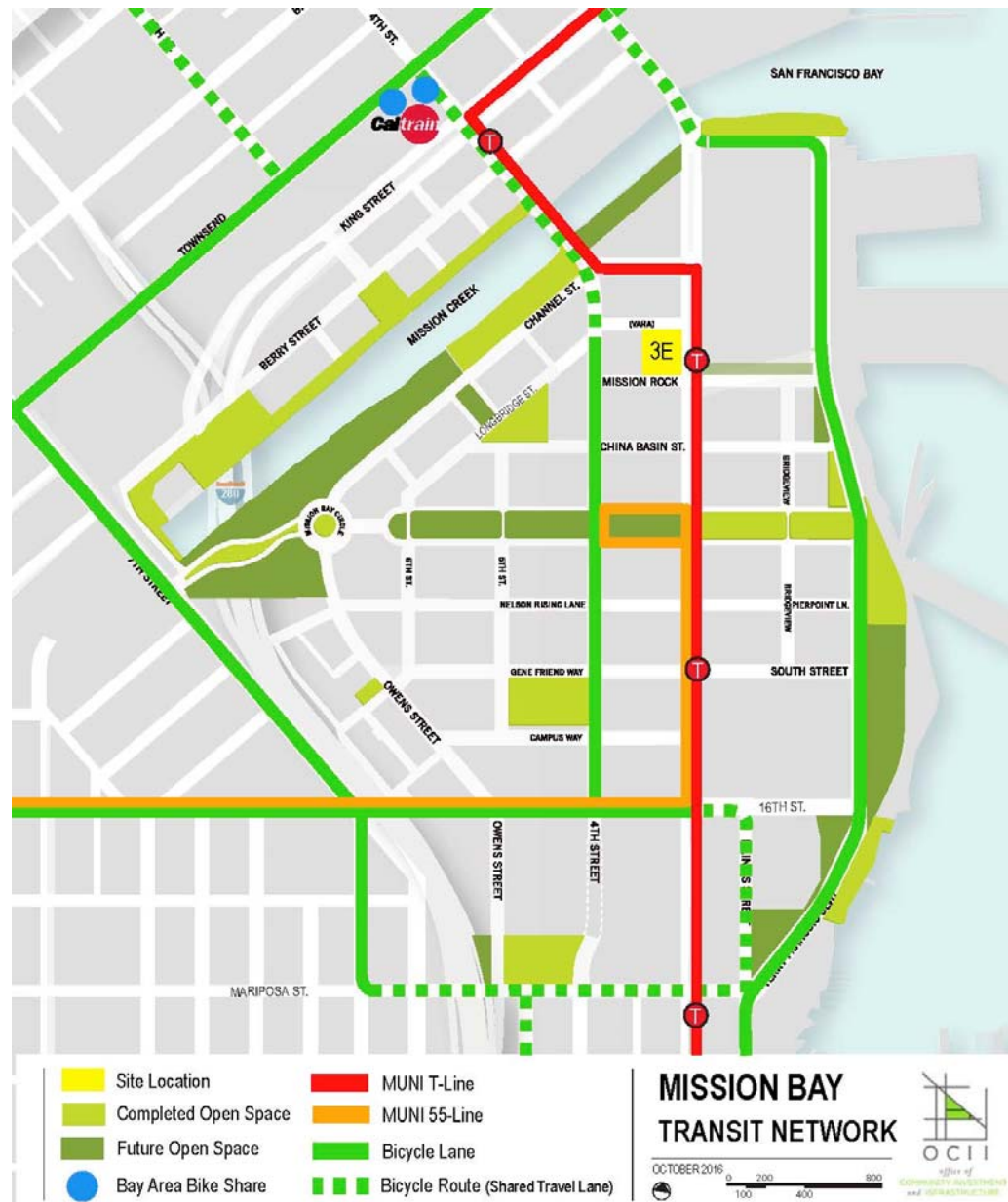
Occupancy Preferences

- Veteran Units
 - Referrals from the Veterans Administration, Swords, and the Department of Homelessness and Supportive Housing (“HSH”)
 - Preferences:
 1. Formerly homeless veteran Certificate of Preference (“COP”) holders; then
 2. Formerly homeless veterans; then
 3. Very low-income veteran COP holders; then
 4. Very low-income veterans
- Family Units
 - Marketing and lease-up in accordance with MOHCD/OCII standards
 - Preferences
 1. COP holders; then
 2. Ellis Act Housing Preference certificate holders; then
 3. San Francisco residents or San Francisco workers; then
 4. General population

Parking

- Controlled access parking for 25 vehicles, including 1 accessible space
- Parking demand from the 62 veterans units is expected to be minimal
- Parking ratio for family units is .44 space/dwelling unit
- Limited parking is in line with San Francisco's transit first policy
- Muni T stop directly in front of the property at Mission Rock Street
- 72 secured bicycle parking spaces

Mission Bay Transit



Community Input

- 2015-2017 – Regular project updates provided to the Mission Bay Citizens Advisory Committee (“CAC”)
- Summer 2015 – Mission Bay CAC was represented on the RFP submittal evaluation panel
- September 2015 – Evaluation panel’s developer team selection recommendation and project concept were presented to the Mission Bay CAC
- July 2016 – Basic concept/schematic design approved by the Mission Bay CAC

Ground Lease Terms

- 75-year term (with one option for an additional 24 years)
- Annual rent set at 10% of unrestricted property value
 - Base rent: \$15,000
 - Residual rent: payable only if surplus cash is available after payment of project expenses
- Rent/income restrictions at 60% of AMI
 - Target income/rent at 30% of AMI for VASH and LOSP units
- Projected constructed in compliance with approved documents

Loan Agreement Terms

- Recognized Obligation Payment Schedule, Item #394
- Funded in part by sf.citi/Hamilton Family Foundation donation
- Loan amount of up to \$20,593,600
 - Predevelopment funds (already committed): \$2,500,000
 - Additional funds (construction/permanent): \$18,093,600
- 55-year term
- Interest rate of up to 3%

Equal Opportunity Program

- Developer has achieved approximately 48% SBE participation for professional services to date
 - 34% SF-SBE
 - 12% MBE
 - 15% WBE
- Developer is committed to achieve 50% SBE participation during the construction phase
- Developer and general contractor exploring joint venture opportunities with local SBEs

Schedule

- December 2017 – close financing/construction begins
- Winter 2018 – Early Outreach Plan
- Spring/Summer 2019 – begin marketing
- Fall 2019 – complete construction, units ready for occupancy

Team Introductions

- Chinatown Community Development Center
- Swords to Plowshares
- Leddy Maytum Stacy Architects
- Nibbi Brothers General Contractors

QUESTIONS/COMMENTS





LOCK 3 WEST

A

THIRD STREET

A

B

