



office of

COMMUNITY INVESTMENT
and INFRASTRUCTURE

118-0262017-002

Agenda Item **No. 5(b)**
Meeting of October 17, 2017

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Selecting BRIDGE Housing Corporation and Community Housing Partnership for the development of 141 affordable rental housing units (including one manager's unit) with supportive services for formerly homeless persons at Mission Bay South Block 9; Mission Bay South Redevelopment Project Area

EXECUTIVE SUMMARY

On April 6, 2017, the Office of Community Investment and Infrastructure ("OCII") released a Request for Proposals ("RFP") seeking a team to develop and operate affordable rental housing units with supportive services for formerly homeless persons on Mission Bay South Block 9 ("MBS 9") in the Mission Bay South Redevelopment Project Area. On June 7, 2017, OCII issued an addendum to the RFP seeking additional information in developer submittals and extending the due date. On July 27, 2017, OCII received two proposals in response to the RFP. Both submittals met the minimum threshold requirements for consideration and thus the teams were invited for interviews. Interviews were held on August 23, 2017 and were conducted by an eight-person Evaluation Panel. The Evaluation Panel completed the interviews, discussed both proposals, and scored each proposal using predetermined scoring criteria as described in the RFP. Based on the outcome of the Evaluation Panel's scoring, OCII staff recommends the team led by co-developers BRIDGE Housing Corporation ("BRIDGE") and Community Housing Partnership ("CHP") with Leddy Maytum Stacy ("LMS") Architects.

DISCUSSION

Project Area Background

The San Francisco Redevelopment Agency Commission approved the Mission Bay North and South Redevelopment Plans and Owner Participation Agreements ("OPAs") with the Mission Bay master developer, FOCIL-MB, LLC, the successor in interest to Catellus Development Corporation, on September 17, 1998. Since the initial approval of the South OPA, the document has been amended four times to modify the development plan on several parcels.

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The enforcement of the North and South OPAs as amended will result in 6,514 residential units, with 1,916 units (approximately 29%) set aside as affordable*. The affordable units are comprised of inclusionary affordable units and units developed by nonprofit housing developers on OCII Affordable Housing Parcels. OCII Affordable Housing Parcels comprise 15 acres of land that the master developer in Mission Bay North and South is required to contribute to OCII.

In Mission Bay North, 698 inclusionary and OCII-sponsored units have been completed.

In Mission Bay South, 350 affordable units have been completed to date. This includes 150 affordable units at 1180 4th Street (Block 13 East), which houses 100 low-income households and 50 formerly homeless families, and Five 88 (588 Mission Bay Boulevard North on MBS Block 7 West), which was completed earlier this year and provides 200 affordable family units. Approximately 868 affordable units remain to be completed and leased in MBS, including the OCII-sponsored affordable development currently under construction on Block 6 East or 626 Mission Bay Boulevard North.

# of Affordable Units	Mission Bay North	Mission Bay South	Mission Bay North and South
Built	698	350	1,048
Under Construction or Planned	<u>0</u>	<u>868*</u>	<u>868*</u>
TOTAL	698	1,218	1,916

* The MBS OPA requires OCII to construct a base number of 1,108 affordable housing units. In addition, Section 3.6 of the MBS Housing Program (Attachment 3 to the MBS OPA) allows for OCII to construct an additional 110 affordable housing units, pending assessment of the development impacts and any necessary approvals, for a maximum total of 1,218 affordable housing units.

In total in Mission Bay North and South combined, and as shown in the table above, 1,048 affordable units have been completed and 868 units (including the additional 110 allowable affordable units) remain to be completed in the Mission Bay Project Areas.

Request for Proposals

On April 6, 2017, OCII released an RFP offering an Affordable Housing Parcel (one of the OCII stand-alone 100% affordable sites) for development. MBS 9 is a 47,437 square foot (1.08 acre) rectangular site bounded by Mission Rock Street to the north, the Public Safety Building to the west, China Basin Street to the south, and the future Bridgeview Way to the east. An addendum to the RFP was issued on June 7, 2017 and is described in more detail below.

Extensive notification of the RFP was provided to community groups, developers, contractors (including Small Business Enterprises and minority- and woman-owned contractors), and other community stakeholders through OCII's Citizens Advisory Committees email lists, Mayor's Office of Housing and Community Development's ("MOHCD") RFP interest list, the Department of Homelessness and Supportive Housing's ("HSH") interest list, and newspaper advertising. The RFP was available on OCII's website.

In order to ensure expedited development, OCII sought submittals from qualified teams comprised of: a Qualified Housing Developer, a design architect, a Workforce and Contracting Action Plan ("WCAP") consultant (or identified staff WCAP contact), a property manager, and a services provider (together, the "Applicant") to develop, manage, operate, and provide services for a maximum number of units of affordable rental housing on Block 9. The Mission Bay South OPA defines Qualified Housing Developer as a non-profit organization, governmental or quasi-governmental agency or a limited partnership in which one of the general partners is a non-profit organization. Under the Housing Policy, preference will be given to nonprofit housing development corporations headquartered in San Francisco. The selected Applicant will be required to select its other consultants and contractors in accordance with the OCII's Small Business Enterprise Program.

Upon completion of this project, OCII's assets related to the site will be transferred to MOHCD, which is the designated Housing Successor Agency under Dissolution Law. MOHCD reviewed the RFP and was represented on the Evaluation Panel, and will also review and comment on the project's financial underwriting and funding and disposition documents in order to ensure a smooth transition to MOHCD at project completion.

Development Program

The RFP asked that applicant teams propose a high quality project that:

- Provides for the development of supportive rental housing affordable for formerly homeless extremely low-income households while minimizing local financial subsidy according to the following program requirements:

MBS Block 9 Development Program Guidelines	
Number of units	A maximum number of units presented in a high quality, livable design based on Design for Development standards
Target population	Referred to the Project by HSH through the Coordinated Entry System • Homeless individuals/households • Extremely low-income (at or below 30% AMI) • Prioritized by highest need/vulnerability
Unit types	Furnished studio units (350 to 400 square feet)
Supportive services	Intensive on-site case management to serve a chronically homeless population, half or more of whom will have a mental health condition

- Provides a plan for intensive case management and supportive services by a provider with experience serving a high needs formerly homeless populations;
- Meets design standards pursuant to the 1) Mission Bay Design for Development as amended and (2) the Major Phase Application for Blocks 8, 9, 9a, 10, 10a, and Parks P18, P19, and P20;
- Provides thoughtful services and community spaces that address the needs of the special needs resident population and the providers who will care for them;
- Provides a program that incorporates excellent, visually interesting design and financial feasibility; and,
- Incorporates "green" and sustainable building strategies in accordance with the City's requirements.

Alternative Construction Scenario

An addendum to the RFP, issued on June 7, 2017, required that proposals address two construction scenarios: a conventional construction base line scenario and an alternative scenario proposing alternative construction technologies, such as modular unit construction. The issuance of this addendum was prompted by a desire to respond to the the rapid increase in construction costs, goal of delivering housing for formerly homeless individuals faster than conventional construction, and more widespread adoption of modular construction method in the construction of affordable multifamily housing. Applicants received a time extension of approximately one month to incorporate this scenario into submittals.

Applicant Teams

OCII received two submittals in response to the RFP by the July 27, 2017 deadline. The submittals were reviewed and both met the minimum threshold requirements. Applicant teams were as follows:

- BRIDGE with CHP (as co-developers)
 - Architect: LMS Architects
 - Property Manager: CHP
 - Services Provider: CHP and HealthRIGHT 360
 - WCAP consultant: Monica Wilson/Community + Real Estate Development and Le Blanc and Associates

- Mercy Housing California ("Mercy") with Episcopal Community Services ("ECS") (as co-developers)
 - Architect: Kennerly Architecture and Planning
 - Property Manager: Caritas
 - Services Provider: ECS, St. Anthony Foundation Medical Clinic, Samuel Merritt University School of Nursing, Homebridge
 - WCAP consultant: in-house contact at Mercy Housing

Both teams were invited for an interview with the Evaluation Panel.

Selection Process and Criteria

The proposals were reviewed by each member of the Evaluation Panel in advance of the Applicant interviews, which were held at OCII's offices on August 23, 2017. The Evaluation Panel members consisted of a representative from the Mission Bay Citizens Advisory Committee ("CAC"), representatives from MOHCD and HSH, three OCII housing staff, one member of the OCII design team and project management staff for the Mission Bay Project Area. Two representatives from OCII's contract compliance team were present to monitor the process and provided analysis for scoring the WCAP sections of each submittal. The format of the interviews was as follows: a 30-minute presentation and 55-minute question and answer period to help the Evaluation Panel complete its evaluation.

Proposals were evaluated using the selection criteria set forth in the RFP: a total of up to 45 points were awarded for the proposed development concept and up to 55 points for developer team experience and capacity, for an overall total of up to 100 points. A detailed breakdown of the RFP proposal criteria is provided below:

Maximum Points	Criteria
45	Proposed Development Concept
20	Proposed Massing Concept: strength and constructability of proposed massing concept, number of units, conformance with the Redevelopment Plan, Major Phase, and the Design for Development
15	Financial Feasibility & Level of OCII Subsidy
10	Proposed Services Plan
55	Developer Team Experience and Capacity
15	Developer experience in developing and marketing affordable housing <u>comparable</u> to the housing proposed in this RFP
5	Developer experience with government assisted affordable housing programs and financing sources and/or "green" housing; Developer Workload Capacity
5	Workforce and Contracting Action Plan
10	Architect experience & capacity, including "green" housing
10	Services Provider experience & capacity
10	Property Manager experience & capacity
100	Maximum Total Points

Selection Process Results

Both proposals were very strong and presented compelling conceptual plans, however, the Evaluation Panel unanimously awarded the BRIDGE /CHP submittal the highest total score. As shown below, the BRIDGE/CHP proposal received a total score of approximately 94 points.

Applicant Team	Total Score	Average Score
BRIDGE Housing/Community Housing Partnership	753.5	94.2
Mercy Housing/Episcopal Community Services	714.0	89.3

The BRIDGE/CHP proposal scored highest in the massing, financial feasibility, developer experience, and architectural experience categories. The proposal strengths include:

1. **Design and Massing.** The four-story u-shaped design prioritizes natural light and features thoughtful services spaces and resident amenity spaces. LMS Architects drew from their own direct experience in designing supportive housing buildings as well as from input from CHP property management and services staff who currently manage similar properties in preparing the conceptual site plan. The structure would be wood-frame, reducing costs due to construction of a simpler foundation system than would be needed for a building with a concrete podium. The design also features strong sea level rise resiliency and sustainability measures. The proposed 141 units are more than other recent OCII/MOHCD sponsored supportive developments – Rene Cazanave Apartments (Transbay Project Area) and Richardson Apartments (Hayes Valley) both offer 120

units. However, HSH advises that this number of units allows for economies of scale and allows for an improved staffing model.

2. **Financial Feasibility.** The BRIDGE/CHP financing plan showed a lower cost and potential OCII subsidy per unit. BRIDGE is highly experienced in affordable housing finance and proposed a split financing plan that would utilize both 9% and 4% low income housing tax credits to maximize investor equity. Additional cost savings may be realized through the use of modular construction technology. The BRIDGE/CHP team is prepared to conduct a thorough analysis of this option during schematic design.
3. **Experience.** The development team has significant directly relevant experience in successfully developing and operating affordable housing for formerly homeless persons in San Francisco. CHP has a thorough knowledge of the Local Operating Subsidy Program and other subsidy programs, and a clear understanding of current and existing HSH policies and plans for placing tenants through the coordinated entry system. Additional information regarding the specific qualifications of each team member is provided below.

The Mercy/ECS proposal scored well in the services plan and provider and property management categories, with an innovative care approach that included St. Anthony Foundation, Samuel Merritt University School of Nursing, and Homebridge (in-home care). However, the proposed development was larger than anticipated, consisting of two distinct projects in two separate buildings with a combined 233 total units for formerly homeless persons. Development costs and OCII contributions were higher overall and on a per unit basis (approximately 15% higher than the BRIDGE/CHP proposal).

Recommended Proposal Elements

The BRIDGE/CHP concept proposal envisioned the following development program for Block 9:

BRIDGE/CHP Proposed Development Program	
Number of units	141 (including one manager's unit)
Unit sizes	Two unit configurations: - Studios, 390 square feet (85% of units) - Studio+ units, 500 square feet (15% of units)
Parking	2 spaces for vehicles (staff only and/or loading) 75 spaces for bikes (+repair station)
Amenities/Community Spaces	- Two community rooms - Central ground floor courtyard with fitness trail, seating area, dog run, and pet station - Community garden (split between site and Bridgeview Way), publicly accessible (in partnership with Climate Action Now!) - Resident lounge - Grand floor laundry

Services and Staffing

The proposed operating budget allows for front desk coverage 24 hours a day, 7 days a week. In addition, the unit count supports a live-in manager and case management staffing 7 days a week. Services staff will include service leads, counselors, case managers, a nurse, and a part time staff psychiatrist. Staff will focus on addressing housing stability, mental and physical health, substance misuse, crisis prevention, and barriers to employment.

Care will be delivered in an equitable and respectful manner that is responsive to cultural beliefs and practices, preferred languages, and other communication needs.

Recommended Developer Team Experience

- **BRIDGE (co-developer):** BRIDGE will be the co-developer for Block 9. BRIDGE is a San Francisco based nonprofit developer with extensive local affordable housing experience. BRIDGE collaborated with CHP, as well as LMS Architects, on the development of Rene Cazenave Apartments in the Transbay project area (120 supportive units). Other recent projects include Armstrong Place (116 units for seniors and formerly homeless) and Marea Alta, a San Leandro project that utilized modular construction technology (115 family units).
- **CHP (co-developer, long term owner/operator, property manager, and supportive services provider):** CHP will co-develop Block 9 with BRIDGE and proposes to be the long term owner and operator. CHP will provide on-site project management and resident supportive services (case management, behavioral health intervention, and tailored employment and training), and will oversee the partnership with HealthRIGHT 360. CHP has directly relevant experience in this role at Rene Cazenave Apartments, Richardson Apartments (120 supportive units in Hayes Valley), and 15 other supportive buildings in San Francisco.
- **LMS Architects (architect):** LMS Architects will be the prime architect for the MBS 9 project. LMS Architects has directly relevant experience designing multifamily housing in Mission Bay and affordable housing with supportive services for formerly homeless adults. Recent relevant projects include Mission Bay South Block 3 East (mix of family housing and veteran housing, anticipated to break ground in late 2017), Rene Cazenave Apartments (120 supportive housing units in the Transbay Project Area), and Plaza Apartments (106 supportive housing units in San Francisco).
- **HealthRIGHT 360 (supportive services provider):** Formerly known as Haight Ashbury Free Clinics, HealthRIGHT 360 has provided culturally competent health and case management services to vulnerable San Francisco residents for over 50 years. HealthRIGHT 360 will work closely with CHP to provide nursing and psychiatric care for Block 9 tenants.
- **Monica Wilson/Community + Real Estate Development and Le Blanc and Associates (workforce and contracting consultants):** Monica Wilson and Brigitte Le Blanc will work with the development team and OCII to implement the Workforce and Contracting Action Plan. Ms. Wilson has completed seven development projects in which she achieved or exceeded 50% Small Business Enterprise participation. Ms. Le Blanc specializes in community engagement and has recently worked on Hunters Point Shipyard and the Central Bayside Sewer Improvement Project.

Community Outreach

Staff presented the RFP to the Mission Bay CAC prior to issuance on March 9, 2017, returned to provide an update following issuance of the RFP addendum on June 8, 2017, and presented the recommended team and proposals on September 14, 2017. In addition, staff attended a community-organized evening meeting on May 18, 2017 to provide additional information and respond to community questions, and organized public tours of comparable housing developments in June and July 2017 (Rene Cazenave Apartments and Richardson Apartments).

NEXT STEPS

In early 2018, staff will request the Commission's authorization to enter into an exclusive negotiations agreement and predevelopment loan agreement with the recommended team. In summer 2018, Staff and the team will present a proposed schematic design for the project, at which time the team will provide a recommendation regarding construction type (conventional or modular). As previously noted, this RFP asked respondents to present an alternative modular technology construction scenario in an effort to shorten the construction timeline and reduce development costs. Staff will return to the Commission in late 2018 or early 2019 to seek approval for a permanent gap loan and long-term ground lease.

(Originated by Kim Obstfeld, Development Specialist)



Nadia Sesay
Executive Director

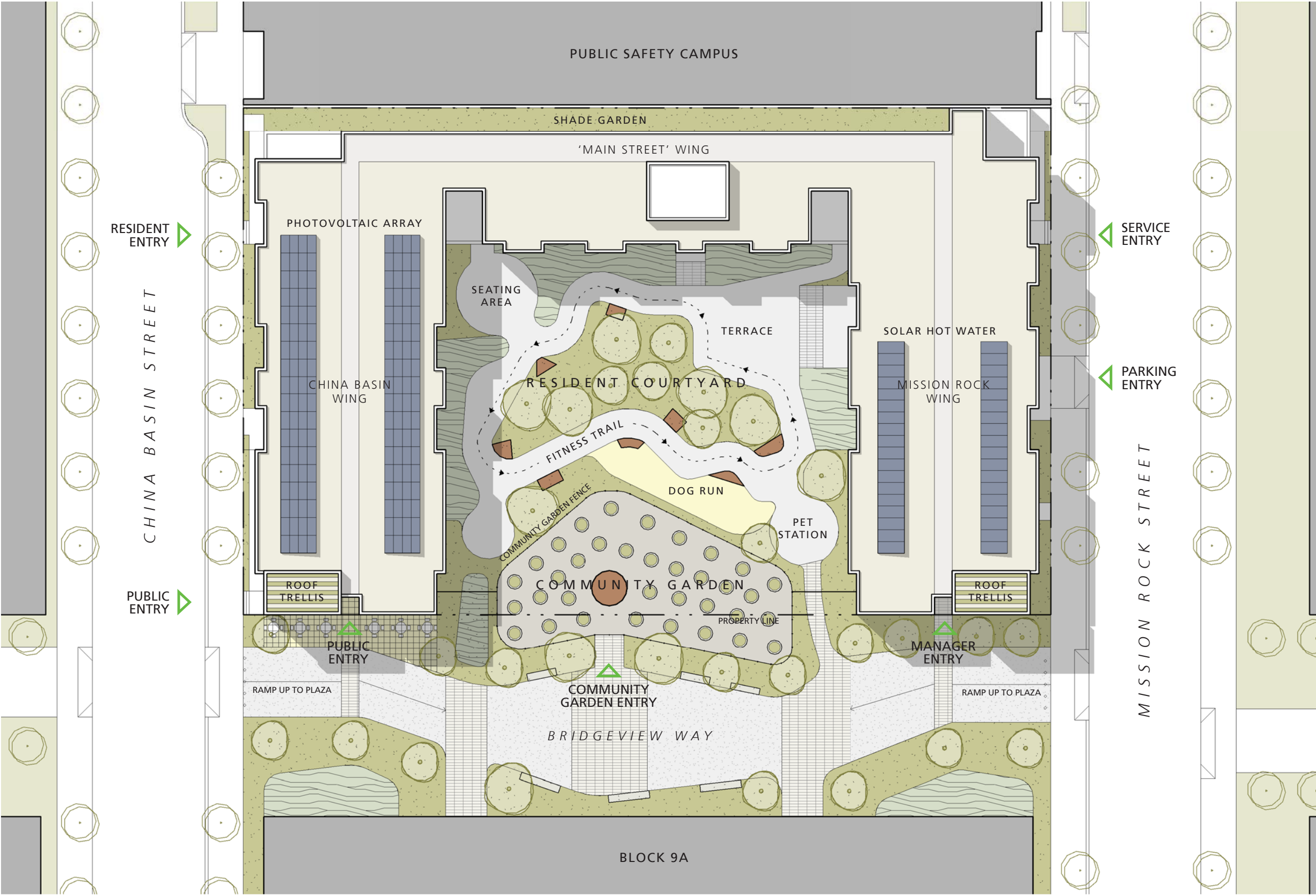
Attachment A: MBS 9 Parcel Location Map
Attachment B: Conceptual Design for MBS 9

Attachment A: Site Location



LEGEND:

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



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A.7.b.i – SITE PLAN

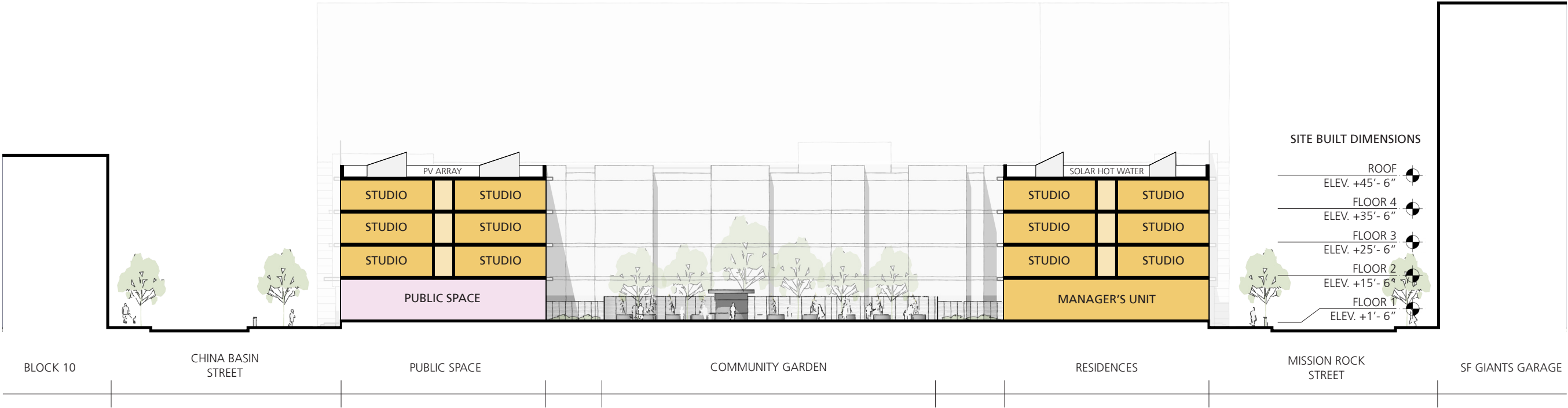
MISSION BAY SOUTH BLOCK 9



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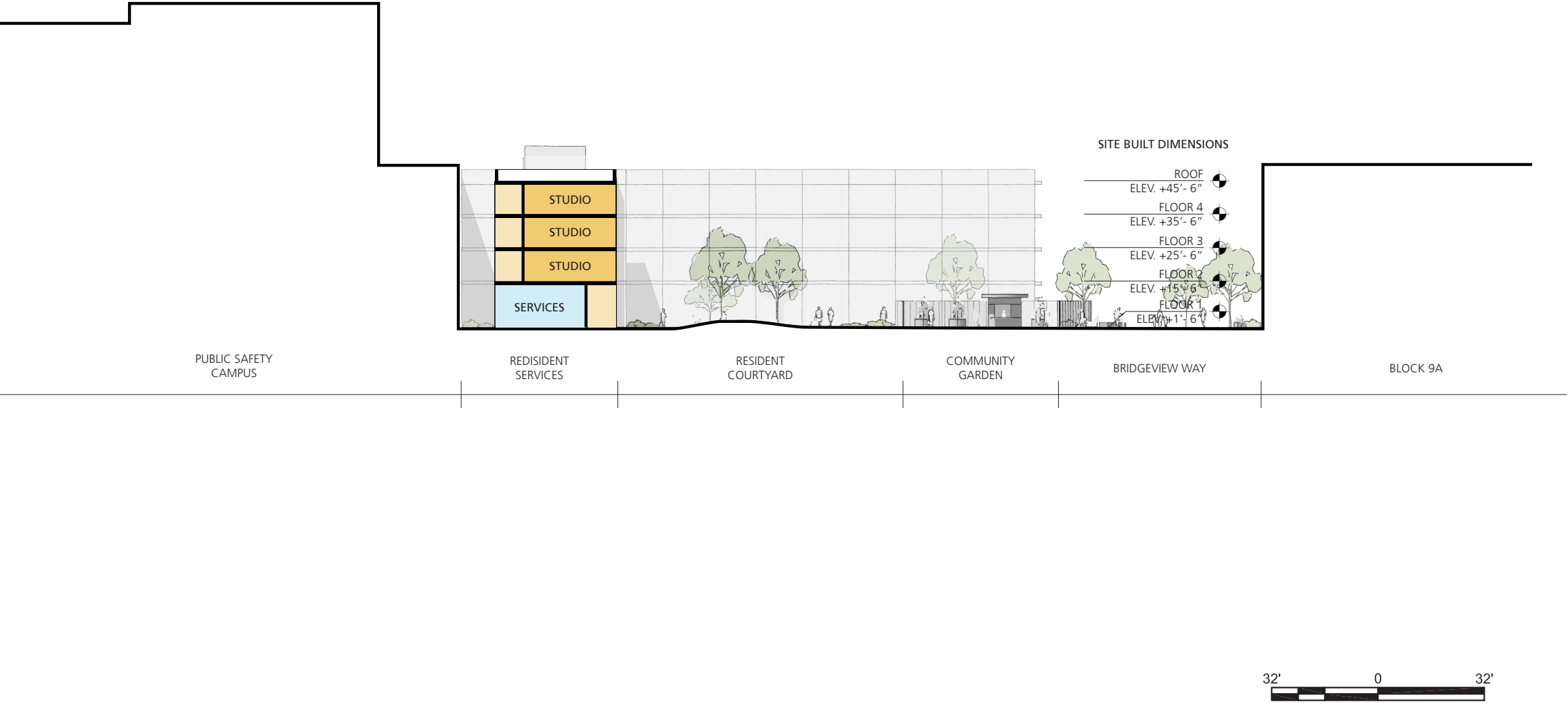


A.7.b.ii – NORTH / SOUTH SECTION - SITE BUILT

MISSION BAY SOUTH BLOCK 9



LMSA



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A.7.b.ii – EAST / WEST SECTION - SITE BUILT
MISSION BAY SOUTH BLOCK 9

community housing partnership

BRIDGE housing

LMSA

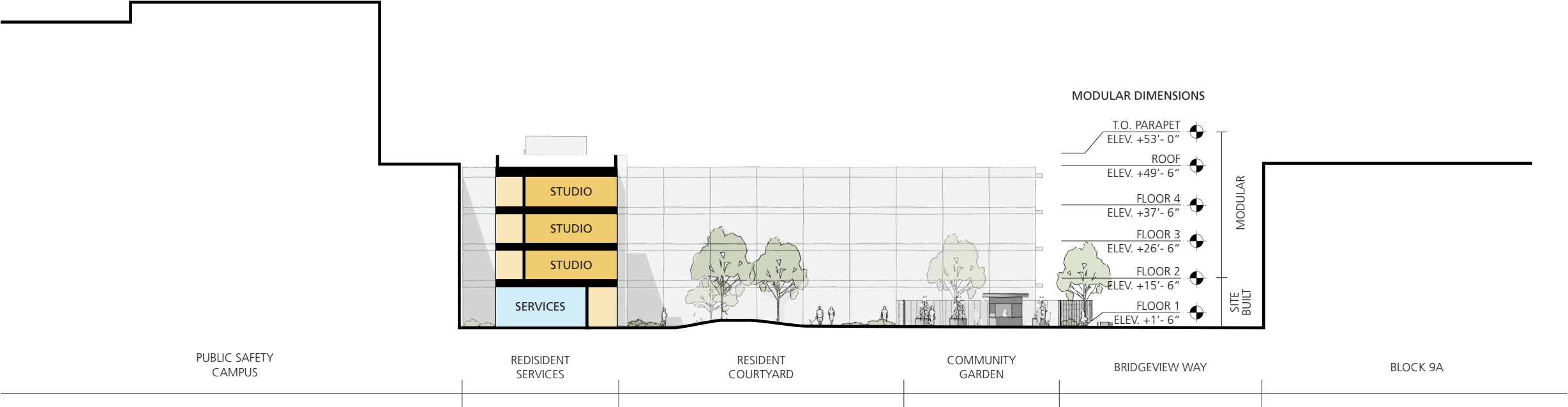


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A.7.b.ii – NORTH / SOUTH SECTION - MODULAR
MISSION BAY SOUTH BLOCK 9



LMSA



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A.7.b.ii – EAST / WEST SECTION - MODULAR

MISSION BAY SOUTH BLOCK 9



LMSA





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A.7.b.iii – GROUND FLOOR PLAN

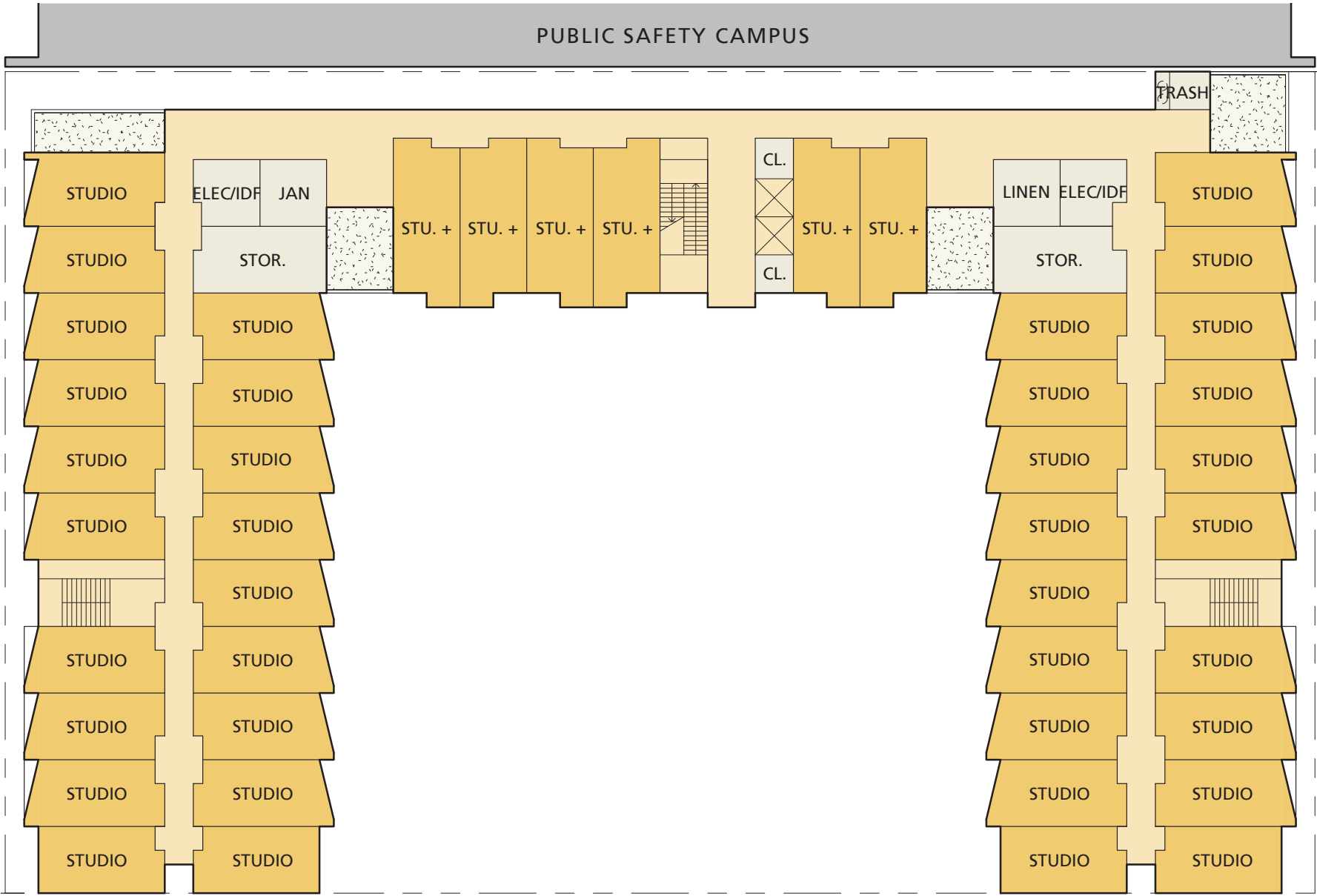
MISSION BAY SOUTH BLOCK 9



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CHINA BASIN STREET



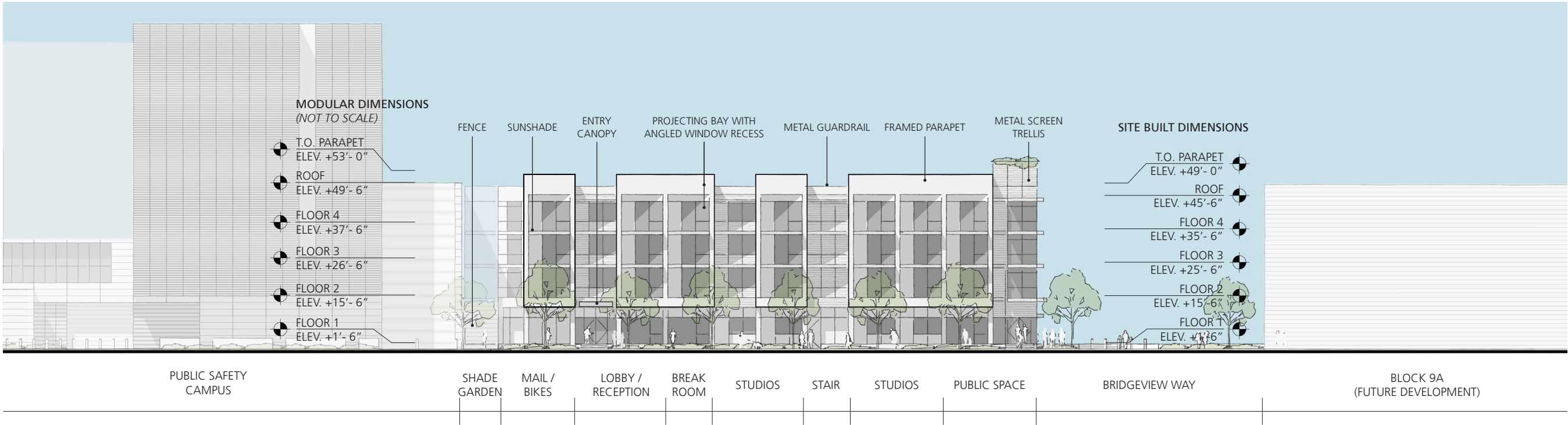
MISSION ROCK STREET

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A.7.b.iii – LEVEL 2 PLAN

MISSION BAY SOUTH BLOCK 9

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A.7.b.iv – SOUTH ELEVATION

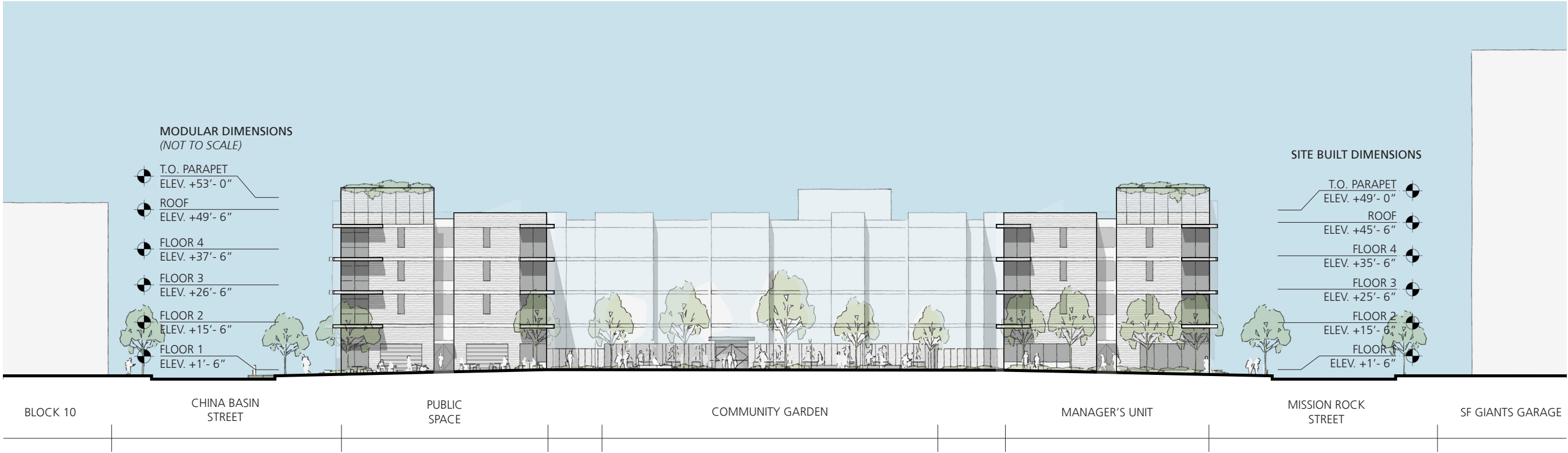
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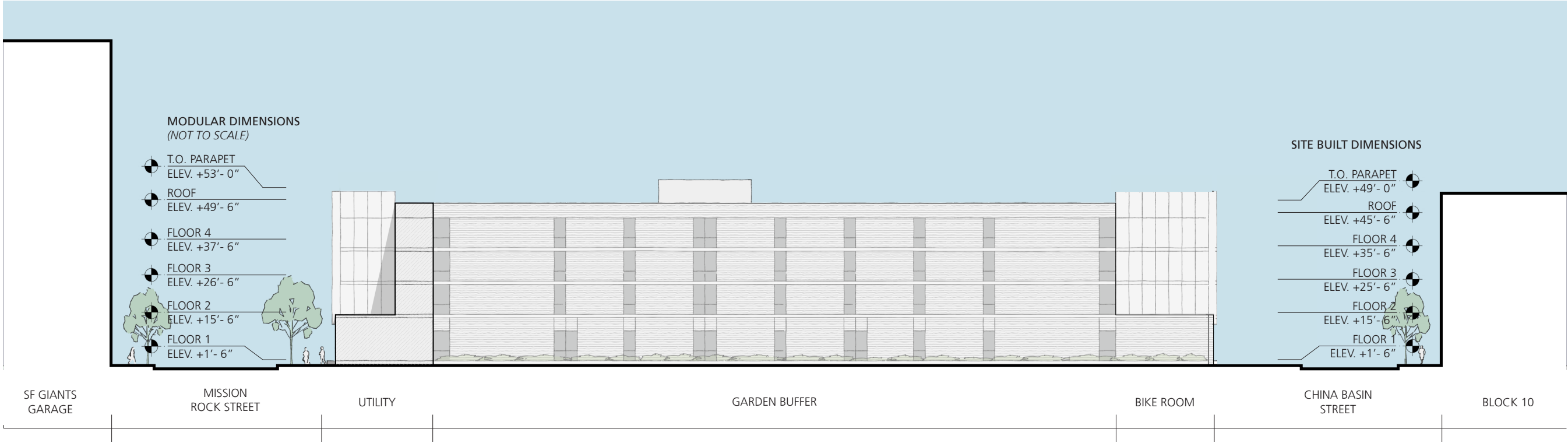
A.7.b.iv – EAST ELEVATION

MISSION BAY SOUTH BLOCK 9



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A.7.b.iv – WEST ELEVATION

MISSION BAY SOUTH BLOCK 9



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A.7.b.iv – NORTH ELEVATION

MISSION BAY SOUTH BLOCK 9



LMSA