

Commission on Community Investment and Infrastructure

Hunters Point Shipyard Phase 1 Block 56

**First Amended Exclusive Negotiations Agreement &
Amended and Restated Option to Ground Lease
Amended and Restated Loan Agreement
Ground Lease**

August 2, 2022



Current Request

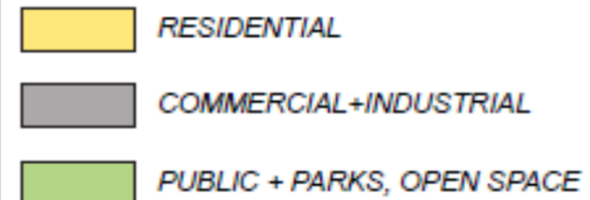
Approval of HPS Phase 1, Block 56 (73 units):

- First Amended Exclusive Negotiations Agreement & Amended and Restated Option to Ground Lease
- Amended and Restated Loan Agreement:
\$36,253,013
- Ground Lease: 75 years (+ option to extend to 99 years)

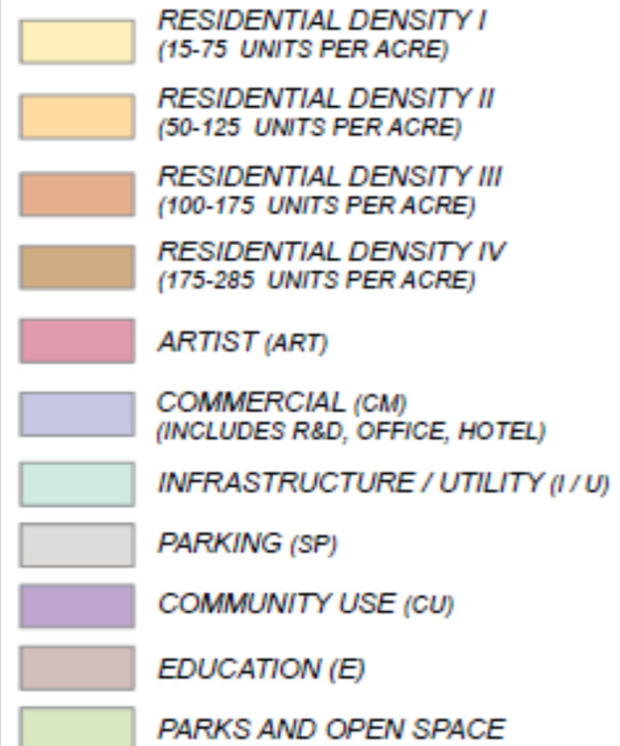
Site Location and Amenities



SURROUNDING LAND USE



LAND USE



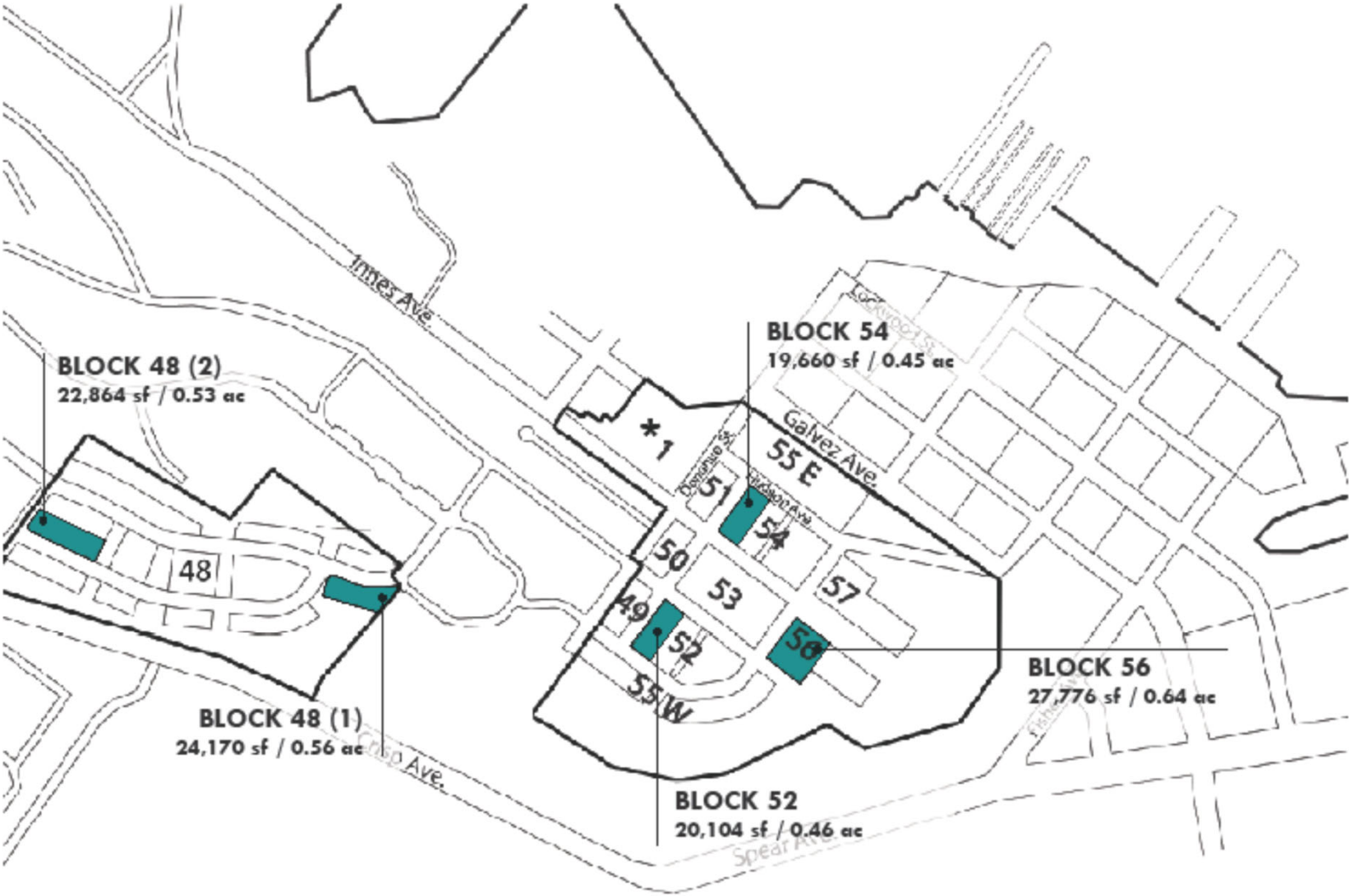
* GROUND FLOOR NEIGHBORHOOD RETAIL / MAKER PDR SPACE IS ALLOWED ON ALL BLOCKS, PER THE D4D.



Background

- In HPS Phase 1, OCII will fund 218 units on 5 designated stand-alone affordable housing sites
- OCII subsidy through bonded tax increment funds
- RFP for Block 56 (73 units) is the second offering for OCII-funded units to be developed in Phase 1
 - *Blocks 52/54 (112 units) was first offering.*

Phase 1 OCII Parcels



Note: OCII Parcels on Hunters Point Shipyard Phase 2 are not shown



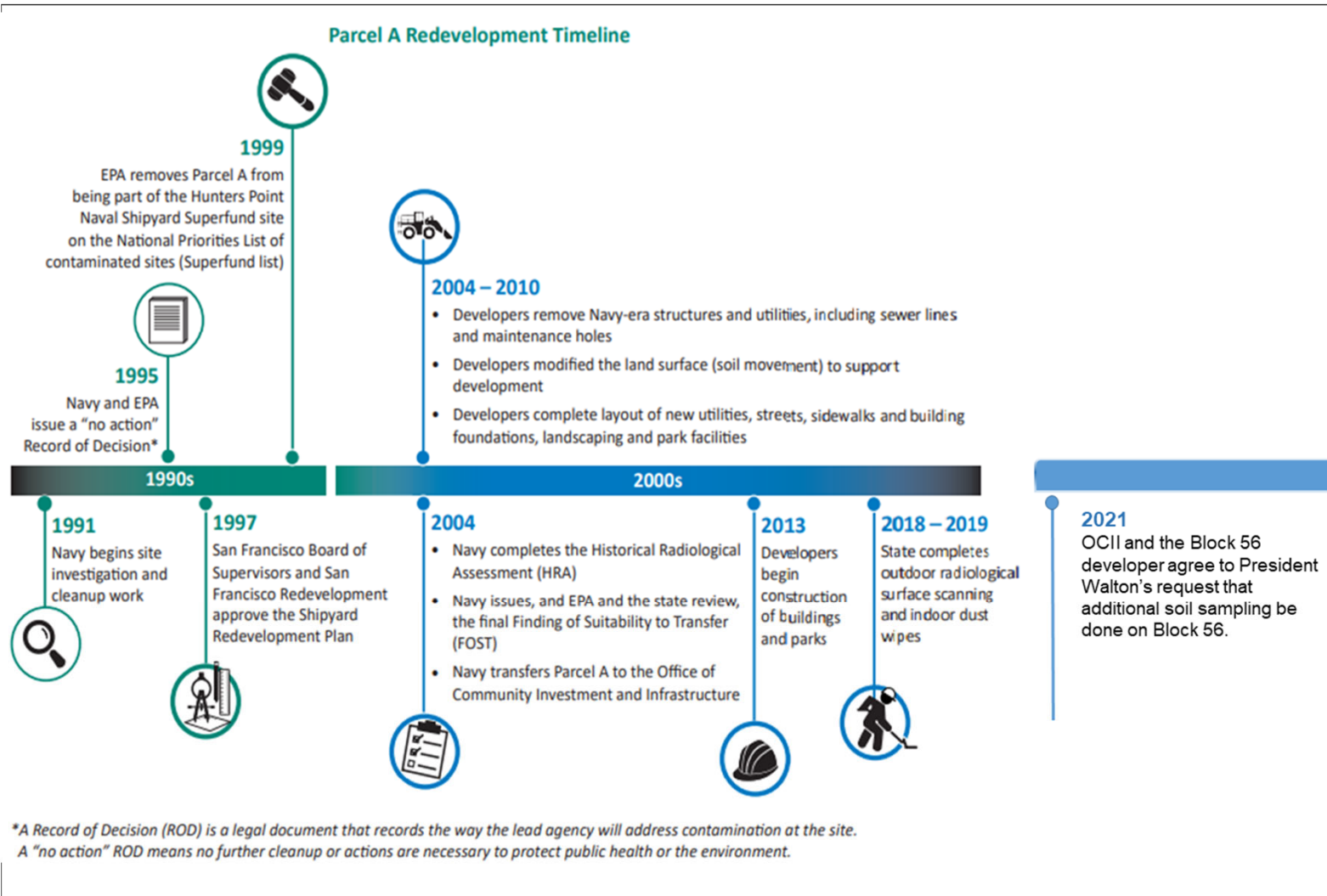
Development Team

- Co-Developers/Sponsors: Mercy Housing and San Francisco Housing Development Corporation (“SFHDC”)
- Architect: Van Meter Williams Pollack
- Associate Architect: Kerman Morris
- General Contractor: Baines Nibbi JV

Project Background

- 2018: OCII issued RFP seeking qualified development team
- 2019: HPSY CAC approved Developer team of Mercy Housing and SFHDC
- 2020: Exclusive Negotiations Agreement and Predevelopment Loan Agreement approved by OCII Commission
- 2021: Basic Concept/Schematic Design approved by OCII Commission

Elective Soil Testing: Background



Bayview Hunters Point's Parcel A is Suitable for Residential Use

The Hunters Point Naval Shipyard Superfund site (HPNS) does not include Parcel A. Historically, the Navy used this area for residential and administrative purposes. Based on information gathered since 1991, the United States Environmental Protection Agency (EPA) is confident Parcel A is suitable for work, recreation and residential use. As such, EPA removed Parcel A from being part of the HPNS on the National Priorities List of contaminated sites (or Superfund list).

The California Department of Public Health recently completed radiological surface scanning and concluded there are no radiological health concerns throughout Parcel A (*see page 7*). The Office of Community Investment and Infrastructure (successor agency to the San Francisco Redevelopment Agency) will continue to redevelop Parcel A, working with its development partners.

In response to requests from the community, EPA developed this fact sheet which summarizes work from other entities.



At a Glance

- Parcel A is suitable for residential use
- Parcel A is no longer part of the Hunters Point Naval Shipyard Superfund site
- Parcel A occupants are protected from site-related contamination

Elective Soil Testing: Timeline

- August 2021: environmental consultant, Langan, collects soil samples
- July 2022: Langan completes elective soil testing report
- July 2022: California Department of Public Health reaffirms prior conclusion: there are no radiological health concerns in Parcel A

Elective Soil Testing: Results

- Environmental consultant, Langan, analyzed soil samples for:

Americium-241	Cobalt-60	Radium-226	Thorium-232
Cesium-137	Plutonium-239	Strontium-90	Uranium-235

- What testing found:
 - **No contamination is present**
 - **No risk to construction workers, the public, or future residents**

Development Program

- 73 units of affordable family housing on Block 56
- Households earning up to 50% of Area Median Income
- A mix of studio through 5-bedroom units
- 1 Family Childcare unit
- Parking ratio of approximately 0.6/1 (exceeds OCII practice of .25/1)





First Amended ENA and Amended and Restated Option to Ground Lease

- Extension through October 2023 (ENA executed in April 2020; Option executed in July 2021)
- Allows for 2 rounds of tax-exempt bond and low-income housing tax credit financing applications

Ground Lease Terms

- **Term:** 75-years (with one option for an additional 24 years)
- **Rent:** \$15,000 annual payments
- **Affordability:** Rent/income restrictions at up to 50% of AMI
- **Construction/Operations:** Project constructed and operated in compliance with approved documents

Project Permanent Financing

Financing Source	Amount
OCII Loan	\$36,253,013
Federal Tax Credit Equity	\$31,260,053
Total	\$67,513,066
Total Cost Per Unit	\$924,837

Loan Agreement Terms

- Recognized Obligation Payment Schedule, Item #420
- **Amount:** up to \$36,253,013
 - Predevelopment funds: \$3,500,000
- **Term:** 55 years
- **Interest rate:** 3.0%*
- **Affordability Restrictions:** Life of the Project

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

Loan Agreement: Main Conditions

- Submittal of Services Plan
- Re-evaluation of competitiveness for state funding
- Application to AHP and return of project savings to OCII upon award
- Re-evaluation of income tiering below 50% AMI
- Completion of MOH monthly project updates including community outreach and outcomes related to racial equity goals
- Designation of a San Francisco-based liaison for marketing, preferences and lease-up

Marketing Process

- HPSY / CP Preferences
 - COP holders
 - Displaced Tenant Housing Preference holders
 - Neighborhood Resident Housing Preference holders
 - San Francisco residents or workers
- Developers will work with OCII to develop an Early Outreach and Marketing Plan (Early Outreach Plan submitted to OCII one month after construction starts)
 - Rental readiness counseling, technical assistance, and marketing/ application collection process
 - COP Outreach

Equal Opportunity Program and Workforce Compliance

- **Professional services:**

- 94.3% Small Business Enterprise
 - 88.7% San Francisco Small Business Enterprise
 - 49.0% Woman-Owned Business Enterprise
 - 20.6% Minority-Owned Business Enterprise
 - 7.5% Minority Women-Owned Business Enterprise

- **Workforce:**

- Nibbi-Baines JV provides opportunity for an OCII-recognized SBE and Minority-Owned Business
- Prevailing wages
- 50% local construction workforce hiring goal

Community Outreach

- Hunters Point Shipyard Citizens Advisory Committee (CAC Housing Subcommittee and Full Committee)
 - 2018 – 2019: RFP announcement and Developer team recommendation
 - 2020 – 2021: Basic concept design
 - 2021: Schematic Design
 - 2022: Additional soil testing results
 - 2023 – 2025 Construction and lease-up updates

Tentative Development Schedule

Timeframe	Action
Summer 2022	CDLAC and TCAC applications
Fall 2022	Notification of CDLAC/TCAC award or non-award
Winter 2022 - 2023	Construction financing close
Spring 2023	Construction commences
Fall 2023	Developer submits marketing plan
Winter 2024 - 2025	Construction finishes
Spring 2025	Building occupied

Questions/Comments