INFORMATIONAL MEMORANDUM

TO: Agency Commissioners

FROM: Fred Blackwell, Executive Director

SUBJECT: Notice of intent to issue the Request for Proposals for the development of very low-income family rental housing at 200 Sixth Street (formerly the Hugo Hotel), South of Market Redevelopment Project Area; Citywide Tax Increment Housing Program

EXECUTIVE SUMMARY

The property at 200 Sixth Street (the “Site”) is at the southwest corner of Sixth and Howard Streets in the South of Market Redevelopment Project Area. The Site is currently improved with the abandoned Hugo Hotel, a four-story building plus basement, which has been vacant since approximately 1988; its interior has been gutted since the early 1990s. The Site was acquired by the Agency through an eminent domain action concluded on November 12, 2009.

The Agency is now ready to offer the Site for development as affordable family rental housing. Agency staff has prepared a draft Housing Development Request for Proposals (“RFP”) for the development of one, two and three bedroom units for households earning up to 50% area median income. In addition, the Agency requires the incorporation of “green” elements in design and construction to maximize the overall sustainability and durability for the Project. Development concepts are to include, at a minimum, standards as specified in the City of San Francisco, Department of Building Inspection, Administrative Bulletin No. AB-093 (the “Bulletin”). The RFP will be released to the public on May 27, 2010, unless the Commission objects to the draft RFP. Staff anticipates returning to the Commission in the early Fall with a recommended developer.

DISCUSSION

Agency staff has prepared a draft RFP for the development of affordable family rental housing at the Site. The Project will be affordable to households earning up to a maximum of 50% area median income (as defined by San Francisco Mayor’s Office of Housing). The Project will include one, two and three bedroom units. Community space and laundry facilities appropriate to a family rental development will be incorporated into the development. The ground floor of the development will include storefront space, residential lobby, on-grade off-street parking wrapped by active non-residential spaces that front Howard Street and Sixth Street, and a driveway to the parking.
In order to ensure an expedited development process, the selected Applicant must possess the qualifications and experience to implement a financially sound development plan, incorporate sustainable building strategies, achieve a quality design with amenities that enhance unit livability, and construct and manage the housing units. To be financially feasible, the Project is expected to apply to low income housing tax credits. The State of California’s Tax Credit Allocation Committee has established minimum unit sizes in order to be eligible for a tax credit allocation. The minimums are: 500 square feet for a one-bedroom, 750 square feet for a two-bedroom, and 1,000 square feet for a three-bedroom. The draft RFP states that the proposals should exceed these minimums and that the Agency is reviewing its policy on unit size and may require that the selected developer modify the size of the units at a future time.

The Agency seeks designs that meet the following criteria:

- Maximizing the number of family rental units based on the unit mix described in the RFP. Given the unit mix and sizes, the Agency has estimated approximately 44 family housing units could be built at the Site. However, Applicants may be able to achieve more units.
- Maximizing building envelope pursuant to the form-based zoning applicable to the Site.
- Maximizing financial feasibility and economies of scale, including minimizing Agency subsidy per unit.
- Maximizing livability of the units, including maximizing light and air in the living spaces.

The Agency will allow development teams approximately 60 days to submit their proposals in response to the RFP. Upon receipt of the Applicants’ proposals, Agency staff will verify the completeness and only complete responses will be evaluated. An Evaluation Panel consisting of Agency staff and a representative from the South of Market Project Area Committee (the “SOMPAC”), will then review the complete responses to determine whether they demonstrate the qualifications as specified in the RFP, and may interview qualified Applicant teams as part of the evaluation process. Based upon the Evaluation Panel’s review and input from the SOMPAC, staff will then recommend an Applicant team to the Commission by early Fall 2010. The recommended team must demonstrate the highest level of readiness and recent successful experience with similar high-density, affordable, rental housing. Staff will seek the Commission’s authorization to enter into an exclusive negotiating agreement with the recommended team.

On January 25, 2010, the SOMPAC voted to support the development of family rental housing at the Site (16 members in support, none opposed, and 2 abstentions). On May 3, 2010, the SOMPAC Housing Subcommittee reviewed the draft RFP, and staff responded to questions and comments.
Unless the Commission objects to the proposed RFP, staff is planning to release the RFP on Thursday, May 27, 2010. Staff anticipates returning to the Commission in the Fall with a recommended developer.

(Originated by Jeff White, Development Specialist)

Fred Blackwell
Executive Director

Attachment: Draft Request for Proposals: 200 Sixth Street, South of Market Redevelopment Project Area w/o attachments

c: SOMPAC w/o attachments