MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Authorizing a Master Development Agreement with Double Rock Ventures LLC, the San Francisco Housing Authority, and CP Development Co., LP, for the development of 256 public housing replacement units and 248 additional units of low-income family rental housing, incorporating future acceptance of related assignments of deed of trust and promissory notes, Alice Griffith Public Housing Site, 211 Cameron Way; and adopting environmental findings pursuant to the California Environmental Quality Act; Bayview Hunters Point Redevelopment Project Area

EXECUTIVE SUMMARY

Double Rock Ventures LLC, ("DRV"), an affiliate of McCormack Baron Salazar ("MBS" or "Developer"), is the development entity for the redevelopment of Alice Griffith Public Housing. CP Development Co, LP is a partnership including the Lennar Corporation ("CP Dev Co" or "Lennar") created for the purpose of redeveloping Hunters Point Shipyard Phase 2 and Candlestick Point. Additional development team members include the San Francisco Housing Authority ("Housing Authority") and Urban Strategies, Inc., which will be implementing the social services program at the Alice Griffith project.

MBS and CP Dev Co are now requesting approval of a Master Development Agreement for the Alice Griffith Replacement Projects ("MDA"). This document will provide for the transfer of land parcels among the Office of Community Investment and Infrastructure ("OCII"), CP Dev Co, MBS, and the Housing Authority to facilitate the redevelopment, in five phases, of the existing Alice Griffith public housing development ("Existing AG") consistent with the DDA and CNI requirements as well as the Replacement Housing Plan. The MDA will also establish the roles and responsibilities of the parties as relates to the redevelopment of the Existing AG. The MDA also provides for incorporating deeds of trust and promissory notes at the Alice Griffith Replacement Projects associated with related infrastructure work. By including some related infrastructure costs in project costs, additional tax credit equity will be available to the project, thereby reducing both CP Dev Co's and OCII's financial contributions.

On June 3, 2010, the former San Francisco Redevelopment Agency (the "Former Agency" now the Office of Community Investment and Infrastructure or "OCII") executed a Disposition and Development Agreement ("DDA") with CP Dev Co that includes a Below Market-Rate Housing Plan ("Housing Plan"). The Housing Plan includes the obligation to revitalize the Alice Griffith public housing development as a mixed-income, service-enriched community ("Project" or "AG"), developed according to the principles of HOPE SF. HOPE SF is an initiative that is being implemented by the Mayor's Office of Housing and Community Development.
(“MOHCD”) to re-envision and redevelop the City’s most distressed public housing sites. Consistent with the requirements of the DDA, MBS was selected by CP Dev Co to be the Alice Griffith Developer based upon their extensive experience revitalizing public housing across the country.

On March 29, 2011, an initial predevelopment loan for AG was approved by the Former Agency Commission. Then, in August 2011, the development team was awarded a U.S. Department of Housing and Urban Development (“HUD”) Choice Neighborhoods Initiative Implementation (“CNI”) Grant in the amount of $30,500,000, of which $21,500,000 is to be used for housing development of the first three phases at AG. The CNI funding comes with a variety of deadlines. Most significant is grant funds must be expended and units delivered by September 2016 for the portion of the funds associated with AG Phases 1 and 2, and September 2017 for the portion of the funds to be used for AG Phase 3. Currently, the AG project is on track to meet these deadlines. On January 7, 2014, Commission approved the first Major Phase related to AG along with the schematic design for AG Phases 1 and 2. CP Dev Co began pre-construction activities in April, 2014, and the majority of horizontal infrastructure will be completed in January 2016, with deferred items to be completed by Sept 2016.

On April 1, 2014, the Commission approved four predevelopment loans for the first three phases of development at AG, and a Replacement Housing Plan as required by California Community Redevelopment Law (“CRL”). This plan describes how the first three phases of the AG redevelopment will meet the CRL replacement housing obligations.

On July 15, 2014, the Commission approved two permanent gap loans for Phases 1 and 2 of the five-phase vertical affordable housing development. For both these phases, the Developer has submitted applications for Tax Exempt Mortgage Revenue Bonds from the California Debt Limit Allocation Committee (“CDLAC”), and Low Income Housing Tax Credits from the California Tax Credit Allocation Committee (“TCAC”). The Developer has received the Tax Exempt Mortgage Revenue Bond and Low Income Housing Tax Credit Equity allocations for Phase 1 and anticipates receiving the allocations for Phase 2 by November. This schedule allows the project to start construction by January 2015, in conformance with the CNI funding deadlines. The sources of the OCII loans for each phase include an OCII subsidy and the Master Developer Subsidy (“MDS”). The MDS will be contributed from CP Dev Co to OCII prior to or at construction loan closing.

Staff recommends authorizing a Master Development Agreement with Double Rock Ventures LLC, the San Francisco Housing Authority, and CP Development Co., LP, for the development of 256 public housing replacement units and 248 additional units of low-income family rental housing, incorporating future acceptance of related assignments of deeds of trust and promissory notes, Alice Griffith Public Housing Site, 211 Cameron Way; and adopting environmental findings pursuant to the California Environmental Quality Act; Bayview Hunters Point Redevelopment Project Area.

BACKGROUND

Project History

Lennar, Hunters Point Shipyard, and Prop G. The Former Agency selected Lennar/BVHP Partners to develop the Shipyard in 1999; the public-private, collaborative effort to expand the Shipyard redevelopment project to include Candlestick Point and AG culminated in 2008 with the passage of Proposition G by San Francisco voters. As set forth in Proposition G, the
Candlestick Point/Hunters Point Shipyard Phase 2 project ("CP/HPS2") would reconnect the Shipyard and Candlestick Point with the Bayview Hunters Point community and the rest of San Francisco and transform the area with new jobs, parks and housing. As approved by the Board of Supervisors and Former Agency Commission, CP-HPS2 more specifically calls for 10,500 new housing units, 31.86% of which are below-market rate, including AG’s one-for-one public housing replacement; 300+ acres of parks and open space; significantly improved rapid transit connections; thousands of new job opportunities; almost 900,000 square feet of new retail; 2.65 million square feet of office/R&D space; and significant new cultural and service amenities.

CP Dev Co concluded a multi-year public planning process on August 3, 2010; when the Board of Supervisors approved tax increment pledge agreements, land exchange agreements, entitlement and redevelopment plan amendment documents that together enable the implementation of the Candlestick Point-Hunters Point Shipyard Phase 2 mixed-use project. These approvals were in addition to the Former Agency’s approval of the DDA, including the Housing Plan described above.

**Alice Griffith Replacement Projects.** AG’s replacement emerged as a critical component of Proposition G, and representatives from the City, the former Redevelopment Agency, and Lennar met with AG residents repeatedly in the lead-up to the 2008 vote to insure resident support. Meetings have continued regularly since. Proposition G’s passage also roughly coincided with the release of guiding principles and recommendations by the HOPE SF Task Force, a broad-based group of citizens convened by the Mayor and Board of Supervisors to address the pressing needs and problems of San Francisco’s most distressed public housing sites, including AG. With Prop G’s passage, the City’s implementation of HOPE SF as a major policy directive, and the desire of the AG tenants themselves to secure a habitable and safe living environment, AG’s revitalization became one of CP-HPS2’s major community benefits.

The Housing Plan of the DDA defines the roles and responsibilities of the Former Agency and CP Dev Co regarding the development of up to 10,500 housing units, and includes AG’s reconstruction as part of the first phase of the mixed-use project. It also requires CP Dev Co to contribute significant construction and permanent subsidy for the one-for-one replacement of all 256 AG units, as well as construction/permanent subsidy for 248 new affordable units that will be built with the AG units, which are not public housing units (here referred to as “Tax Credit” or “LIHTC” units). Finally, the Housing Plan requires CP Dev Co to replace the decrepit and obsolete infrastructure that currently exists at AG with all new infrastructure and to provide an additional subsidy for the housing development ($90,000 per Public Housing Replacement unit and $70,000 per LIHTC unit).

**Choice Neighborhoods Initiative (“CNI”) and Transformation Plan.** The Choice Neighborhoods Initiative program supports locally driven strategies to address struggling neighborhoods with distressed public or HUD-assisted housing through a comprehensive approach to neighborhood transformation. Local leaders, residents, and stakeholders, such as public housing authorities, cities, schools, police, business owners, nonprofits, and private developers, come together to create and implement a plan that transforms distressed HUD housing and addresses the challenges in the surrounding neighborhood. The program is designed to catalyze critical improvements in neighborhood assets, including vacant property, housing, services and schools.

CNI is focused on three core goals:
1. **Housing**: Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood;

2. **People**: Improve educational outcomes and intergenerational mobility for youth with services and support delivered directly to youth and their families; and

3. **Neighborhood**: Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools, and commercial activity, that are important to families' choices about their community. The neighborhood component for the AG Transformation Plan focuses on the Eastern Bayview.

To achieve these core goals, communities must develop a comprehensive neighborhood revitalization strategy, or CNI Transformation Plan. The AG and Eastern Bayview Transformation Plan (the “Transformation Plan”) builds on the planning efforts for CP-HPSY2 and the former Bayview Redevelopment Project Area. Implementation Grants support communities that have undergone a comprehensive local planning process and are ready to implement their “Transformation Plan” to redevelop the neighborhood.

**Alice Griffith Site Transformation to a Mixed-Income Community.** Pursuant to HOPE SF principles and CNI core goals, the AG site will be rebuilt at a higher density than what currently exists. The projected unit mix is as follows:

- 256 AG units (public housing replacement or “PHR Units”)
- 248 additional affordable (“Affordable Units”) units including managers’ units (affordable to households up to 50% of Area Median Income “AMI”)
- 382 market-rate units
- 43 inclusionary units (affordable to households earning up to 120% of AMI)
- 281 workforce units (affordable to households earning between 120% and 160% of AMI).
- **Total Units**: 1,210
- **Total Alice Griffith Affordable Units**: 504 (i.e., 256 replacement AG Units + 248 new Tax Credit units)

AG will be rebuilt in five construction phases. Estimated vertical construction commencement dates for each of AG’s five construction phases are provided below (shading below indicates phases that are being developed concurrently). In addition to the schematic design for AG Phases 1 and 2, MBS has completed a master planning process for the entire development and is currently completing schematic design for AG Phase 3. AG Phase 3 will start construction in late 2015. Torti Gallas is master plan architect and architect for AG Phases 1-3.

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CP Dev Co is responsible for the AG site infrastructure as part of the overall CP/HPS2 infrastructure development program. DRV will be the lead developer for the Alice Griffith public housing replacement units and the tax credit units on the Blocks shown above.

In addition to the on-site AG redevelopment, Carroll Street Senior Housing at 5800 Third Street (also being developed by MBS) has been approved by HUD as the first phase of off-site housing for qualified AG public housing residents under the CNI award. All AG residents have the opportunity to move into a new unit at AG once constructed, but Carroll Street Senior Housing provides an added option for seniors living at AG. Construction on Carroll Street Senior Housing began in April 2014.

In May 2013, MBS and Torti Gallas convened a week-long design charrette including residents, OCII, MOHCD, the San Francisco Unified School District and other local stakeholders, and gathered input for the master plan and design of the individual phases. This culminated in Commission approval in infrastructure plans related to AG along with the schematic design for AG Phases 1 and 2 on January 7, 2014.

On April 1, 2014, the Commission approved additional predevelopment funds to complete predevelopment work for Phases 1 and 2 of AG, and to begin predevelopment work for Phase 3.

In July 2014, MBS selected San Francisco Housing Development Corporation to be the nonprofit development partner for Phase 1, and Tabernacle Community Development Corporation to be the nonprofit development partner for Phase 2. On July 15, 2014, Commission approved two permanent gap loans for Phases 1 and 2 of the vertical affordable housing development. The sources of the OCII loans for each phase include an OCII subsidy and the Master Developer Subsidy ("MDS"). Pursuant to the Housing Plan of the DDA, the MDS will be contributed from the master developer to OCII prior to or at construction loan closing.

Also in July 2014, pursuant to the DDA and related documents, OCII acquired land owned by the State Parks Department adjacent to the Existing AG site. A portion of each of the first three phases of AG will be built on this land, along with land currently owned by the Housing Authority, and land owned by OCII that is adjacent to both the former State Parks land and the Existing AG site.

Since the permanent loans were approved, MBS along with their architect, Torti Gallas, have completed and submitted permit applications which will allow Alice Griffith Phases 1 and 2 to begin construction by January 2015. MBS successfully secured, for both Phase 1 and 2, Tax Exempt Mortgage Revenue Bonds from the California Debt Limit Allocation Committee ("CDLAC"), and Low Income Housing Tax Credits from the California Tax Credit Allocation Committee ("TCAC"). This schedule allows the project to start construction by January 2015, in conformance with the CNI funding deadlines.

**Alice Griffith Financing Plan**

The Housing Plan stipulates that CP Dev Co provide a $90,000 per Public Housing Replacement Unit subsidy to the AG vertical development, and $70,000 per Tax Credit Unit ("Master
Developer Subsidy” or “MDS”). The Housing Plan also requires that OCII provide a base subsidy of $62,017,200 in tax increment gap financing among the five phases based on Development needs per phase. For each phase of AG, OCII and CP Dev Co will provide the proportion of the contributions described above. If after maximizing all available sources other than CP Dev Co and OCII, the total development cost (“TDC”) for any phase exceeds the TDC initially projected in the DDA, then the excess of the TDC will be considered a cost overrun (“Cost Overrun”) pursuant to the formula in the Housing Plan. If there are Cost Overruns in any phase, then CP Dev Co must cover Cost Overruns attributable to the Public Housing Replacement Units and OCII must cover the cost overruns attributable to the Tax Credit Units. OCII is responsible for funding any gaps in projected tax credit equity and/or Affordable Housing Program funds below what was projected at the time the DDA was executed. Conversely, additional funding sources unanticipated at the time of the DDA reduce OCII’s obligation (e.g. the $21,350,000 of HUD’s CNI Grant that will be used for housing development at AG). Based on these terms and considering the CNI funds for the project, OCII’s base subsidy, once the CNI funds are incorporated into the development budget, is $40,667,200.

Source of OCII subsidy

For Phases 1 and 2, the Commission approved on July 15, 2014 two permanent gap loans that were sized pursuant the above formula. While each gap loan is provided directly from OCII to the Developer, there are two funding sources for each loan: 1) direct OCII subsidy; and 2) the Master Developer Subsidy (“MDS”). The MDS must be provided at the close of construction financing of each phase, pursuant to Section 5.4 (a) and (c) of the BMR Housing Plan. Accordingly, in the case of Phase 1 and 2, the MDS will be contributed from CP Dev Co to OCII prior to or at construction loan closing which is estimated to be January 15, 2015.

Relocation

Pursuant to HOPE SF principles, residents will remain on site during construction. The replacement units will be constructed before existing housing is demolished. The first three building phases (Blocks 2, 4 and 1) will be located on vacant land currently owned by OCII and State Parks, which will be transferred to the SFHA prior to construction start and will be ground leased to the Developer. Once each of those blocks is complete, Alice Griffith tenants can move into the new units, leaving vacated buildings that can then be demolished.

All existing tenants will have the opportunity to occupy new units. The Tax Credit units will be restricted and affordable to families up to 50% of AMI pursuant to the Bayview Hunters Point Redevelopment Plan (the “Redevelopment Plan”) and MOHCD policies. In March 2014, DRV selected a relocation consultant, Overland, Pacific & Cutler to develop the relocation plan required by HUD (the “Relocation Plan”). The Relocation Plan will be implemented by the Housing Authority and will focus on the process of moving residents from the existing housing to the new housing, which will begin after construction of the first phase is complete in July 2016. The consultant has begun the process of developing the plan and has been engaging with residents regarding the process. Resident interviews for the plan are almost complete and the plan is on schedule to be published for public comment by the beginning of November. CP Dev Co is responsible, per the DDA, for funding the relocation of all residents in conformance with the Relocation Plan.
In addition to AG residents, there are several on-site community groups and service providers which will need to be relocated, either temporarily until space within the new development is built, permanently, or both. These groups and service providers are: Hunters Point Family Services (including the Community Garden), the open space for FranDelJA Childcare Center, a small police substation, the Opportunity Center (current services and community hub for AG residents), a mural on the Griffith Pump Station, Bayview Hunters Point Health and Environmental Resource Center, and a portion of the True Hope Church parking lot.

CP Dev Co is responsible, per the DDA, for relocating these non-residential groups as they will be displaced by the infrastructure construction. To date, and to accommodate Phase 1 and 2 construction, CP Dev Co has relocated the Community Garden to a temporary location near the Opportunity Center at AG. The HOPE SF Services Director is working with the San Francisco Unified School District to secure a permanent location for the Community Garden behind Brett Harte Elementary School across the street from AG. The community and residents at AG support this plan. For subsequent Phases 3 through 5, CP Dev Co is working with AG residents and services providers along with OCII, MOHCD, and MBS to identify and secure that the most appropriate new locations for the services providers.

Master Development Agreement

The MDA further defines the roles of the parties as initially established in the DDA, the CNI Implementation Grant and Transformation Plan, Housing Authority policies, and HOPE SF principles ("Requirements and Principles"). The MDA is significant because this will be the only document that includes each party (OCII, CP Dev Co, MBS, and the Housing Authority) included in all of Requirements and Principles governing the Project. For example, neither MBS nor the Housing Authority is a party to the DDA, and MOHCD, OCII, and CP Dev Co are each not a party to the CNI Implementation Grant Agreement. The MDA also facilitates the reconfiguration of the Existing AG site and the adjacent parcels to create the new Project site, and it outlines the development of the Alice Griffith Replacement Projects in conformance with the Requirements and Principles.

Roles of the MDA Parties:
CP Dev Co is the master developer for Candlestick Point and Hunters Point Shipyard Phase 2. CP Dev Co’s responsibilities at AG are to ensure completion of the subdivision process that creates the new parcels on which the Project will be built; provide infrastructure serving the new development; and, to provide “developable lots” for MBS to build each phase of the Project consistent with the Master Schedule. CP Dev Co also must provide a subsidy, as described above and in the DDA (and, in the case of Alice Griffith Phases 1 and 2, in the Loan Agreements approved by Commission on July 15, 2014), for the development of each phase of the Project. CP Dev Co is also responsible for funding the relocation of residents and services providers. The proposed MDA does not amend or change any of CP Dev Co’s responsibilities under the DDA.

DRV is responsible for developing all phases of the Alice Griffith Replacement Project, ultimately replacing all 256 PHR Units and creating 248 Affordable Units. DRV will complete financing plans and secure all the financing necessary for the new Development. DRV has also hired the consultant who is creating the Relocation Plan and is overseeing the work of the consultant and the development of the plan. McCormack Baron Ragan Management Services,
Inc., the property management affiliate of DRV, will be the property manager for all phases of the new Development.

OCII is responsible for conveying land currently owned by OCII to the Housing Authority and for accepting the land currently owned by the Housing Authority, not including the Alice Griffith Lots (which all phases of the new Development will be built on), and transferring it to CP Dev Co for development of Workforce and Market Rate units ("Master Developer Lots") consistent with the DDA. OCII also must provide a subsidy, as described in the DDA (and, in the case of Alice Griffith Phases 1 and 2, in the Loan Agreements approved by Commission on July 15, 2014), for the development of each phase of the Project. The proposed MDA does not amend or change any of OCII’s responsibilities under the DDA.

The Housing Authority is responsible for implementing the Relocation Plan, submitting all operating subsidy requests to HUD along with any other approval requests necessary to complete the Development. The Housing Authority will also continue to manage the Existing AG units until the PHR Units are built and the existing residents have moved into those units. The Housing Authority will also own all of the land parcels under all phases of the Alice Griffith Replacement Project and lease them back to the AG Phase owners (limited partnerships created in compliance with Low Income Housing Tax Credit regulations).

**Land Assembly:**
The current public housing site is bordered roughly by Hawes, Carroll, and Gilman Streets and two parcels of vacant land owned by OCII. One of those parcels was transferred in July 2014 from the State Lands Commission and California Department of Parks and Recreation to OCII as anticipated in the DDA (see attached Current and Future Parcel Ownership Maps). The future site of the Alice Griffith Development will include the adjacent OCII lands and will be comprised of Blocks 1, 2, 4, 5, 8, 9, and 14 ("Alice Griffith Lots" as shown on the attached Site Plan and Current and Future Parcel Ownership Maps).

The Housing Authority owns the Existing AG site, which is approximately 22.5 acres. In order to allow Alice Griffith tenants’ direct relocation from their existing homes to new units, the first three phases of the Alice Griffith Replacement Projects will be on approximately five acres that are adjacent to Alice Griffith and currently owned by OCII along with a roughly two acre portion of the existing Housing Authority land. Most of Phases 4 and 5 of AG will be built on land that is currently owned by the Housing Authority. These adjacent OCII parcels along with the portion of land that is currently owned by the Housing Authority and will remain a part of the future development will make up the new AG.

As each phase of the Development is completed, the Housing Authority will then ground lease the parcels to the phase owner (an affiliate of MBS and their nonprofit partners). Once the Public Housing Replacement Units have been built and residents living in the Existing AG Site have been relocated to their new housing, the Housing Authority will transfer those lots ("Market Rate Lots") to OCII for transfer to CP Dev Co for development of the workforce and market rate units in conformance with the terms of the DDA.

The land assembly for the Development will occur through:

- The subdivision of the Alice Griffith Site in accordance with the CP/HPS Subdivision Code to create within the Alice Griffith Site new public and private
streets, a park, the Alice Griffith Lots, and Market Rate Lots, among other things (this is currently on schedule to be completed by December 2014); and

- Conveyance by OCII to the Authority of portions of the Alice Griffith Lots owned or acquired by OCII; and
- Conveyance by the Authority to OCII of the portions of the Alice Griffith Site owned or acquired by the Authority, other than the Alice Griffith Lots (essentially this is the area that will become the Master Developer Lots plus the public streets and spaces serving those lots); and
- Conveyance by OCII to CP Dev Co of the Master Developer Lots.

Workforce Memorandum of Understanding:

The Workforce Memorandum of Understanding ("Workforce MOU") is an attachment to the MDA. The parties to the Workforce MOU are OCII, the Housing Authority, MOHCD, and the Office of Workforce and Economic Development of the City and County of San Francisco ("OEWD"). The MOU establishes the roles of the parties as related to ensuring that the goals of the Bayview Hunters Point Employment and Contracting Policy ("BVHP ECP") and all other Requirements and Principles for AG with respect to workforce hiring for the (i) construction of the AG Infrastructure by CP Dev Co, (ii) construction of all phases AG by Alice Griffith Phase Owners, and (iii) construction of Market Rate Lots (collectively, the "Covered Work"). It also establishes the order of priority for construction workforce referrals for AG consistent with the Requirements and Principles as follows:

1. Alice Griffith residents (named on lease);
2. Housing Authority residents within 94124;
3. Housing Authority residents in 94134 and 94107;
4. Housing Authority residents in other zip codes;
5. BVHP Residents;
6. Residents of the 94134 and 94107 zip code areas;
7. Residents of other existing OCII project areas, and
8. San Francisco Residents.

OCII will serve as the primary agency to collect employment data under the BVHP ECP and will share the data with the other parties. In addition, OCII will be responsible for contract compliance in accordance with the BVHP ECP. OCII is specifically responsible for workforce construction data collection and enforcement of the BVHP ECP. OCII shall further be responsible for contract compliance in accordance with the CNI contracting requirements, together with related data collection. OEWD, through CityBuild, will serve as the lead for referrals and placements and will assist with data collection and reporting. Though the Workforce MOU is not yet executed and the scope of work to date has been limited to CP Dev Co’s on-site pre-construction activities, OEWD has been tracking the data for the priorities described above and is working on incorporating that data in the regular AG reports. The Housing Authority will confirm residency in a public housing development and ensure qualified residents are referred to CityBuild for employment opportunities. The Housing Authority will also provide resident data to OCII to track resident employment. MOHCD, is a party to the Workforce MOU in its role as HOPE SF lead and housing successor agency, but will not have a role in workforce referrals or data collection.

Cash Flow Memorandum of Understanding:
The Cash Flow Memorandum of Understanding ("Cash Flow MOU") is an ancillary document to the MDA. It establishes the distribution of cash flow among the public agencies for each phase of the Development. The parties to the Cash Flow MOU are OCII, MOHCD, and the Housing Authority. As described above, OCII provides the OCII subsidy and MDS through an OCII loan agreement for each phase. MOHCD loans the CNI funds to each phase of the Development that is receiving CNI funds (Phases 1 through 3) and as housing successor agency to OCII, the OCII loans will be assigned to MOHCD once each applicable phase is fully complete. The Housing Authority is ground leasing the land to each AG Phase owner using a lease structure similar to OCII and MOHCD's standard lease structure. The loans and ground leases will all be paid from surplus cash.

The Cash Flow MOU establishes that the ground lease payments be based on 10% of restricted land value. For each phase of the Development an amount up to the lesser of the full annual ground lease payment or one third or of surplus cash will be paid to the Housing Authority as ground rent and the remainder of surplus cash will be paid to MOHCD for repayment of the OCII and MOHCD loans. The payments will be made to MOHCD because it is anticipated that OCII will have transferred its loans to MOHCD as the Housing Successor Agency as each phase is completed. The Cash Flow MOU also establishes that all of these surplus cash payments be held by MOHCD until completion of all phases of the Development to be used as a source of development funding for any later phases at AG that have a funding shortfall. These terms are consistent with the terms established in the Hunters View Cash Flow MOU, the first HOPE SF project, which serves as a model for AG and all the future HOPE SF projects.

Alice Griffith Infrastructure Financing:
Pursuant to the DDA, CP Dev Co is responsible for the costs of all infrastructure-related to the development of AG, and OCII is responsible for assisting CP Dev Co with securing outside financing if available or possible while maintaining overall project feasibility. CP Dev Co has requested that DRV include some infrastructure costs in the project development budgets to raise additional tax credit equity, and decrease the "Cost Overrun" contributions for both CP Dev Co and OCII. CP Dev Co will provide a loan to the Developer for these costs which will be evidenced by a Promissory Note and Deed of Trust ("AG Infrastructure Financing").

While the inclusion of the infrastructure in the overall tax credit financing is a creative way for CP Dev Co to reduce its costs on the infrastructure development, it was never anticipated that it would be repaid for the AG Infrastructure Financing since it is an obligation of CP Dev Co as the Shipyard master developer. Therefore, similar to the financing structure recently approved for Block 49 in Phase 1 of the Hunters Point Shipyard project, each phase of AG that includes AG Infrastructure Financing, the Promissory Note and the DOT for that loan will be assigned from CP Dev Co to OCII at the construction financing closing for that phase so that any repayment of that loan through future cash flow as defined in the Cash Flow MOU would go to the City (after the asset is transferred from OCII to MOHCD at project completion), rather than to CP Dev Co. Unlike the MDS that CP Dev Co is providing for the vertical development at AG, no funds will flow through OCII, but all loan repayments via the residual receipts structure will be paid to the City.

If the MDA is approved, $7.5 million of AG Infrastructure Financing per phase for Phases 1 and 2 of Alice Griffith will be included and subject to approval by the OCII Executive Director and MOHCD Director as part of the "Final Financial Plans" prior to the close of construction.
financing. The HOPE SF Loan Committee on May 16, 2014, and Commission on July 15, 2014, authorized this approval structure for the Final Financial Plans for Phases 1 and 2 of AG.

Community Support
Alice Griffith's inclusion in the CP-HPS2 project resulted in extensive public review, with hundreds of meetings held since 2007. Both the Hunters Point Shipyard Citizen's Advisory Committee ("CAC") and Bayview Hunters Point Project Area Committee (now defunct) supported the larger CP-HPS2 project and Alice Griffith's renovation. Alice Griffith itself has an active Residents Council and Tenant Association, and MBS, Urban Strategies, MOHCD and OCII staff meet regularly with both groups. Given the extreme habitability problems that currently exist at the site, AG tenants have shown strong support for the site's revitalization. In May 2012, MBS and their master plan and Phase 1-3 architect, Torti Gallas, convened a week-long design charrette with residents and other project stakeholders including MOHCD, OCII, HUD, SFHA, the San Francisco Unified School District, CAC and other community organizations. The results of this charrette have been incorporated into the master plan and the schematic design for phases 1 and 2. Both the infrastructure plan and the plans for vertical development have been supported by the CAC. The AG residents along with Project stakeholders are very supportive of the Project. The development team, OCII, and MOHCD staff continue to meet regularly with the residents, the CAC, and other community stakeholders regarding the development process.

Project Schedule
Construction of AG Phases 1 and 2 is on track to begin in January 2015, which will allow the Developer to complete construction in July 2016, in compliance with the mandatory HUD deadline of September 2016. AG Phase 3 will start construction in August 2015 and complete construction in February 2017, ahead of the September 2017 mandatory HUD deadline. Phases 4 and 5 are currently scheduled to begin construction at the end of 2016.

Equal Opportunity Program and Compliance with OCII Policies
The Developer complies with the OCII's Nondiscrimination in Contracts, Minimum Compensation and Health Care Accountability policies and has worked closely with contract compliance staff to comply with the Bayview Hunters Point Employment and Contracting Policy ("BVHP ECP") Program on this development. To date, the Developer has achieved 71.5% SBE participation for professional services consultants. (Of the total, 67.6% of the firms are San Francisco-based SBEs, 55% are MBEs and 13.9% are WBEs). In addition, CP Dev Co is achieving 50.9% SBE participation in infrastructure work. (Of the total, 49% of the firms are San Francisco-based SBEs, 5.1% are MBEs and 2.5% are WBEs.) For the project area as a whole, SBE participation is currently 56.7% of which 54.3% are San Francisco-based SBEs, 19.2% are MBEs, and 5.7% are WBEs. Please refer to Attachment C for the summaries of the SBEs to date for this Project.

During the construction phase of this project, the Developer is committed to meet the 50% SBE construction subcontracting participation goal. The general contractor for the project is a joint venture between Nibbi Brothers and Baines Group, an OCII-certified SBE/MBE. The project is also subject to OCII's BVHP ECP which has established a 50% local San Francisco construction workforce hiring goal with first consideration for residents of the BVHP area and the payment of prevailing wages. To date, only one infrastructure project has started at this site. Of the 4,478
construction workforce hours to date, nearly 46% of the hours were performed by residents of San Francisco and of the total workforce hours, 33.4% were performed by individuals living in the BVHP zip code areas of 94124, 94134 and 94107, of those 17% of workforce hours were performed by Alice Griffith residents.

NEXT STEPS
Staff will return to the OCII Commission for approval of a schematic design and permanent loan for Phase 3 in Spring 2015.

(Originated by Elizabeth Colomello, Development Specialist)

Tiffany Bohan
Executive Director

Attachment A: Alice Griffith Current and Future Parcel Ownership and Site Plan
Attachment B: Master Development Agreement
Attachment C: Small Business Enterprise Participation Summary
Attachment D: Cashflow Memorandum of Understanding