Mission Bay North and South Major Approved Development Projects

A. Project Description & Status

The Mission Bay North and South Redevelopment Project Areas were established in 1998 to create a vibrant, transit oriented, mixed-use community that will result in 6,350 residential units (29% of which will be affordable), 4.4 million square feet of office and biotechnology space, 400,000 square feet of retail uses, a new University of California, San Francisco research campus and medical center, 250-room hotel, 49 acres of open space, library, school, police headquarters, and local police and fire department. Completion of the Mission Bay project is anticipated to occur over 25 to 30 years and result in construction of more than $700 million of new infrastructure, development of over $8 billion in private vertical development, and creation of 31,000 permanent jobs.

Mission Bay is currently undergoing a massive construction boom. By early 2015, Mission Bay will see the majority of the remaining market-rate residential units completed (1,190 units), with another 150 affordable units also finished. The remaining market-rate housing (about 520 units) and 200 additional affordable housing units are anticipated to be under construction by early 2015. The first phase of the new UCSF medical center will be completed by then, providing 289-new hospital beds. The 4th Street commercial corridor will be almost complete and filled with new, local serving commercial uses. The Public Safety Building will be open by end of 2014, providing additional security to the neighborhood with a local fire and police station, in addition to the San Francisco Police Headquarters. Planning for the next wave of commercial office space is anticipated to be underway in 2015. To serve all this new development, almost all of the remaining streets and underground utilities will be finished by early 2016, and there will be several new parks, including the new children’s park and new parks along the bayfront.

Implementation of the Mission Bay project occurs through the Mission Bay North and South Redevelopment Plans and the Mission Bay existing obligations. The Mission Bay North and South Owner Participation Agreements, and several related or attached documents including the Infrastructure Plans, Financing Plans, and the Tax Increment Allocation Pledge Agreements, are enforceable obligations and outline the public/private partnership between OCII and the Mission Bay Master Developer, FOCIL-MB, LLC. On January 24, 2014, OCII received a Final and Conclusive Determination on the Mission Bay enforceable obligations from the State Department of Finance (“DOF”).

OCII also is responsible for the management of the 41-acre planned Mission Bay Open Space System until 2043. Currently there are about 15 acres that are completed and operated by OCII. OCII has entered into a contract with MJM Management Group (“MJM”) to do the day-to-day management of the parks. The costs for park management are paid with special taxes collected through Community Facilities District #5 (CFD#5), which OCII administers. The calendar year
Key responsibilities of OCII, and its Commission, related to the implementation of Mission Bay include financing of infrastructure, land use review and approvals provide financing for the development of affordable housing on land donated by the Master Developer, maintenance of the 41-acre Mission Bay open space system, creation and implementation of a Mission Bay Art Program, and staffing of the Mission Bay Citizens Advisory Committee. Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor’s Office of Housing and Community Development (“MOHCD”), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. Prior to the start of Fiscal Year 2014-2015, OCII will be procuring additional services from MOHCD through a Memorandum of Understanding to assist in monitoring of construction, marketing, and financial disbursements.

Staff will also work to ensure compliance with OCII's equal opportunity programs for workforce and contracting on all projects in the Project Area. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors themselves, as well as with the Citybuild program and other community based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

B. Fiscal Year 2014-2015 Workplan

1. **Mission Bay North & South**: Provide funding for and/or ensure the development of approximately 1,800 total affordable housing units in Mission Bay South and Mission Bay North (of which 674 units have been constructed) pursuant to the Owner Participation Agreements with the master developer and the Tax Increment Pledge Agreements with the City.

2. **Block 6 East Affordable Housing**: Select development team and provide predevelopment funding for the affordable housing project on Block 6 East to develop the site into approximately 135 units of rental housing for very low-income families, which will also include a set-aside of 20 percent of the units for formerly homeless families referred by the Human Services Agency. The Request For Proposal (“RFP”) is anticipated to be issued towards the end of Fiscal Year 2013-2014.

3. **Block 3 East Affordable Housing**: Issue an RFP, select a development team, and provide predevelopment funding for the affordable housing projects on Block 3 East to develop the site into approximately 100 units of supportive rental housing for formerly homeless individuals to be referred by the Department of Public Health.

4. **Block 7 West Affordable Housing**: Complete financial closing for construction funds needed for the development of 200 units of affordable rental housing for low-income families on Block 7 West and begin construction.
5. **Block N4P3 Marketing Plan:** Utilize MOHCD services to review, approve and monitor implementation of marketing plans of inclusionary affordable units within the Block N3P4 residential project in Mission Bay North.

6. **Mission Bay Public Art Program:** Develop a public art program for art within Mission Bay open spaces, which may include utilizing expertise within the art community, such as the San Francisco Arts Commission or consultants to be hired by OCII. Current budget has almost $1 million in funds, which would be expended over multiple budget years.

7. **Blocks 1:** Approve schematic designs for residential and hotel uses on Block 1.

8. **Design Review** – Continue to process the design development and construction drawings for Blocks 1, 5, 7, 11, 12 East, 13 West, 40, and N4P3.

9. **Salesforce Properties:** Work with salesforce.com and interested developers to explore opportunities to develop the salesforce.com properties (Blocks 26 to 34). If UCSF purchases Blocks 33/34, work with UCSF on the design of those two blocks.

10. **Park P6 Children’s Park:** Complete the construction of a new children’s park on Park P6, using a $1.37 million Catalyst Grant from the California Department of Housing and Community Development (“HCD”).

11. **Park P11-11a and P19:** Complete construction on Park P11-11a on the Mission Bay Commons and Park P19 along Terry Francois Boulevard.

12. **Bayfront Park P26 and P27:** Complete construction on Mariposa Park (P26) and P27 in the southern part of Mission Bay.

13. **Mission Creek Park P2:** Complete the construction of the replacement parking for the Mission Creek Harbor Association (“MCHA”) as part of Park P2, complete the construction drawings for the park, and finalize the maintenance agreements with MCHA for the community garden and parking area.

14. **Street Improvements:** Continue construction of the remaining Mission Bay roadway improvements, which will be funded in part by a TIGER IV federal grant and HCD Prop 1C Transit Oriented Development grant.
Transbay Major Approved Development Project

A. Project Description and Status

The Transbay Redevelopment Project Area (“Project Area”) was adopted in 2005 and consists of approximately 40 acres in downtown San Francisco surrounding the new Transbay Transit Center (“TTC”), which is currently under construction by the Transbay Joint Powers Authority (“TJPA”). The Project Area goals include the development of: 1) the new, multi-modal TTC and related public infrastructure; 2) a new, transit-oriented neighborhood on approximately 10 acres of publicly-owned property, most of which was formerly owned by the State of California (“State”); and 3) approximately 1,200 affordable housing units, or 35 percent of the new residential units constructed in the Project Area. OCII acts as the master developer for most of the formerly State-owned parcels in the Project Area, issuing requests for proposals and selecting developers to construct the improvements, as specified in the Redevelopment Plan for the Transbay Redevelopment Project Area (“Redevelopment Plan”) and related documents.

The new, transit-oriented neighborhood that will be developed by the Successor Agency on the 10-acres of formerly State-owned property in the Project Area will consist of more than 3,000 new housing units, including 1,200 affordable units, nearly 2 million square feet of new commercial space, and approximately 4 acres of new public open space. In addition, the new Transbay Transit Center site will include a 5.5-acre rooftop park and a 1.35-million-square-foot office tower. The development program for the Project Area embodies a balanced approach to density, with office and residential towers spaced apart to protect views and sunlight, and retail and townhouses to maintain visual interest at the ground level. The program includes significant widening and improvement of sidewalks, conversion of Folsom Street to two-way traffic, and reconfiguration of an Interstate 80 off-ramp, all with the goal of creating a safe and attractive pedestrian environment.

The TJPA is responsible for planning, constructing and eventually operating the new TTC. OCII is charged with implementing the Redevelopment Plan pursuant to its enforceable obligations, including: 1) the 2008 Tax Increment and Sales Proceeds Pledge Agreement between OCII, the City and County of San Francisco (“City”) and the TJPA (“Pledge Agreement”), which irrevocably commits land sale and tax increment revenue from formerly State-owned parcels for the TTC; 2) the 2006 Transbay Redevelopment Project Implementation Agreement between OCII and the TJPA (“Implementation Agreement”), which requires OCII to prepare and sell, with TJPA reimbursement of staff costs, the formerly State-owned parcels and to construct and fund new infrastructure improvements (such as parks and streetscapes) and affordable housing obligations; and 3) AB 812 (codified in Section 5027.1 of the California Public Resources Code), which mandates that 25 percent of the residential units developed in the Project Area shall be available to low-income households and an additional 10 percent shall be available to moderate-income households. On April 15, 2013, the California State Department of Finance issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Pledge Agreement, the Implementation Agreement, and the AB 812, are enforceable obligations are enforceable obligations of OCII.
Phase 1 of the TTC, including the above-ground bus station and the box for the below-ground train station, is under construction and is scheduled to be completed in 2017. Four of the publicly-owned parcels in the Project Area are in various stages of development and pre-development. Block 11A (the portion of Block 11 along Folsom Street) is a 120-unit supportive housing project completed construction and lease-up in Fiscal Year 13/14 and, like all completed affordable housing assets, will be transferred to the Mayor’s Office of Housing and Community Development (“MOHCD”) as Housing Successor pursuant to Dissolution Law. The TJPA sold Parcel T to Hines in Fiscal Year 12/13 to develop a 1,070-foot high-rise office tower. Because Parcel T is in Zone 2 of the Project Area and under the jurisdiction of the City, it was reviewed and approved by the San Francisco Planning Commission and started construction in April 2013. The former Redevelopment Agency selected Golub Real Estate Corp. (“Golub”) and Mercy Housing California (“Mercy”) for a market-rate and affordable housing development on Blocks 6/7 in December 2011. The site was sold to Golub in October 2013 and staff will seek final construction funding and approval of a long-term air-rights lease for the affordable housing portion of the project by the end of Fiscal Year 13/14. OCII selected Avant Housing (“Avant”) and Bridge Housing (“Bridge”) for a market-rate and affordable housing development on Block 9 in May 2013, and anticipates bringing both a Disposition and Development Agreement and a financing agreement to provide funding (from funds provided by the Block 9 developer) to the affordable housing portion of the project in Fiscal Year 14/15. Staff issued a request for proposals for Block 8 in October 2013 and will recommend a development team for the Commission consideration before the end of Fiscal Year 13/14. Staff also intends to issue a request for proposals for Block 5 before the end of Fiscal Year 13/14. Per the Implementation Agreement, OCII is also developing infrastructure plans for the new neighborhood, including new streetscape improvements on Folsom Street and two major new public parks within the Project Area.

Selection of development teams and review of financial and other long-term agreements for future affordable housing sites will be coordinated with MOHCD. Prior to the start of Fiscal Year 2014-2015, OCII will be procuring additional services from MOHCD through a Memorandum of Understanding to assist in monitoring of construction, marketing, and financial disbursements.

Staff will also work to ensure compliance with OCII's equal opportunity programs for workforce and contracting on all projects in the Project Area. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors themselves, as well as with the Citybuild program and other community based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

Pursuant to the Implementation Agreement, the TJPA funds all of OCII’s staff and consultant costs related to the development of the State-owned parcels in the Project Area. Once a development team is selected, then OCII can charge the developer for staff and consultant costs instead of the TJPA. The staffing and construction costs for all infrastructure projects described in the tasks below are financed with tax increment. Note that the proposed Mello-Roos
Community Facilities District will pay for the TTC and other infrastructure improvements in addition to those described below.

B. Fiscal Year 2014-2015 Proposed Workplan

1. **Block 6 Construction and Marketing:** Land sale closed in October 2013. Approval of construction funding and a long-term air rights lease anticipated in May/June 2014. Working with MOHCD, monitor the construction of a residential development on Block 6, consisting of approximately 409 market-rate units and 70 affordable rental units (at 50% of AMI) in a 300-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. Using MOHCD’s services, review, approve and monitor the implementation of the marketing and lease-up of all affordable units.

2. **Block 7 Air Rights Lease and Construction:** Approval of construction funding and a long-term air rights lease with the selected development team for an affordable residential development on Block 7 consisting of approximately 77 affordable rental units (at 50% of AMI) in two podium buildings and adjacent townhouses, including a ground-floor child care facility and open space.

3. **Block 9 DDA, Air Rights Lease and Construction Loan:** Approval of a disposition and development agreement (DDA), air rights lease and construction loan with the developers of Block 9 for a residential project consisting of approximately 456 market-rate units and 114 affordable rental units (at 50% of AMI) in a 400-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking.

4. **Block 8 DDA:** Selection of development team and exclusive negotiations agreement (ENA) anticipated in May 2014. Execute a DDA with the selected developers of Block 8 for a residential project consisting of approximately 476 market-rate units and 177 affordable rental units (at 50% of AMI) in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking.

5. **Block 1 ENA, OP/DDA, and Predevelopment Funding:** Execute an ENA and owner participation/disposition and development agreement (OP/DDA) with the current owner of the three private parcels adjacent to OCII’s parcel (Block 3720, Lot 027). Approval of predevelopment funding for the affordable housing units.

6. **Block 5 ENA/DDA:** Issuance of a request for proposals anticipated in April 2014. Select a development team and execute an ENA and DDA with the developer of Block 5 for an approximately 700,000-sf commercial office project in a 550-foot tower.

7. **Folsom Streetscape Improvements:** Complete construction documents for a set of streetscape improvements on Folsom Street. Issue request for bids through letter agreement with DPW. Select contractor and begin construction.
8. **Under-Ramp Park**: Complete schematic design and design development documents for a 2.4-acre park under the Interstate 80 off-ramp and TTC bus ramps between Folsom and Howard Streets in the Project Area. Complete negotiations with TJPA and Caltrain.

9. **Folsom Street Off-Ramp Reconfiguration**: Design and construction documents completed in February 2014. Issuance of bid documents anticipated in June 2014. Select contractor and begin construction of a reconfiguration of the existing Folsom Street Off-Ramp on Block 8 in order to create a better pedestrian environment and increase the value of the parcel. OCII has a letter agreement with the San Francisco County Transportation Authority, the City’s congestion-management agency, to provide technical services for this task.

10. **Rincon-Hill/Transbay CBD**: Work with an outside consultant and a steering committee composed of neighborhood property owners to create a community benefit district to provide funding for future maintenance of the new public parks to be constructed by OCII within the Project Area.

11. **Transbay CFD**: Work with the TJPA and the City to create a Mello-Roos Community Facilities District to provide funding for the TTC and other infrastructure improvements within and adjacent to the Project Area.

12. **TJPA Support**: Assist the TJPA with various financial and market analyses, as required by the TJPA’s funding partners and the TJPA Board of Directors.

13. **Transbay CAC**: Provide staff support to the Transbay Citizens Advisory Committee, which provides advice and recommendations to the Commission on all major activities of OCII in the Project Area.
Hunters Point Shipyard/Candlestick Point

Project Description & Status

The Hunters Point Shipyard (the “Shipyard”) and Candlestick Point (together “HPS/CP”) form approximately 770 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and amended it in 2010 along with the Bayview Hunters Point Redevelopment Plan in 2010 to provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. The Shipyard property is divided into Parcels A through G. Transfer of property after environmental remediation from the U.S. Department of the Navy (the “Navy”) to OCII, and in turn, redevelopment of the property, occurs in phases. Candlestick Point is subject to State and local land transfer agreements that allow for the re-use of the stadium site and adjacent underutilized parklands.

Pursuant to a disposition and development agreement (“DDA”) with OCII, a master developer is completing the infrastructure for the first phase of the Shipyard’s redevelopment (“Phase 1”), which will ultimately include up to 1,600 homes, 32 percent of which will be affordable, miles of new utilities, and 26 acres of open space. OCII will be seeking development teams and providing financing for a minimum of 218 units on designated stand-alone affordable housing sites in Phase 1. The Shipyard’s full build out will occur over 20-25 years, but 800+ units of housing will be completed over the next five years in the Shipyard’s first phase.

A master developer that is separate but affiliated with the Phase 1 developer will complete the remaining portion of the Shipyard infrastructure and also Candlestick Point area as one project under a separate DDA (“Phase 2”). The agreement for the Phase 2 development program provides for an additional 10,500 new housing units to be located on the Shipyard and Candlestick Point, 32% of which will be below market rate, including the rebuilding of the Alice Griffith public housing development consistent with the City’s HOPE SF program. Specifically, the OCII sponsored affordable housing development consists of 504 public housing replacement and new affordable units through five phases of the Alice Griffith project, plus an additional 1140 units on 10 stand-alone sites. The Phase 2 plan also includes approximately three million square feet of research and development and office uses as a hub for emerging technologies on the Shipyard, over 300 acres of parks and open space including a complete renovation of the Candlestick Point State Recreation area. In total, Phase 1 and Phase 2 will generate more than 12,000 permanent jobs, hundreds of new construction jobs each year, new community facilities, new transit infrastructure, and provide approximately $90 million in community benefits.

Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor’s Office of Housing and Community Development (“MOHCD”), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. Prior to the start of Fiscal Year 2014-2015, OCII will be procuring additional services from MOHCD through a Memorandum of Understanding to assist in monitoring of construction, marketing, and financial disbursements.
Staff will also work to ensure compliance with OCII’s equal opportunity programs for workforce and contracting on all projects in the Project Area. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors themselves, as well as with the Citybuild program and other community based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

On December 14, 2012, the California State Department of Finance issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Phase 1 and 2 DDAs are enforceable obligations that survived the dissolution of the Redevelopment Agency. To implement these obligations, OCII must, among other things, receive and administer grants, execute leases, accept property, approve and amend consulting and construction contracts, and dispose of property. The work and major milestones that are anticipated to be completed in furtherance of these obligations over the course of the next two fiscal years are summarized below.

**FISCAL YEAR 2014-2015 WORKPLAN**

1. **HILLTOP VERTICAL CONSTRUCTION**: Monitor construction progress, developer’s compliance with applicable workforce and contracting requirements and other obligations and provide inspection and approval as required by the Department of Building Inspection for Blocks 50, 51, 53, 54 and Block 49, a 59 unit multi-family development for low income families earning up to 50% AMI. Utilize MOHCD services to review, approve and monitor implementation of marketing plans of affordable units.

2. **MAJOR PHASE APPROVAL FOR BLOCKS 55W and 55E**: Complete review of design development and construction documents allowing construction to begin for residential projects on two blocks, for a total of 59 market rate for-sale units and 7 inclusionary affordable for-sale units serving low-income families earning up to 80% of AMI – consistent with the 6th Amendment to the Phase 1 DDA. Application for schematic design review and approval is expected to occur in late mid- to late- April, with construction commencing in spring of 2015.

3. **MAJOR PHASE APPROVAL FOR BLOCK 52**: Complete review of design development and construction documents allowing construction to begin for residential projects on Block 52, for a total of 70 market rate for-sale units and 8 inclusionary affordable for-sale units serving low-income families earning up to 80% of AMI – consistent with the 6th Amendment to the Phase 1 DDA. Application for schematic design review and approval is expected to occur in summer 2014, with construction commencing in late 2015.

4. **MAJOR PHASE APPROVAL FOR BLOCK 1**: Complete review of design development and construction documents allowing construction to begin for residential projects on Block 1, for a total of 204 market rate for-rent units and 21 inclusionary affordable for-rent units serving low-income families earning up to 80% of AMI –
consistent with the 6th Amendment to the Phase 1 DDA. Application for schematic design review and approval is expected to occur in summer 2014, with construction commencing in late 2015.

5. **DESIGN REVIEW AND CONSTRUCTION OF BLOCKS 56 AND 57:** Complete review of design development and construction documents allowing construction to begin for residential projects on two blocks, consisting of a total of four buildings with 88 market rate for-sale units and 10 inclusionary affordable for-sale units serving low-income families earning up to 80% of AMI – consistent with the 6th Amendment to the Phase 1 DDA, all units in Phase 1 being provided for families earning up to 50% AMI have been reallocated to Block 49. Construction is scheduled to begin in October 2014 and be completed in October 2016.

6. **DESIGN AND CONSTRUCTION OF THE HILLTOP PARKS & OPEN SPACE:** Review and approve final construction drawings for nearly half of the 26 acres of parks & open space on Parcel A. With the Department of Public Works, monitor construction progress and developer’s schedule of performance as well as developer’s compliance with applicable workforce and contracting requirements. Park construction will progress concurrent with vertical development.

7. **FABRICATION AND INSTALLATION OF SHIPYARD PUBLIC ART:** Monitor the completion of remaining public art pieces funded through a federal grant from the U.S. Department of Commerce, Economic Development Administration (“EDA”) for a total of nine public artworks. Solicit proposals for installation contractors and manage the phased installation of the completed public art.

8. **CONSTRUCTION OF NEW ARTIST STUDIOS AND A COMMERCIAL KITCHEN:** Construction of a commercial kitchen and a new artist building for existing Shipyard tenants.

9. **ARTIST RELOCATION PLAN:** Review and approve a Relocation Plan for the relocation of existing tenants from Parcel B and Building 110 (approximately 120 artists and a commercial kitchen) to the new facilities to be constructed on Parcel A.

10. **STABILIZATION AND DEVELOPMENT OF BUILDING 813:** Release a request for construction bids for the EDA funded basic stabilization and life-safety improvements to Building 813. Improvements include a new roof, paint, window repair/replacement, and basic safety and security measures for the existing four-story, 275,000 square foot building. Building 813 will be retained for use as a research and development center as well as a business incubator for early-stage innovation companies in the fields of clean technology, life sciences and information technology. Upon completion of the improvements, solicit development proposals for the site.

11. **STRATEGIC PLANNING FOR THE LEGACY FOUNDATION FOR BAYVIEW HUNTERS POINT:** Continue working with the Legacy Foundation’s Interim Board to expend developer funds pledged for community uses (“Community Benefit Fund”). The
Community Benefit Fund is funded under the Phase 1 and Phase 2 DDA for programs to benefit the Bayview Hunters Point area as a whole.

12. **REVITALIZATION OF THE ALICE GRIFFITH PUBLIC HOUSING:** The Alice Griffith Project is the recipient of a $30.5 million grant from the U.S. Department of Housing and Urban Development (“HUD”) through its Choice Neighborhoods Initiative (“CNI Grant”). OCII’s total funding for Phases 1 and 2 will be provided by the end of FY 13/14 along with predevelopment funding for Phase 3. OCII will then need to provide construction funding for Phase 3 in FY 14/15. Infrastructure construction will commence in August 2014 and construction of the first two blocks will commence in January 2015. Schematic design for Phase 3 will reviewed and presented to the Commission in FY 14/15.

13. **NAVY PARCEL TRANSFER:** The Commission will be asked to accept the transfer of Navy Parcels D-2, IR 7/18, G, UC-1 and UC-2 (together approximately 67 acres) in furtherance of the Shipyard Phase 2 development. As permitted by the Navy access agreements, additional work may include pre-development activities such as building and land surveys, as well as lead and asbestos abatement of Navy buildings slated for removal.

14. **STATE LANDS TRUST LANDS EXCHANGE AND CALIFORNIA STATE PARKS PROPERTIES:** Transfer of portions of the Candlestick site that are currently owned by State Parks or the State Lands Commission to OCII for development under the Phase 2 DDA. The first portion of these lands is required for the Alice Griffith public housing site and surrounding infrastructure.

15. **HUNTERS POINT SHIPYARD MAJOR PHASE APPLICATION:** The first Major Phase application for Hunters Point Shipyard will be reviewed and presented to Commission for approval. The Major Phase application will confirm the locations for infrastructure, parks, and affordable housing as well as lay out the sub-phasing schedule for construction, the types and amounts of community benefits that will be paid out according to the Phase 2 DDA, and confirm any mitigation measures that are to be put in place as required under the California Environmental Quality Act (“CEQA”).

16. **CANDLESTICK POINT CENTER SCHEMATIC DESIGN REVIEW:** Following Commission’s January 2014 approval of the CP Major Phase 1, staff will review sub-phase applications for the Candlestick retail center and adjoining mixed-use blocks as well as Alice Griffith. Seek Schematic Design approval for a regional retail center of up to 635,000 gross square feet in FY14/15.

17. **RELEASE AFFORDABLE HOUSING RFPS FOR HILLTOP BLOCK 54:** Issue the first RFP for an OCII stand-alone affordable housing development for Block 54 for approximately 60 family rental units for residents earning up to 50% AMI.
18. OFF-SITE TRANSPORTATION IMPROVEMENTS PLANNING: Staff will coordinate circulation improvements to the following existing Bayview neighborhood streets to the new development:

- **Harney Way:** The Project will improve and reconfigure auto, transit and bike access between Candlestick Point and US 101.
- **Gilman:** Enhance streetscape improvements such as street trees, sidewalk plantings, furnishing and paving treatments to enhance pedestrian safety and to visually connect Bayview neighborhood to the new development.
- **Palou:** Similar to Gilman’s streetscape improvements with the addition of new traffic signals to transform Palou into a “Transit Priority Street”.
- **Innes:** Streetscape improvements including new sidewalks, striping, and lighting to create an attractive gateway into the Project site.

19. RECREATION AND PARK PROPERTY TRANSFER (Candlestick Park Stadium): In order to effectuate the Phase 2 development program, the Candlestick Park Stadium will be transferred from the Department of Park and Recreation to OCII and subsequently transferred to Lennar for construction of new infrastructure to serve the future Candlestick Point housing, retail center and revitalized State Park.

20. OVERSEE DEVELOPER CONSTRUCTION OF INFRASTRUCTURE: Within the CP-01 subphase, Lennar will construct new streets, sewers, electricity and gas lines, storm drains, and a future park to support new housing at Alice Griffith. Staff will work with DPW to ensure that the new infrastructure meets City standards and is in conformance with the plan documents.
Affordable Housing Obligations

A. Affordable Housing Obligations Summary

OCII has retained two major types of Affordable Housing Obligations. First are those that are integrally related to the three critical redevelopment legacy projects referred to as the “Major Approved Development Projects” that OCII, as successor agency to SFRA, must continue to implement under enforceable obligations consistent with the Dissolution Law, which are described in detail within each relevant Project Area description of this budget. Second, OCII’s Affordable Housing Obligations include the replacement of units that were destroyed by SFRA in the early years of redevelopment and must be replaced pursuant to Senate Bill 2113 (“SB 2113”).

These obligations are referred to as OCII’s “Retained Housing Obligations”, pursuant to both the Dissolution Law and Board of Supervisors Ordinance 215-12. OCII will be managing the implementation of these Retained Housing Obligations through direct oversight along with services procured from the Mayor’s Office of Housing and Community Development (“MOHCD”) through a Memorandum of Understanding that is to be completed prior to the start of Fiscal Year 2014/2015. Since all completed affordable housing assets will be transferred to MOHCD as the Housing Successor Agency, OCII will coordinate with MOHCD on site programming and developer selections, and MOHCD will have the opportunity to review and provide comments on schematic designs, financing agreements, and ground lease documents. In general however, OCII will be responsible for directly managing the affordable housing projects through completion, but will be procuring the services and expertise of MOHCD’s staff for construction monitoring, review and monitoring of marketing for both inclusionary and OCII funded projects (including implementation of the Certificate of Preference program), and assisting with the fiscal management and disbursement of OCII’s funds pursuant to the relevant project’s financing agreements, and other ancillary tasks as needed.

Major Approved Development Project Affordable Housing

Each of the Major Approved Development Projects is subject to a series of interlocking master development agreements which obligate OCII to provide funding and facilitate the development of a required amount affordable housing units:

1. **Hunters Point Shipyard / Candlestick Point**: provide funding for and ensure the development of approximately 218 affordable housing units in Phase 1, and a total of 1644 affordable units in Phase 2 (comprised of: 256 public housing replacement units at Alice Griffith, 248 new affordable units at Alice Griffith and 1140 new affordable units on stand-alone sites), pursuant to the Development and Disposition Agreements with the master developer and the Phase 2 DDA Tax Increment Pledge Agreement with the City. (DOF has finally and conclusively determined that the affordable housing programs for Phase 1 and Phase 2 are OCII’s enforceable obligations.)

2. **Mission Bay North & South**: provide funding for and ensure the development of approximately 1,445 affordable housing units in Mission Bay South and Mission Bay
North (of which 674 units have been constructed) pursuant to the Owner Participation Agreements with the master developer and the Tax Increment Pledge Agreements with the City. (DOF has finally and conclusively determined that the affordable housing programs for Mission Bay North and South are OCII’s enforceable obligations.)

3. **Transbay**: provide funding for and ensure the development of 35% of all housing units in the Transbay Project Area as affordable housing units (projected to be approximately 1,200 units) pursuant to the obligation that is imposed by State law, namely Section 5027.1 of the California Public Resources Code, and the Transbay Redevelopment Project Implementation Agreement between OCII and the Transbay Joint Powers Authority. (DOF has finally and conclusively determined that Section 5027.1 housing requirement is OCII’s enforceable obligation.)

**Fiscal Year 2014-2015 Workplan – Major Approved Development Projects**

The Affordable Housing Projects within the Major Approved Development Projects are more fully described within the specific Project Area section of the budget. OCII will sponsoring approximately 5,700 affordable units, through either direct subsidy on stand-alone affordable sites or through inclusionary housing requirements, for the remaining Retained Housing Obligations.

Below is a summary of those workplan activities for OCII and MOH staff in Fiscal Year 2014-2015:

1. **Hunters Point Shipyard / Candlestick Point:**

   a. **Alice Griffith Project**: The Alice Griffith Project is the recipient of a $30.5 million grant from the U.S. Department of Housing and Urban Development ("HUD") through its Choice Neighborhoods Initiative ("CNI Grant"). OCII’s total funding for Phases 1 and 2 will be provided by the end of FY 13/14 along with predevelopment funding for Phase 3. OCII will then need to provide construction funding for Phase 3 in FY 14/15. Infrastructure construction will commence in August 2014 and construction of the first two blocks will commence in January 2015. Schematic design for Phase 3 will reviewed and presented to the Commission in FY 14/15.

   b. **Dr. George W. Davis Senior Housing and Senior Center (3rd & Carroll Senior Housing)**: monitor construction and review and approve marketing plan utilizing MOHCD staffing services

   c. **HPSY Phase 1 Block 54**: Issue an RFP, select a development team, and provide predevelopment funding for the affordable housing projects on Block 54, the first OCII funded affordable housing site in Phase 1, to develop the site into approximately 53 units of family rental housing.
2. Mission Bay:

a. **Block 6 East Affordable Housing:** Select development team and provide predevelopment funding for the affordable housing project on Block 6 East to develop the site into approximately 135 units of rental housing for very low-income families, which will also include a set-aside of 20 percent of the units for formerly homeless families referred by the Human Services Agency. The Request For Proposal (“RFP”) is anticipated to be issued towards the end of Fiscal Year 2013-2014.

b. **Block 3 East Affordable Housing:** Issue an RFP, select a development team, and provide predevelopment funding for the affordable housing projects on Block 3 East to develop the site into approximately 100 units of supportive rental housing for formerly homeless individuals to be referred by the Department of Public Health.

c. **Block 7 West Affordable Housing:** Complete financial closing for construction funds needed for the development of 198 units of affordable rental housing for low-income families, plus 2 managers’ units, on Block 7 West and begin construction.

3. Transbay:

a. **Block 6:** Approval of construction funding and a long-term air rights lease anticipated in May/June 2014. Working with MOHCD, monitor the construction of a residential development on Block 6, consisting of approximately 409 market-rate units and 69 affordable rental units (at 50% of AMI), plus 1 manager’s unit, in a 300-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. Using MOHCD’s services, review, approve and monitor the implementation of the marketing and lease-up of all affordable units.

b. **Block 7 Construction Funding & Air-Rights Lease:** Approval of construction funding and a long-term air rights lease with the selected development team for an affordable residential development on Block 7 consisting of approximately 76 affordable rental units (at 50% of AMI), plus 1 manager’s unit, in two podium buildings and adjacent townhouses, including a ground-floor child care facility and open space.

c. **Block 9 DDA, Air Rights Lease and Construction Loan:** Approval of a disposition and development agreement (DDA), air rights lease and construction loan with the developers of Block 9 for a residential project consisting of approximately 456 market-rate units and 113 affordable rental
units (at 50% of AMI), plus 1 manager’s unit, in a 400-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking.

d. **Block 8 DDA:** Selection of development team and exclusive negotiations agreement (ENA) anticipated in May 2014. Execute a DDA with the selected developers of Block 8 for a residential project consisting of approximately 476 market-rate units and 174 affordable rental units (at 50% of AMI), plus 1 manager’s unit, in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking.

e. **Block 1 ENA, OP/DDA, and Predevelopment Funding:** Execute an ENA and owner participation/disposition and development agreement (OP/DDA) with the current owner of the three private parcels adjacent to OCII’s parcel (Block 3720, Lot 027). Approval of predevelopment funding for the affordable housing units.

4. **Hunters View Public Housing Revitalization – Phase II Construction Monitoring:** The Hunters View Public Housing Revitalization Project is not within one of the Major Approved Development Projects, but is an enforceable obligation since the former SFRA Commission authorized a loan to provide funding for Phases II and III of this HOPE SF project in April of 2011. OCII approved the disbursement of the funds needed for Phase II in FY 13/14, and vertical construction is scheduled to begin in FY 14/15. OCII staff will utilize services from MOHCD to monitor that construction.

5. **Transfer of Excess Tax-Exempt Housing Bond Proceeds**

The Low and Moderate Income Housing Fund included approximately $8.1 million in tax-exempt bond proceeds that were issued for affordable housing purposes but were not able to be expended prior to dissolution, primarily due to the combination of federal Internal Revenue Service restrictions for tax-exempt bonds and current Low Income Housing Tax Credit (LIHTC) financing structures. Tax-exempt bonds must be granted, and not loaned, but most affordable housing projects utilizing LIHTC financing need local subsidies in the form of a loan and not a grant. All of the upcoming Retained Housing Obligation sites that will require OCII funding are anticipated to be rental housing that will need to use the LIHTC financing structure and will thus face similar challenges in using any of the remaining tax-exempt bond proceeds.

While OCII does not have any eligible uses for these proceeds, MOHCD has identified potential funding opportunities, including acquisition, rehabilitation, or preservation of affordable housing. Under Dissolution Law, OCII may expend the $8.1 million by transferring them to MOHCD by identifying them as “Excess
Proceeds” on a ROPS, and having the Oversight Board approve the use (which must be consistent with the governing bond covenants). These funds could be provided to MOHCD through a grant agreement that would fully describe the programming and use of these funds, which would take place in the second half of FY 14/15, pending approval of the transfer through ROPS 14/15B in Fall 2104.

6. **Marketing of Inclusionary Units:** Now that Hunters Point Shipyard Phase 1 has begun vertical development on the privately developed parcels, the marketing and sales of the inclusionary units to first-time homebuyers will be underway for Blocks 50, 51, 53, and 54 in FY 14/15. Block 49 in HPSY Phase 1 will also begin preparing to market its inclusionary rental units in FY 14/15, along with the last Mission Bay North site at Parcel N4P3, pending further project approvals. OCII will be engaging the services of the Below Market Housing team at MOHCD to help monitor and implement the marketing and sales or leasing of these units.

7. **Replacement Housing Obligation (SB 2113)**

Since 1977, State law has required the replacement of lower income housing that is destroyed or removed from the housing market as part of a redevelopment project. Under Senate Bill No. 2113 (“SB 2113”) the State legislature in 2000 provided San Francisco with the authority to finance the construction of housing that would replace units destroyed prior to 1977. SB2113 authorized San Francisco to extend the tax increment authority of older project areas for the exclusive purpose of receiving tax increment and incurring indebtedness to replace the destroyed affordable housing in San Francisco. In 2003, the California Department of Housing and Community Development certified that SFRA had destroyed 6709 affordable housing units prior to 1977 and had not yet replaced them (the “Replacement Housing Obligation”). Notably, the vast majority of lost affordable units were from three project areas: Yerba Buena Center (3217 units), Western Addition A-1 (3208 units) and Golden Gateway (1301 units).

In Fiscal Year 2004-2005, SFRA began utilizing tax increment pursuant to SB 2113 to fund affordable housing to satisfy the Replacement Housing Obligation. The project areas which have implemented the SB2113 legislation are Golden Gateway, India Basin, and Hunters Point, Rincon Point-South Beach, Western Addition A-2, and Yerba Buena Center (excluding the Emporium Site sub-area). With the exception of Rincon Point-South Beach and the Emporium Site sub-area of Yerba Buena Center, all of the redevelopment plans for those Project Areas are expired.

To date, 867 units of affordable housing have been funded with tax increment allocated to SFRA under SB 2113 (“SB 2113 Funds”), leaving 5842 units remaining to be funded; of the 867 units already funded, 765 of those have either been completed or are under construction, and the remaining 132 units are in predevelopment. Affordable housing projects utilizing SB 2113 funds are typically used in conjunction with other sources of funding, such as tax increment from non-SB
2113 Project Areas or other local funds provided by the City through the Mayor’s Office of Housing. Units are classified as Replacement Units based on the pro-rata share of SB 2113 Funds as part of the total amount of SFRA’s, and now OCII’s, funding provided to the project. Therefore the final number of SB2113 units within a project isn’t fully determined until all OCII funds are committed to the project.