INFORMATIONAL MEMORANDUM

TO: Agency Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Results of the initial phase of the selection process for evaluating the proposals submitted in response to the Request for Proposals for a 135-unit affordable housing project at 1300 4th Street (Block 6 East); Mission Bay South Redevelopment Project Area

EXECUTIVE SUMMARY

The Mission Bay South Owner Participation Agreement ("OPA") provides for the development of up to 3,440 housing units, of which approximately 1,108 will be affordable units. All of these affordable units in Mission Bay South will be developed on land contributed according to the OPA ("Agency Affordable Housing Parcels"). To date, 150 of those affordable units are nearing completion at 1180 4th Street (Block 13 East), and another 200 units are slated to begin construction in 2015 at 588 Mission Bay Boulevard North (Block 7 West), leaving approximately 750 affordable units remaining.

On May 21, 2014, the Office of Community Investment and Infrastructure ("OCII") released a Request for Proposals ("RFP") for the development and operation of up to 135 units of affordable rental housing, including twenty percent of units reserved for formerly homeless families, with related support services (the "Project") at 1300 4th Street (Block 6 East) (the "Site").

OCII staff made extensive outreach efforts to attract submittals by the July 16, 2014 deadline, and received four proposals (the "Proposals"), all of which were made by qualified housing developers per the Mission Bay South OPA which includes nonprofit housing developers and their teams ("Qualified Housing Developers"). The four Proposals were reviewed to ensure they had met the minimum threshold submission requirements of the RFP, and one team was disqualified for submitting an incomplete Proposal. After interviewing the three remaining teams, a selection panel unanimously selected the team led by Tenderloin Neighborhood Development Corporation ("TNDC"). Staff presented this selection to the Mission Bay Citizens Advisory Committee (the "CAC") at their August 14 meeting, and the CAC expressed their support. After additional coordination with TNDC, staff will request authorization from the OCII Commission of an exclusive negotiations agreement ("ENA") and predevelopment loan agreement in fall 2014.

DISCUSSION

Mission Bay South includes the development of 3,440 housing units, of which at least 1,108
units (32%) will be affordable. All of the 1,108 affordable units will be developed on OCII Affordable Housing Parcels contributed by the Master Developer to OCII pursuant to the OPA – the Site is part of this land contribution. The development of the OCII-sponsored units will be subsidized through a minimum of 20% tax increment affordable housing set-aside generated by Mission Bay North and South, along with excess tax increment not required for public infrastructure development. There is no excess tax increment at this time.

The Project constitutes the seventh affordable housing development in the overall Mission Bay Project Area. Extensive notification of the RFP was provided to community groups, developers, contractors (including Small Business Enterprises and minority- and woman-owned contractors), other community stakeholders through OCII’s Citizens Advisory Committees email lists, the Mayor’s Office of Housing and Community Development’s ("MOHCD") RFP/RFQ interest email list, and newspaper advertising. The RFP was available on OCII’s website.

Upon completion of the Project, the OCII loan, land and ground lease will be transferred to MOHCD, which is the designated Housing Successor Agency. MOHCD participated in the selection of the development team, and will also review and comment on the project’s financial underwriting and funding and ground lease documents in order to ensure a smooth transition to MOHCD when the Project is completed.

**DEVELOPMENT PROGRAM**

The RFP sought proposals that included the following elements:

- development of rental housing affordable to very low-income households and formerly homeless families while minimizing local financial subsidy;
- 80% of the units will be affordable to households earning up to 50% of area median income ("AMI") which is $48,550 (unadjusted AMI published by HUD in 2014) for a family of four;
- 20% percent of the units will be set aside for formerly homeless households and these households will pay no more than 30% of their income for rent. The City and County of San Francisco’s Human Services Agency’s ("HSA") Local Operating Subsidy Program ("LOSP") will provide necessary operating subsidies to assist in covering the costs in serving these formerly homeless families;
- a supportive services plan to serve the needs of the formerly homeless families as well as support the service needs of the other residents;
- a mixture of one-, two- and three-bedroom units;
- ground floor retail space of up to 8,800 square feet, along Fourth Street for future retail tenants that are locally-oriented small businesses;
- a program that incorporates excellent, visually interesting design and financial feasibility;
- "green" and sustainable building strategies in accordance with the City’s requirements;
- utilize the 63,256 square foot Site and provide for a maximum of 135 units; and
- consistent with green building guidelines and recent parking demand at other affordable projects in Mission Bay, provide off-street parking at a ratio of no more than one parking space per unit.
EVALUATION AND SELECTION

OCII allowed development teams approximately 60 days to submit their proposals in response to the RFP. OCII received four submittals in response to the RFP, all submitted by teams led by a Qualified Housing Developer, and including an architect, property manager, and services provider (together, the “Applicant”). OCII received submissions from the following four Applicants:

<table>
<thead>
<tr>
<th>Qualified Housing Developer</th>
<th>Architect</th>
<th>Property Manager</th>
<th>Services Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridge Housing Corp</td>
<td>Seidel Architects</td>
<td>Bridge Housing Corporation</td>
<td>Hamilton Family Center</td>
</tr>
<tr>
<td>Mercy Housing + San Francisco Housing Development Corp</td>
<td>Leddy Maytum Stacy Architects + Paulet Taggart Architects</td>
<td>Mercy Housing</td>
<td>Episcopal Community Services</td>
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<tr>
<td>Tenderloin Neighborhood Development Corp</td>
<td>Mithun Solomon + Studio VARA</td>
<td>Tenderloin Neighborhood Development Corp</td>
<td>Tenderloin Neighborhood Development Corp + 826 Valencia</td>
</tr>
<tr>
<td>Chinatown Community Development Corp</td>
<td>Herman Coliver Locus Architects</td>
<td>Chinatown Community Development Corp</td>
<td>Chinatown Community Development Corp</td>
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Upon receipt of the Applicants’ submittals, OCII staff verified the completeness of each submittal. Consistent with what was stated in the RFP, only complete submittals were evaluated. The submittal made by Chinatown Community Development Center was not complete because it omitted the Contracting and Workforce Action Plan – a requirement of the RFP. As a result, Chinatown Community Development Center was not interviewed.

The submittals by the remaining three Applicants were thoroughly reviewed by a selection panel of that included OCII staff, a MOHCD representative, a Human Services Agency (HSA) representative, as well as one member from the Mission Bay CAC (the “Selection Panel”). The Selection Panel that reviewed the Applicants’ submittals also interviewed Applicants on August 7, 2014. After the interviews, the Selection Panel scored each team based upon the selection criteria and point allocation described in the RFP. The team led by TNDC was the unanimous selection of the Selection Panel.

The proposal submitted by the team led by TNDC was most consistent with the criteria described in the RFP. Their proposal impressed the Selection Panel because of its: strong fundamentals, including a feasible financing plan as well as a stated intent to pursue additional sources of funds
that would reduce the required subsidy from OCII; strong and credible commitment to not increase the required subsidy required of OCII from the amount represented in the proposal; architecture team with relevant experience and compelling precedent projects; core services provider with whom HSA has had positive experiences; and the creative inclusion of the nonprofit organization known as 826 Valencia to provide after school literacy programming in a storefront space to help in the activation of the 4th Street retail frontage and contribute to service provision for residents.

Public Review

After notification of its proposal selection, the team led by TNDC presented its Project to the CAC at their meeting of August 14, 2014. The CAC voted unanimously to support the team led by TNDC to complete the Project.

CONCLUSION

OCII staff will continue to work with the team led by TNDC and will request the Commission’s authorization to enter in an ENA and predevelopment loan agreement with TNDC in the fall of 2014.

(Originated by Ethan Warsh, Assistant Project Manager)

Tiffany Bohee
Executive/Director