INFORMATIONAL MEMORANDUM

TO: Commission on Community Investment and Infrastructure

FROM: Tiffany Bohee, Executive Director

SUBJECT: Notice of intent to issue a Request for Proposals to design and develop a high-density residential project on Block 8, located on Folsom Street between First and Fremont Streets; Transbay Redevelopment Project Area

PURPOSE OF INFORMATION

The purpose of this informational memorandum is to inform the Commission of staff’s intention to issue a Request for Proposals ("RFP") from development teams to design and develop a high-density mixed-income residential project on Block 8 in the Transbay Redevelopment Project Area ("Project Area"). Unless the Commission objects, the RFP will be released to the public on November 20, 2013 with proposals due February 26, 2014. A selection panel comprised of Office of Community Investment and Infrastructure ("OCII") staff, a Transbay Citizens Advisory Committee ("CAC") member, a representative from the San Francisco Planning Department ("SF Planning"), and a representative from the Mayor’s Office of Housing and Community Development ("MOHCD") will review the proposals, interview the development teams, and recommend a development team to the Commission. Staff anticipates returning to the Commission with an Exclusive Negotiations Agreement ("ENA") with the recommended development team in Spring 2014.

BACKGROUND

Block 8 is a 42,625-square-foot parcel situated on Folsom Street between First and Fremont Streets in the Project Area. It will be assembled from Lots 005, 012, and 027 of Assessor’s Block 3737, currently owned by the State of California ("State"), and a portion of the State’s operating right of way. OCII, through a contract with the San Francisco County Transportation Authority ("SFCTA"), will reconfigure the existing Folsom Street Off-Ramp, which transverses the block diagonally, to the north edge of the site in order to increase the size of the development parcel and improve pedestrian circulation on and around Block 8. The reconfiguration is anticipated to be complete in February 2015, prior to the land transfer.

In conformity with the zoning and controls adopted by the San Francisco Redevelopment Agency ("Former Agency") in the Redevelopment Plan for the Transbay Redevelopment Project Area ("Redevelopment Plan") and the Development Controls and Design Guidelines for the Transbay Redevelopment Project ("DCDG"), Block 8 will be developed as approximately 740 residential units, including 27 percent affordable housing, and ground-floor retail, in a variety of building types ("Project"). The development program for the Project consists of: 1) a 550-foot residential tower; 2) an adjacent 50-foot residential townhouse development; and 3) two podium
buildings between 65 and 85-feet tall. This development program was included in the Environmental Impact Statement/Environmental Impact Report for the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project ("EIS/EIR"), which was certified in 2004.

The development will also include:

- an open space parcel in the center of the block, which will be shared by the entire Block 8 development;
- a shared underground parking facility, to be used by the entire Block 8 development;
- streetscape improvements, including the extension of Clementina Alley between First and Fremont Streets;
- ground-floor retail spaces along the Folsom Boulevard frontage and along a portion of the First Street and Fremont Street frontages; and
- minimum LEED Silver level of certification.

A minimum of 27 percent of the units in the Project must be affordable to qualifying households. Up to 17 percent of the units will be subsidized by OCII ("OCII Funded Affordable Housing"). The additional 10 percent of units that are affordable housing will receive no subsidy from OCII and must be built entirely at the expense of the owner ("Developer Funded Affordable Housing"). For the 10 percent Developer Funded Affordable Housing units, incomes of qualifying persons and families may not exceed 60 percent of the unadjusted Area Media Income ("AMI") for rental housing. If these units are for-sale, incomes of qualifying persons and families may not exceed 100 percent of the unadjusted AMI. The 17 percent OCII Funded Affordable Housing units will be family rental housing with a minimum of 30 percent three-bedroom apartments affordable to families whose incomes do not exceed 50 percent of the unadjusted AMI.

DISCUSSION

The Block 8 RFP seeks proposals from development teams to develop and build a project that meets the parameters outlined above. It is anticipated that developers responding to the RFP will form teams which include both a market-rate developer ("Lead Developer") to develop the market-rate housing units and Developer Funded Affordable Housing units and a non-profit housing developer ("Affordable Developer") to develop the OCII Funded Affordable Housing units. The Lead Developer will be responsible for developing the shared underground parking garage, the streetscape improvements, and the shared open space parcel. The cost of constructing, operating, and maintaining the shared facilities will be shared by each development type proportionally.

Development teams must submit team qualifications, conceptual designs, and a financial proposal, including a purchase offer for the land and a requested subsidy for the OCII Subsidized Affordable Units. Proposals will be reviewed by the Selection Panel. Some or all of the development teams will be interviewed by the Selection Panel. The interview will include a presentation and question and answer session. The teams will then be scored based on the...
selection criteria outlined in the RFP. The team with the highest score after the interview will be recommended to the Commission for exclusive negotiations.

The disposition process for Block 8 will involve the sale of the entire site to the Lead Developer in order to facilitate the construction of the shared underground parking garage. The Lead Developer will give the air rights parcels (above the shared underground parking garage) associated with affordable rental project (either solely the OCII Funded Affordable Housing Units or all of the affordable housing units) to OCII. OCII will then in turn enter into a long term "Air Rights Lease" with the Affordable Developer. Upon completion of the Project, the Air Rights Lease will be transferred to MOHCD. Per the Redevelopment Plan and the Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement between the Former Agency, the Transbay Joint Powers Authority ("TJPA"), and the City and County of San Francisco ("City", all of the sales proceeds and net tax increment generated by the Project are pledged to the TJPA to help fund construction of the new Transbay Transit Center ("TTC").

The RFP will be released to the public on November 20, 2013, unless the Commission objects. It will be publicized to developers and consulting firms through direct mailing, newspapers of general circulation, community newspapers, and OCII’s and the City’s websites. Staff anticipates returning to the Commission in the Spring of 2014 with a recommended development team.

-Originated by Courtney Pash, Assistant Project Manager, Transbay-

Tiffany Boohee
Executive Director

Attachment: Request for Proposals: Transbay Block 8