OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

107-0172016-002

Agenda Item **No. 5 (c)**
Meeting of April 5, 2016

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Workshop on OCII's FY 2016-17 Budget: Hunters Point Shipyard/Candlestick Point, Mission Bay and Transbay Projects, including Affordable Housing

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EXECUTIVE SUMMARY

OCII's proposed budget for Fiscal Year ("FY") 16-17 for the three Major Approved Development Projects: Hunters Point Shipyard/Candlestick Point, Mission Bay North and South, and Transbay ("MADP"), including their related affordable housing obligations is approximately $390 million. The sources and uses for the MADPs, are described in the body of the memo. Staff will present OCII's administrative and asset management budget at the Commission meeting scheduled for April 19, 2016. Staff will present the final budget to the Commission for its approval on May 3, 2016. Pending Commission approval, staff will submit the budget to the Mayor's Office and Board of Supervisors for review and final approval.

DISCUSSION

The Hunters Point Shipyard/Candlestick Point, Mission Bay North and South, and Transbay Project Areas comprise the bulk of OCII's enforceable obligations. In each of these Project Areas, OCII facilitates and funds infrastructure improvements, affordable housing, and various other community benefits using a combination of funding sources, including property tax increment, bond proceeds, and developer payments. The proposed FY 16-17 budget for the MADPs, including their related affordable housing obligations, is approximately $390 million.

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Sources

OCII funds its activities through a variety of sources that are detailed below:

- **Property Tax Increment – Debt Service:** Property tax increment that is utilized to fund debt service. As per Redevelopment Law and OCII's debt covenants, funding debt service is the Successor Agency's first obligation.
- **Property Tax Increment – Mission Bay:** Property tax increment that is pledged, through the Owner Participation Agreement, for exclusive use in the Mission Bay Project Area.
- **Property Tax Increment – State Owned Parcels:** Property tax increment that is pledged, through the Transbay Tax Increment Allocation and Sales Proceeds Pledge Agreement, to support the construction of the Transbay Terminal, via a revenue transfer to the Transbay Joint Powers Authority, and to support construction of affordable housing in the Transbay Project Area.
- **Property Tax Increment – Other:** Property tax increment utilized to support direct program costs.
- **Property Tax Increment – ACA:** Property tax increment utilized to support agency operation.
- **Property Sales:** Revenues from sales of OCII-owned properties that are used to support OCII's activities.
- **New Bond Proceeds:** Proceeds from bonds issued in FY16-17 that are used to support OCII's activities.
- **Developer Payments:** Reimbursements from developers for OCII costs, as required by master development agreements, developer fee exactions, etc.
- **Rent, Lease & Garage Revenues:** Revenues collected from OCII-owned properties that are used to support OCII's activities.
- **US Navy Cooperative Agreement:** Reimbursements from the US Navy for security services at the Hunters Point Shipyard.
- **Loan Repayments:** Funds repaid from prior loans that are reallocated in the budget year to support new activities.
- **City Reimbursements for OCII Staff:** Payments from the City and County of San Francisco for services provided by OCII staff.
- **Hotel Tax / Moscone Revenues**: Hotel Tax and Moscone Revenues utilized to pay debt service.
- **Fund Balance - Housing:** Fund balance from prior year budget authority programmed for housing uses in the budget year.
- **Fund Balance - Non-Housing:** Fund balance from prior year budget authority programmed for non-housing uses in the budget year.

Uses

OCII categorizes its expenditure into two categories: Operations and Non-Operations. Operations includes costs associated with the administration and operation of OCII. Some of the operations costs such as salaries and benefits, rent, and retiree health and pension costs are a part of OCII's administrative budget, which staff will present to the Commission on April 19, 2016. Other operations costs are directly related to implementing enforceable obligations in the MADPs. These costs are detailed below:

- **Allocated Staff & Operating Expenses:** Agency staff and operating expenses that are directly related to implementing enforceable obligations and are therefore allocated to project budgets rather than to the OCII administrative budget.
- **Auditing and Accounting Services:** Services obtained from outside firms to perform activities such as reviewing developer costs submitted for reimbursement under the terms of development agreements.
- **Legal Services:** Legal service obtained from the City Attorney and other outside counsel.
- **Planning & Infrastructure Review:** Services obtained from City departments and outside firms for planning assistance, California Environmental Quality Act review, and review of engineering and design documents.
- **Asset Management:** Services obtained from outside firms to repair and maintain OCII-owned property
- **Workforce Development Services:** Includes services obtained from the City's Office of Economic and Workforce Development in support of OCII's workforce development programs.
- **Other Professional Services:** Services obtained from City departments and outside firms for professional services such as environmental remediation, transportation plan review, real estate analysis, projections, planning, community outreach, and financial services.
- **Payments to Other Public Agencies:** Payments to the Navy and the City for rent and land and/or property transfers.
- **Other Current Expenses:** Other miscellaneous administrative and operational costs.

Non-Operations costs include costs that are not related to operations such as:

- **Affordable Housing Loans:** Loans from OCII to affordable housing developers to fund pre-development or construction of affordable housing projects.
- **Development Infrastructure:** Costs related to construction and installation of public infrastructure.
- **Pass-through to TJPA:** Tax increment generated by the increase in assessed value or sale of state-owned parcels, which is, as per the Transbay Tax Increment Allocation and Sales Proceeds Pledge Agreement, transferred to the Transbay Joint Powers Authority to fund construction of the Transbay Transit Center.
- **Debt Service:** Principal and interest payments for bonds issued by OCII in support of its enforceable obligations, as well as loans and other debt obligations.
- **Fund Balance - Housing:** Revenues, such as developer fees, bond proceeds, or pledged tax increment collected by OCII in the budget year that are held in reserve for a housing future use.
- **Fund Balance - Non-Housing:** Revenues, such as developer fees, bond proceeds, or pledged tax increment collected by OCII in the budget year that are held in reserve for a future non-housing use.

The table below highlights the proposed sources and uses for the MADPs. The workplan driving these uses is described in attached budget narratives (Attachment 1).

Table 1: Proposed FY 16-17 Budget by Project Area/ Cost Center

	PROJECT AREA			
	HPSY / CP	MBN	MBS	TBY
Sources				
Property Tax Increment - Debt Svc	$ -	$ -	$ -	$ -
Property Tax Increment - Mission Bay	$ -	$ 14,757,038	$ 3,491,528	$ -
Property Tax Increment - State Owned Parcels	$ -	$ -	$ -	$ 1,552,146
Property Tax Increment - Other	$ 652,884	$ -	$ -	$ 2,273,160
Property Tax Increment - ACA	$ -	$ -	$ -	$ -
Property Sales	$ -	$ -	$ -	$ -
New Bond Proceeds	$ 80,250,174	$ -	$ 52,717,946	$ 36,492,515
Developer Payments	$ 15,857,128	$ 310,000	$ 2,177,374	$ 3,166,039
Rent, Lease & Garage Revenue	$ 494,000	$ -	$ -	$ -
US Navy Cooperative Agreement	$ 290,000	$ -	$ -	$ -
Loan Repayments	$ -	$ -	$ -	$ -
City Reimbursements for OCII Staff	$ -	$ -	$ -	$ 99,750
Hotel Tax / Moscone Revs	$ -	$ -	$ -	$ -
Fund Balance - Housing	$ 44,811,396	$ -	$ 60,216,591	$ 68,020,247
Fund Balance - Non-Housing	$ 13,928,833	$ 261,000	$ 74,764,523	$ 14,390,516
Budget Sources	**$156,284,415**	**$15,328,038**	**$193,367,962**	**$125,994,373**
Uses				
Uses - Operations				
Allocated Staff & Operating Expenses	$ 3,130,128	$ -	$ 2,450,394	$ 2,411,170
Salaries and Benefits	$ -	$ -	$ -	$ -
Affordable Housing Services	$ -	$ -	$ -	$ -
Rent	$ -	$ -	$ -	$ -
Retiree Health and Pension Costs	$ -	$ -	$ -	$ -
Auditing & Accounting Services	$ -	$ 60,000	$ 300,000	$ -
Legal Services	$ 1,590,000	$ -	$ -	$ 600,000
Planning & Infrastructure Rvw	$ 2,390,000	$ -	$ -	$ -
Asset Management	$ 37,350	$ -	$ -	$ -
Workforce Development Services	$ 200,000	$ -	$ -	$ -
Other Professional Services	$ 9,632,000	$ 511,000	$ 1,492,119	$ 4,418,772
Grants to Community-Based Organizations	$ 3,400,000	$ -	$ -	$ -
Payments to other Public Agencies	$ 506,650	$ -	$ -	$ -
Other Current Expenses	$ 5,000	$ -	$ -	$ -
Subtotal Uses - Operations	**$ 20,891,128**	**$ 571,000**	**$ 4,242,513**	**$ 7,429,942**
Uses - Non-Operations				
Affordable Housing Loans	$ 58,956,396	$ -	$ 65,544,967	$ 68,020,247
Affordable Housing Reserve	$ -	$ -	$ -	$ -
Affordable Housing Unit Purchase	$ -	$ -	$ -	$ -
Development Infrastructure	$ 7,231,717	$ 9,605,102	$ 73,797,417	$ 18,992,038
Pass-through to TJPA	$ -	$ -	$ -	$ 1,552,146
Debt Service	$ -	$ 5,082,002	$ -	$ -
Fund Balance - Housing	$ 69,205,174	$ 69,934	$ 19,783,065	$ -
Fund Balance - Non-Housing	$ -	$ -	$ 30,000,000	$ 30,000,000
Subtotal Uses - Other	**$135,393,287**	**$14,757,038**	**$189,125,449**	**$118,564,431**
Budget Uses	**$156,284,415**	**$15,328,038**	**$193,367,962**	**$125,994,373**

Highlights of each MADP project budget are described below. Given the importance of OCII's affordable housing pipeline to the Mayor's plan to create 30,000 units by 2020, with one-third, or 10,000, of the units designated as permanently affordable, OCII's affordable housing budget is described separately.

Hunters Point Shipyard/Candlestick Point

The Hunters Point Shipyard/ Candlestick Point Project Area continues to mature. The proposed FY16-17 Hunters Point Shipyard / Candlestick Point Project budget increases expenditure on professional services such as planning and infrastructure review, legal services, workforce development services, environmental remediation, community outreach, design review, and real estate and financial analysis by approximately $6.2 million from $3.4 million in FY15-16 to $9.6 million in FY16-17. One hundred percent of these costs are developer funded. Professional services to support a potential application for a Transportation Infrastructure and Finance and Innovation Act loan, an increase in legal services due to anticipated transfer of parcels B-1, G, and IR17/18 from the Navy, (together approximately 75 acres) and 14.5 acres from State Parks, and funding for the implementation of a surety bond program to support Bayview Hunters Point contractors in obtaining insurance and credit required to participate in Phase 2 are the primary drivers of this increase.

Mission Bay North and South Major Approved Development Projects

The Mission Bay Project Area continues to advance toward completion. Infrastructure and vertical construction in Mission Bay North are nearly complete; only one major transportation infrastructure project, which requires coordination with CalTran, and one residential project, a 129 unit mixed-income rental project at 360 Berry Street, remain to be completed. In Mission Bay South, infrastructure will be approximately 80 percent complete in early 2017 when the current round of construction is finished. In FY 16-17 OCII will support the work in Mission Bay North and South by reimbursing the Master Developer for approximately $85 million dollars in completed infrastructure utilizing proceeds from bonds issued in FY 15-16. As will be discussed in greater detail when staff present the administrative budget to the Commission on April 19, 2016, OCII proposes to issue $30,000,000 in infrastructure bonds in Spring 2017 to fund infrastructure reimbursements in FY 17-18 for parks and other public improvements constructed by the Master Developer.

Transbay Major Approved Development Project

The proposed FY 16-17 Transbay Project budget includes a major investment in infrastructure construction. Highlights include approximately $ 1.8 million for design and construction of Transbay Park, $16.2 million for design and construction of Folsom Streetscape, and $3.4 million for professional services in support of these projects. As described in greater detail in the administration budget that staff will present to the Commission on April 19, 2016, OCII proposes to finance the above projects with proceeds from a fall 2016 tax-free infrastructure bond issuance. The proposed bonds will be issued under the authority of SB 107, which was signed by the Governor in September 2015.

Affordable Housing Obligations

OCII's affordable housing obligations are a key part of the Mayor's plan to create 30,000 units by 2020, with one-third, or 10,000, of the units designated as permanently affordable. In fact, OCII's affordable housing projects will result in over 3,400 affordable units by 2020 through both stand-alone projects funded with OCII subsidy as well as inclusionary affordable units provided through private development. The table below summarizes OCII's contribution to the Mayor's plan. In order to achieve this goal, the proposed FY 16-17 budget includes authority for funding to advance ten new sites: Alice Griffith Phase 3c, Alice Griffith Phase 4, Mission Bay 3 East, Mission Bay 6 West, Candlestick Point 10A, Candlestick Point 11A, Shipyard Block 54, Transbay Block 1, Transbay Block 2 West, and Transbay Block 2 East.

Table 2: Mayor's Plan for 10,000 Affordable Units by 2020:

OCII Pipeline

Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	Totals
Completed & Occupied	397	13	**410**
In Construction	829	96	**925**
In Predevelopment	847	265	**1,112**
In Preliminary	592	369	**961**
Totals:	**2,665**	**743**	**3,408**

Highlights of the proposed FY16-17 affordable housing budget include a $14.5 million dollar investment in predevelopment and gap funding for five affordable housing projects:

- $3,499,679 for gap funding for MBS Block 3E
- $3,015,000 for gap funding for HPS Block 54
- $1,000,000 for gap funding Alice Griffith Phase 4
- $3,515,000 for predevelopment and gap funding for CP Housing Block 10A
- $3,515,000 for predevelopment and gap funding for CP Housing Block 11A

As described in greater detail in the administration budget that staff will present to the Commission on April 19, 2016, OCII proposes to finance the above projects with proceeds from a fall 2016 housing bond issuance of approximately $14.5 million. See table below for detail. In spring 2017, OCII proposes to issue a second housing bond of approximately $88 million to obtain financing that will be expended for affordable housing in FY17-18. See table below for detail. Both proposed housing bonds will be issued under the authority of SB 107, which was signed by the Governor in September 2015. Together, these issuances will finance over 700 units of affordable housing.

Table 3: Bond Issuances in Support of Affordable Housing

Project	Units	Fall 2016 Bond Issuance	Spring 2017 Bond Issuance
MBS Housing Block 3E gap	100	$ 3,499,679	
MBS Housing Block 6W predev and gap	105		$ 15,776,537
MBS Housing Blocks 9 and 9a predev and gap	160		$ 3,515,000
HPS Housing Block 54 gap	39	$ 3,015,000	$ 5,685,000
Alice Griffith Housing Phase 4	38	$ 1,000,000	
CP Housing Block 10A predev and gap	139	$ 3,515,000	$ 29,535,174
CP Housing Block 11A predev and gap	149	$ 3,515,000	$ 33,985,000
Total Uses	730	$ 14,544,679	$ 88,496,711

NEXT STEPS

Staff will present the OCII administrative and asset management budgets at the Commission meeting scheduled for April 19, 2016. The administrative budget will cover costs to operate OCII such as salaries and benefits and a variety of non-labor costs, as well as debt service. The asset management budget will include costs expended in support of Yerba Buena Center/Yerba Buena Gardens, Western Addition Area 2, Rincon-Point South Beach, Bayview Hunters Point, Hunters Point, Bayview Industrial Triangle, and South of Market.

After incorporating Commission feedback, staff will present the final FY 16-17 budget to the Commission for its approval on May 3, 2016. Pending the Commission's approval, the budget will be submitted to the Mayor's Office for review, and then to the Board of Supervisors for final approval. Staff will apprise the Commission of any significant changes made to the budget as it undergoes the City's review and approval process.

(Originated by Bree Mawhorter, Deputy Director, Finance and Administration)

Tiffany Bohee
Executive Director

Attachment 1: OCII FY 16-17 Budget: Draft Budget Narrative

ATTACHMENT 1

OCII FY 16-17 Budget: Draft Budget Narrative – Major Approved Development Projects

Budget Narrative

The Budget narratives below describe each Project Area as a whole, identify enforceable obligations, and explain OCII's workplan for FY16-17. The budget narratives for the MADPs include all activities, non-housing and housing. Given the importance of OCII's pipeline to the Mayor's Plan for 10,000 Affordable Units by 2020, a separate affordable housing narrative describes OCII's affordable housing activities in greater detail.

Hunters Point Shipyard/Candlestick Point

The Hunters Point Shipyard (the "Shipyard") and Candlestick Point (together "HPS/CP") form approximately 780 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, 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 to OCII and subsequent development occur in phases, after environmental remediation from the U.S. Department of the Navy (the "Navy"). 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.

Project Description and Status

HPS/CP is being developed in two phases, HPS Phase 1 and HPS Phase 2.

HPS Phase 1

The Phase 1 Disposition and Development Agreement ("HPS Phase 1 DDA") between OCII and master developer HPS Development Co, LP implements the first phase of development of the Hunters Point Shipyard ("Phase 1"). The Phase 1 development program includes the construction of infrastructure, 26 acres of parks and open space, and up to 1,600 housing units, of which a minimum of 27% and a maximum of 40%, will be affordable. Under the HPS Phase 1 DDA, HPS Development Co, LP is required to build the infrastructure and parks, and then sell land to various vertical developers, either Lennar affiliates or third-parties. OCII has not yet funded any stand-alone affordable housing, but will be seeking development teams and providing financing for a minimum of 218 units on designated stand-alone affordable housing sites in Phase 1. Phase 1 is divided into two areas, the Hilltop and Hillside.

The Hilltop consists of Block 1 and Blocks 49 to 57. Vertical developers have received Major Phase Approvals for all private development blocks on the Hilltop, with the exception of Block 1, for a total of 898 units of housing. To date, 118 units of housing, have been completed on Blocks 50, 51, 53, and 54, of which, 12 are Inclusionary Below Market Rate units ("BMR") at 80% of Area Median Income ("AMI"). Site permits for construction have been issued on an additional 443 units of housing, of which 37 are BMR units at 80% AMI on Blocks 52, 53, 54, 55, 56, and 57. Additionally, construction is almost complete on Block 49, a 60 unit BMR multi-family rental development for low-income families earning up to 50% AMI that is sponsored by the master developer and fulfills the Phase 1 50% AMI Inclusionary housing requirement. All the 80% AMI Inclusionary BMR units are ownership units. OCII has 3 stand-alone affordable housing sites on Hilltop, Blocks 52, 54, and 56, which will provide at least 143 BMR units at up to 60% AMI. The FY 16-17 budget includes funding for predevelopment on OCII's Block 54, which will accommodate up to 50 low income units.

The Hillside consists of Block 48, which will be developed in 6 phases. To date, vertical developers have received Major Phase Approvals for all private development blocks on the Hillside, for a total of 404 housing units, 56 of which will be inclusionary affordable ownership units serving low-income families earning between 80-120% AMI. Block 48 will start construction in summer of 2016 and will be completed in fall 2018. OCII has two stand-alone affordable housing sites on Hillside, which will accommodate up to 85 low-income BMR units. The stand-alone Hillside sites will be developed after OCII"s affordable housing sites on the Hilltop are complete.

CP/HPS Phase 2

The Disposition and Development Agreement ("HPS Phase 2 DDA") between OCII and CP Development Co., LP, which is separate but affiliated with the Phase 1 developer, implements the Candlestick Point and Hunters Point Shipyard Phase 2 Project ("CP/HPS Phase 2"). The agreement for the CP/HPS Phase 2 development program provides for an additional 10,500 housing units, 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. Of the 32% below market rate housing units, 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 1,140 units on 10 stand-alone sites. In March 2015, the first two phases of the Alice Griffith public housing project development broke ground. These first two phases of development include 184 units of replacement and new affordable housing. Both phases are scheduled to be completed by fall 2016. The third phase of the Alice Griffith project, which includes 122 units of replacement and new affordable housing, received OCII funding and started construction in February 2016. The fourth phase of Alice Griffith will receive predevelopment funding in FY 16-17.

In March 2016, the Commission approved an amended first Major Phase of development for Candlestick Point, revisions to the Candlestick Design for Development standards, amendments to the Candlestick Streetscape Master Plan, and corresponding changes to exhibits in the HPS Phase 2 DDA. The Major Phase proposes 2,214 units of housing, of which 42% will be below market rate, including construction of the Alice Griffith project described above. In FY 15-16 OCII completed review of the next three sub-phases of development on Candlestick, CP-02, 03, and 04. Sub-Phase CP-02 will contain up to 635,000 square foot regional retail center, 570 units of housing, including a 210 unit residential tower and 58 BMR housing units, 42,000 square foot film and art center, and 220 room hotel. CP-03 and 04 are mixed-use development with 130,000 square feet of ground floor neighborhood commercial with 1,140 housing units. Sub-Phases CP-03 and 04 each contain a stand-alone agency affordable lot which will accommodate 290 BMR units on parcels CPS 11a and CPN 10a, predevelopment for these parcels will be funded in FY 16-17. In fall 2015, the master developer and their joint venture partner, The Macerich Company, submitted Schematic Design applications for a regional retail center and five housing developments. Schematic Design review and approval of the retail center and other private development blocks within Sub-Phases CP-02, 03, and 04 will continue throughout FY 16-17.

On September 2015, OCII received the first Phase 2 land transfer for the US Navy in a decade. The transfer consisted of 14 acres of land, which includes property necessary for the development of the Replacement Artists Studio building. Construction of utilities to the serve the Replacement Artists Studio and Replacement Commercial Kitchen began in early 2016 and will be complete before the end of FY 15-16, enabling the relocation of the commercial kitchen operator out of Building 110. Building 110 will be demolished in FY 16-17 to permit the construction of the Replacement Artists Studio building.

The CP/HPS Phase 2 plan also includes approximately 3 million square feet of research and development and office uses as a hub for emerging technologies on the Shipyard, over 325 acres of parks and open space including a complete renovation of the Candlestick Point State Recreation area. In addition, the CP/HPS Phase 2 plan includes an investment of more than $2.7 billion in infrastructure and transportation improvements to the project site. In FY 16-17 the master developer will submit the first Major Phase application for development on Hunters Point Shipyard Phase 2.

In total, HPS Phase 1 and CP/HPS Phase 2 will generate more than 12,000 permanent jobs, hundreds of new construction jobs each year, and an additional $86 million in other community benefits including, investment in homeowner assistance, workforce development and job training, scholarship and educational improvement, community builders, and construction of the South East Health Center.

As affordable housing assets will be transferred to the Mayor's Office of Housing and Community Development ("MOHCD") after completion, OCII will coordinate selection of development teams and review of financial and other long-term agreements for the affordable housing sites with MOHCD. MOHCD will also assist in monitoring construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

OCII staff will ensure compliance with OCII's equal opportunity programs for workforce and contracting on all the projects under the DDAs. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and payment of prevailing wages. OCII staff will work closely with contractors as well as with the Office of Economic and Workforce Development ("OEWD") 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. 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 budget year are summarized below.

Proposed FY16-17 Workplan

- **Hilltop and Hillside 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. OCII will utilize MOHCD services to review, approve and monitor implementation of marketing plans of the 155 affordable units serving low-income families earning between 50-120% AMI. Approximately 850 units of housing will be under construction on HPS Phase 1 Blocks 48, 49, 52, 53, 54, 55, 56, and 57 in FY 16-17.
- **Major Phase Approval for Hilltop Block 1:** Review and seek Commission approval for a Major Phase application on Block 1. Staff anticipates a residential development proposal with a total of 200

market rate for-rent units and 24 for-rent inclusionary units serving low-income families earning up to 80% AMI. Review and approval of design development and construction documents could occur in the second half of FY 16-17. Hilltop Block 1 is the only private development block on HPS Phase 1 awaiting Major Phase Approval. Hilltop Block 1 is a Community Builder Block assigned to Tabernacle Community Development Corporation, which has elected to be an independent developer.

- **Hilltop Block 54 RFP & Predevelopment Funding:** Issue an RFP, select a development team, and provide predevelopment funding for the affordable housing project on HPS Phase 1 Hilltop Block 54. The site could accommodate approximately 50 units of affordable rental housing.
- **Completion & Construction of the Hilltop Parks & Open Space:** Work with the master developer to complete construction of Hillpoint Park, a regional park which includes five of OCII's commissioned art pieces. OCII staff will work with the Department of Public Works ("DPW") to monitor construction progress and developer's schedule of performance as well as developer's compliance with applicable workforce and contracting requirements. Staff will develop a parks and open space management plan, as well as solicit and contract for maintenance services. The master developer has substantially completed development of Innes Court Park and several pocket parks on the Hillside.
- **Shipyard Arts Complex:** Work with the master developer on the demolition on Building 110 and the construction of the new artist building. The new artist building will be completed by the end of 2018. Staff will also oversee capital repairs for Building 101, an existing artist's studio building which will be retained. OCII will develop a management plan for the Shipyard Arts Complex, which will encompass Building 101, the replacement artist studio and commercial kitchen, gallery space, and connecting plazas. OCII will issue solicitations for the management entity in FY 16-17. The first development on HPS Phase 2 includes the construction of replacement facilities for the artists currently occupying studio spaces on Navy Parcel B and a commercial kitchen in Building 110 on Navy Parcel A.
- **Community Facilities Parcels and Community Facilities Space:** Work with City departments, including OEWD, San Francisco Fire Department, San Francisco Police Department, San Francisco Public Library, as well as the San Francisco Unified School District, to program development for the Community Facilities Parcels on Candlestick Point and Hunters Point Shipyard. The master developer is required to provide eight Community Facilities Parcels to OCII to be used for public uses or otherwise to benefit the community. CP-03 contains one, one-acre Community Facilities Parcel; the remaining seven parcels are on future phases of development. The master developer is also required to provide 65,000 square feet of Community Facilities Space within new retail development to OCII-recommended tenants rent-free. Sub-Phases CP-02, -03, and -04 will contain 35,000 square feet of Community Facilities Space within the regional retail center and neighborhood serving retail. The Phase 2 DDA requires the Community Facilities Space to include an International African Marketplace ("IAM"), San Francisco Public Library reading rooms, and a Candlestick Point State Recreation Area Welcome Center. OCII staff will work with the community and the developer to implement the IAM by working with retail consultants to develop a business plan and financial model. Additional uses for the Community Facilities Space include childcare, senior services, social services, education, the arts and other community services and public safety facilities. OCII staff is working with the Office of Early Childcare and Education to identify locations within the Project site to encourage the expansion of childcare facilities. OCII staff will work with the Commission, the Legacy Foundation Board, the Hunters Point Citizens Advisory Committee, and the public to develop solicitations for the Community Facilities Spaces.
- **Strategic Planning for the Legacy Foundation for Bayview Hunters Point:** Bring the Legacy Foundation Board's Strategic Plan to the Commission. The Strategic Plan outlines programs and

funding goals for the Community Benefit Fund for 2016 – 2021. If approved, OCII staff will implement the Strategic Plan's recommendations through competitive processes. The Community Benefit Fund is funded under the HPS Phase 1 and HPS Phase 2 DDAs for programs to benefit the Bayview Hunters Point area as a whole. To date, the developer has provided $1 million in funding required under the HPS Phase 1 DDA. The HPS Phase 2 Community Benefits Plan obligates each vertical developer to contribute 0.5% of the sales price of the initial sale of each market rate unit to the Community Benefits Fund. The earliest Phase 2 market rate units will complete construction is 2019. No additional funds for the Community Benefit Fund are anticipated in FY 16-17.

- **Revitalization of Alice Griffith Public Housing:** Provide construction funding and review and present schematic design for Phase 4. The Alice Griffith Public Housing 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 was provided in FY13-14, as well as predevelopment funding for Phase 3. Phases 1 and 2 will be completed in Fall 2016. Construction on Phase 3 will continue throughout FY 16-17.
- **Navy Parcel Transfer**: Work with the U.S. Navy and regulators to complete land transfers and, as permitted by the U.S. Navy access agreements, perform pre-development activities such as building and land surveys and lead and asbestos abatement of Navy buildings slated for removal. After receiving authorization from the environmental regulators, the U.S. Navy will request the Commission to accept the transfer of Navy Parcels B-1, G, and IR17/18 (together approximately 75 acres) in furtherance of the HPS Phase 2 development.
- **State Lands Trust Lands Exchange and California State Parks Properties:** Development on Candlestick requires the acquisition of property currently owned by State Parks or the State Lands Commission for development of Harney Way offsite improvements and future housing development. Pursuant to the CP/HPS Phase 2 DDA, OCII will work with staff from both state agencies to complete the transfer of properties. OCII staff will work with the master developer and State Parks to prioritize capital improvements to the Candlestick State Park Recreation Area to be funded through the State Park land transfer. The first exchange occurred in FY 14-15. The second exchange, which covers 14.5 acres, will occur in early FY 16-17. On HPS Phase 2, OCII staff will implement the State Trust agreement as property is conveyed from the Navy to OCII.
- **Hunters Point Shipyard Major Phase Application:** Review and present the first Major Phase application for Hunters Point Shipyard 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 HPS Phase 2 DDA, and confirm any mitigation measures that are required under the California Environmental Quality Act ("CEQA").
- **Hunters Point Shipyard Open Space and Off-Site Planning:** Continue to implement the community outreach process started in FY 15-16 and coordinate with affected City departments for the review and approval of the plans. The Major Phase Application for Hunters Point Shipyard will also include the Schematic Designs for approximately 15 acres of parks and open space, including Northside Park and Shipyard Hillside Open Space. The application will include initial construction drawings for off-site improvements for Innes Avenue, Paul Avenue, Griffith Street, Thomas Avenue, and Ingalls Street.
- **Hunters Point Shipyard Infrastructure Development and Mapping:** Work with the DPW Infrastructure Task Force on the review and approval of infrastructure to support the development of

HPS Phase 2. Staff will work towards Board of Supervisors approval of a Final Map and Public Infrastructure Agreement(s) and City approvals of infrastructure construction drawings and permits.

- **Candlestick Schematic Design Review:** Review schematic design approvals for developments contained in Candlestick Sub-Phases CP-02, -03, and 04. For Sub-Phase CP-02, complete review of schematic design and present to the Commission for approval the CP Retail Center, which includes 635,000 gross square feet of regional retail, film and art center, and up to 570 units of housing of which 58 will be BMR Inclusionary units. For Sub-Phases CP-03 and -04, review the schematic design of up to eight mixed-use development blocks, which includes 1,140 units of housing (including a 320 foot residential tower) and 130,000 square feet of neighborhood serving retail.
- **Candlestick Point Blocks 10a & 11a RFP & Predevelopment Funding:** Complete solicitation process for affordable housing in Sub-Phases CP-03 and -04, each of which include an agency affordable housing lot, and CPS 11a (150 units) and CPN 10a (140 units), respectively, which will be available at a range of affordability up to 60% AMI. OCII staff released a solicitation for the development of these blocks in FY 15-16. The solicitation process will be completed in FY 16-17 with the selected developers being recommended to the Commission for approval.
- **Candlestick Infrastructure Development and Mapping:** Work with DPW, PUC, SFMTA, and other city agencies to ensure that the new infrastructure described below meets City standards and is in conformance with the plan documents. Within the CP-01, CP-02, CP-03, and CP-04 sub-phases, Lennar will construct new streets, sewers, electricity and gas lines, and storm drains to support new development. New infrastructure development includes new, sustainable infrastructure such as a recycled water system, automated waste collection system, and Best Management Practice measures for storm water treatment including flow-through planters, soil cells, and bio-retention basins. Staff will also work with the DPW Infrastructure Task Force on the review and approval by the Board of Supervisors of a Final Map and Public Infrastructure Agreement(s).
- **Community Facilities District Formation/Refinancing:** Refinance CFD #7 in HPS Phase 1 and form a CFD in Candlestick Point. The Finance Plans for HPS Phase 1 and CP/HPS Phase 2 both call for the formation of Community Facilities Districts ("CFD") to reimburse the master developer for eligible costs associated with the development of infrastructure and costs for the operations and maintenance of public facilities, including parks and open space.
- **Support Alternative Financing.** OCII is obligated in the HPS Phase 2 DDA to find alternative sources of financing for the master developer's obligations. OCII obtained such alternative financing, including grants from the U.S. Department of Commerce, Economic Development Administration ("EDA") for capital repairs for Building 101 and California Pollution Control Financing Authority CalReUSE grant for lead and asbestos abatement on the HPS Phase 2. OCII staff will continue to administer these two grants and will work with the master developer to pursue financing through the Transportation Infrastructure Financing Innovation Act ("TIFIA") and Transportation Investment Generating Economic Recover ("TIGER").

Mission Bay North and South Major Approved Development Projects

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 6,404 residential units (29% of which will be affordable), 4 million square feet of office and biotechnology space, 419,000 square feet of retail uses, a new University of California, San Francisco research campus and medical center, 250-room hotel, library, school, police headquarters, and a local police and fire department. The Mission Bay North and

South Redevelopment Project Areas also contain 49 acres of open space, approximately 41 of which are owned by OCII/City and approximately 8 of which are owned by UCSF. Completion of the Mission Bay project is anticipated to occur over 25 to 30 years and will 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.

Project Description and Status

Mission Bay is currently undergoing a massive construction boom, with the completion of 219,000 square feet of office space in spring 2016, and the anticipated completion of another 680,000 square feet by mid-2017. This fiscal year will also see construction starts on the Golden State Warriors Event Center and another 950,000 square feet of office space. The remaining market-rate housing (about 350 condos and 129 rental units) and the next 200-unit affordable housing project on Block 7 West will be completed in FY 16-17. In addition, construction will start on another 143 units of rental housing for very low-income families at Block 6E. Design and financing work is also underway for another 206 units of affordable housing on Blocks 3E and 6W. The 4th Street commercial corridor is almost complete and filled with new, local serving commercial uses. To serve this new development, approximately eighty percent of the remaining streets and underground utilities will be finished by early 2017. In FY15-16 construction for several new parks was completed, including the new children's park, Mariposa Park, which is anticipated to open in spring 2016. OCII anticipates that construction for new parks along the bayfront in will begin in 2017.

Implementation of the Mission Bay project occurs through the Mission Bay North and South Redevelopment Plans and the Mission Bay enforceable 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 is responsible for the management of the 41-acre planned Mission Bay Open Space System until 2043. Currently there are over 15 acres that are completed and operated by OCII. OCII has entered into a contract with MJM Management Group ("MJM") to perform 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 2016 budget for CFD#5 and the park management is included in the OCII budget for informational purposes only.

Key responsibilities of OCII, and its Commission, related to the implementation of Mission Bay include financing of infrastructure, land use review and approvals, financing 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 the Mission Bay Citizens Advisory Committee. OCII will coordinate selection of development teams and review of financial and other long-term agreements for the affordable housing sites with MOHCD. MOHCD will also assist in monitoring construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will 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 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.

Proposed FY16-17 Workplan

- **Block 6 East Affordable Housing Construction**: Approve ground lease in summer 2016 and start construction in fall 2016 of approximately 143 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.
- **Block 3 East Affordable Housing Schematic Design and Construction Funding**: Approve schematic design, provide construction funding, and complete financial closing for construction funds needed for the development of Block 3 East into approximately 101 units of supportive rental housing for low income families and veterans, including formerly homeless veterans.
- **Block 7 West Affordable Housing Construction & Marketing Plan Review**: Complete construction of 200 units of affordable rental housing for low-income families on Block 7 West.
- **Block 6 West Affordable Housing RFP & Predevelopment Funding**: OCII will issue an RFP to select a development team and provide predevelopment funding for Block 6 West, which could accommodate approximately 105 affordable family rental units.
- **Block N4P3 Marketing Plan**: Complete this 129 unit project, known as 360 Berry Street, which includes 26 affordable inclusionary rental units at 90% AMI. This project started construction in spring 2015 and is expected to be complete by late 2016. Utilizing MOHCD services, OCII will review, approve and monitor implementation of marketing plans.
- **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. The current budget has almost $1 million in funds, which would be expended over multiple budget years.
- **Golden State Warriors Event Center**: Process design development documents for the design and environmental approvals that occurred in November 2015. Start construction in the second half of the fiscal year.
- **Blocks 26/27 Design Development & Construction**: Approve schematic designs in spring 2016 for the new Uber headquarters on Blocks 26/27 for approximately 423,000 gross square feet of office space. Process design development and construction drawings for estimated construction start in the second half of fiscal year.
- **Block 40 Construction**: Process construction addenda for Block 40, a 667,500 gross square foot office building with 15,000 gross square feet of retail space, which started construction in spring 2016.
- **UCSF Blocks 33/34 Design Reviews:** Work with UCSF on the design of Blocks 33/34 on the first phase of the 500,000 gross square foot office project pursuant to the Memorandum of Understanding between OCII and UCSF.
- **Block 1 Residential Construction**: Continue to process construction documents through completion of construction. Construction on the 350 for-sale residential units on the triangular parcel that fronts Mission Creek and the future Park P3 started in late 2015. The 350 market-rate, for-sale units paid an affordable housing in-lieu fee in FY 15-16 to be used for the funding of OCII-sponsored affordable housing in Mission Bay.

- **Block 1 Hotel Project Design Development**: Continue to process the design development and construction drawings for a 250-room hotel on Block 1. The hotel is expected to start construction in the first half of fiscal year.
- **Park P3 Construction Start**: Complete construction drawings and start construction on the 1.17-acre Park P3, which forms an esplanade along the southern bank of Mission Creek and is directly adjacent to Block 1.
- **Park P19 Completion**: Complete construction of the 0.55-acre Park P19 along Terry Francois Boulevard. Park P19 is designed for passive recreation and stormwater treatment, as well as providing a buffer between the neighboring residential building, an OCII-sponsored affordable housing site, and Terry Francois Boulevard.
- **Bayfront Park P22 Schematic Design & Construction Drawings**: Work with the Mission Bay community to design the future Bayfront Park P22, a 5-acre waterfront park along the San Francisco Bay. Approve schematic designs complete construction drawings for the park. Park P22 will provide flexible open space, similar to Chrissy Fields, to allow for local and regional activities. With its location adjacent to the future Golden State Warriors site, it will also provide opportunities for coordinated events with the Golden State Warriors Event Center.
- **Parks P23 and P24 Completion**: Complete construction on Parks P23 and P24, which make up 1.89 acres of parkland in the southern part of Mission Bay along Terry Francois Boulevard. Parks P23 and P24 will contain plazas, a half basketball court, picnic facilities, lawn areas, and stormwater treatment facilities.
- **Mission Creek Park P2 Parking Completion, Construction Drawings, & Maintenance Agreements**: Complete the construction of the replacement parking for the Mission Creek Harbor Association ("MCHA") as part of Park P2, which will ultimately be 1.5 acres in size. Complete the construction drawings for the entire park. Finalize the maintenance agreements with MCHA for the community garden and parking area. P2 is located on the southern boundary of Mission Creek and will contain a community garden and will be one of the final links for the Mission Creek park loop.
- **Future Park Management Strategy**: Continue working with the City, Port and Public Utilities Commission, the current owners of Mission Bay Parks, on the future park management strategy according to OCII's approved Property Management Plan. The OCII Property Management Plan was approved by the Department of Finance in December 2015.
- **Street Improvements**: Continue construction of the remaining Mission Bay roadway improvements. All streets in the southern portion of Mission Bay will either be completed, under construction, or in the final planning stages in FY 16-17. These improvements include the surface roadway and sidewalk improvements, as well as the underground utilities. Completion of the street grid system will significantly improve the local connectivity of Mission Bay.

Transbay Major Approved Development Project

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 1,400 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.

OCII will develop a new, transit-oriented neighborhood on the 10 acres of formerly State-owned property in the Project Area. This neighborhood will consist of more than 3,200 new housing units, including approximately 1,300 affordable units, approximately one million square feet of new commercial space, and approximately four 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, converting Folsom Street to two-way traffic, and reconfiguring 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. The City has approved a Mello-Roos community facilities district that will provide funding for the TTC and other infrastructure costs.

Of the publicly owned parcels over which OCII has jurisdiction, one parcel is fully complete and six parcels are in various stages of development and pre-development. The sale of various sites has generated more than $500 million in funding for construction of the Transbay Transit Center.

- **Block 11A:** The portion of Block 11 along Folsom Street (25 Essex Street), known as the "Rene Cazenave Apartments," is a 120-unit supportive housing project that is available to households earning up to 50 percent of AMI. The project was funded by OCII and completed construction and lease-up in FY 13-14. The project will, as with all completed affordable housing assets, be transferred, upon final permanent financing by the State, to MOHCD as Housing Successor pursuant to Dissolution Law.

- **Parcel T:** The TJPA sold Parcel T to Hines in FY 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, with expected completion in 2017.

- **Blocks 6/7:** In December 2011, OCII selected Golub Real Estate Corp. ("Golub") and Mercy Housing California ("Mercy") for a market-rate and affordable housing development on Blocks 6/7, which are known as 280 and 222 Beale Street respectively. The site was sold to Golub in October 2013 for $54.8 million. Block 6 consists of 479 units, of which 70 units are affordable to households earning up to 50 percent of AMI. The Block 6 tower is currently under construction and is scheduled to be complete in FY15-16. The construction of the affordable building within Block 6, was funded by OCII and is now complete. Block 7 consists of 120 rental units affordable to households earning up to 50 percent of AMI. OCII recently approved construction funding and a long-term air-rights lease with Mercy. Construction is anticipated to begin in FY 15-16.

- **Block 9:** OCII selected a team comprised of TMG, Essex Property Trust, and BRIDGE Housing for a market-rate and inclusionary affordable housing development on Block 9, known as 500 Folsom Street. This project consists of 545 units, of which 109 units will be affordable to households earning up to 50 percent of AMI. OCII executed the Disposition and Development Agreement in December 2014 and closed the land sale closed in February 2015 for $43.6 million. Construction is anticipated to begin in FY 15-16.

- **Block 8:** OCII selected Related California ("Related") and Tenderloin Neighborhood Development Corporation ("TNDC") for a market rate and affordable housing development on Block 8, known as 400 Folsom Street, consisting of 546 units of which 150 units will be affordable to households earning up to 50 percent of AMI (composed of both inclusionary and OCII-funded units). OCII executed a Disposition and Development Agreement ("DDA") in April 2015 and closed escrow on the land for $71 million in December 2015. Construction is anticipated to begin in FY 15-16.

- **Block 5:** OCII selected the development team of Golub and John Buck Company for an office project on Block 5, known as 250 Howard Street, and executed an Owner Participation/Disposition and Development Agreement ("OP/DDA") in June 2015. OCII closed escrow on the land for $172.5 million in September 2015. Construction of the 767,000 square-foot office building began in December 2015.

- **Block 1:** OCII intends to execute an Owner Participation/Disposition and Development Agreement with Tishman Speyer for Block 1, known as 160 Folsom Street, in mid-2016 for a residential housing development consisting of 391 units, of which 156 units will be affordable to households earning 80 to 120 percent of AMI. The affordable units will be comprised of both inclusionary and OCII-funded units. OCII anticipates closing escrow on the land for $19.2 million in FY 16-17.

Per the Implementation Agreement, OCII is developing infrastructure plans for the new neighborhood, including new streetscape improvements on Folsom Street and two major new public parks within the Project Area. The Folsom Street freeway off-ramp completed in July 2015.

As affordable housing assets will be transferred to MOHCD after the projects are completed and occupied, OCII coordinates selection of development teams and review of financial and other long-term agreements for the affordable housing sites with MOHCD. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will 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 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 through the selection of a development team. After selection, the developer provides funds for staff and consultant costs.. The staffing and construction costs for all infrastructure projects described in the tasks below are financed with tax increment.

Proposed FY16-17 Workplan

- **Block 6 Construction and Marketing:** Land sale closed in October 2013 and construction began in 2014 on the residential project, comprised of 409 market rate units and 70 OCII funded affordable units, at 50 percent AMI, in a 300-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space, and underground parking. Construction on the affordable units was completed in 2015. The market rate units are expected to be complete in 2016.

- **Block 7 Financial Closing, Construction Start, and Marketing Plan Review:** The financial closing and construction start of the affordable residential development on Block 7, consisting of approximately 120 affordable rental units (at 50% of AMI), funded by OCII, in two podium buildings and adjacent townhouses, including a ground-floor child care facility and open space, is expected to occur in FY 15-16. The developer will submit a marketing plan to OCII and MOHCD staff review within a month after construction start. OCII will oversee project permitting and monitor construction to insure the project is built consistent with the approved plans and meets the schedule required in the DDA.

- **Block 9 Construction and Marketing Plan Review:** Prior to construction, OCII will continue to process construction plans, assist with plan processing by City agencies, and oversee project permitting. OCII will monitor construction of approximately 436 market-rate units and 109 inclusionary 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. Construction is expected to begin in spring 2016. OCII will monitor construction progress to insure the project is built consistent with the approved plans, and meets the schedule required in the DDA. Also, the developer will submit a marketing plan to OCII and MOHCD within a month of construction start. OCII will coordinate and assist with MOHCD's issuance of tax exempt mortgage revenue bonds for the inclusionary affordable units.

- **Block 5 Construction:** The land sale for Block 5, an approximately 800,000-sf commercial office project in a 550-foot tower, closed escrow in September 2015. Construction began in December 2015. OCII will monitor construction progress to insure the project is built consistent with the approved plans, and meets the schedule required in the Disposition and Development Agreement.

- **Block 8 Construction, Marketing Plan Review:** The sale of the land for Block 8 closed in December 2015. Block 8 is a residential project consisting of approximately 440 market-rate units and 163 affordable rental units (at 50% of AMI), a portion of which will be OCII funded. The project is a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. OCII approved an affordable housing loan and air rights lease governing the affordable podium project in March 2016. Construction will start mid-2016. OCII will continue to process construction plans, assist with plan processing by City agencies, oversee project permitting, monitor construction progress to insure the project is built consistent with the approved plans and meets the construction schedule required in the DDA. Lastly, OCII will monitor the Block 8 developer's progress in procuring a grocery store tenant for the project, as required in the DDA. The developer will submit a marketing plan for the affordable units to OCII and MOHCD staff for review within a month of construction start.

- **Block 1 OP/DDA and Financing:** The Block 1 condominium project includes 235 market rate units and 156 units affordable to households earning 80 to 120 percent of AMI. The project is comprised of a 400-foot tower and adjacent podium and townhouse buildings. An 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) is expected to come before the OCII Commission in mid-2016. OCII will continue to process design development and construction plans, assist with plan processing by City agencies, oversee project permitting, and monitor construction progress to ensure the project construction start meets the construction schedule required in the OP/DDA. OCII will also provide funding for the affordable homeownership units in the podium building in FY 16-17.

- **Block 2 Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select development teams and provide predevelopment funding for Block 2, which could accommodate approximately 250 affordable rental units, and would be developed in multiple buildings across the block. Currently the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed upon the opening of the TTC in 2017.

- **Folsom Streetscape Improvements Bid Process & Construction Start:** Complete construction documents for streetscape improvements on Folsom Street. Issue request for bids through letter agreement with DPW. OCII will select contractor and begin construction.

- **Under-Ramp Park Design Approvals:** 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 Caltrans to lease space under freeway ramps.

- **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.

- **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.

Affordable Housing Obligations

OCII has retained Affordable Housing Obligations integrally related to the three MADP. OCII manages these affordable housing obligations through direct oversight along with services procured from MOHCD through a 2014 Memorandum of Understanding. In general, OCII is responsible for directly managing the affordable housing projects through completion, and procures services from MOHCD staff for construction monitoring, review and monitoring of marketing for both inclusionary and OCII funded projects (including implementation of the Certificate of Preference program), 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.

OCII's obligations are a key part of the Mayor's plan to create 30,000 units by 2020, with one-third, or 10,000, of them as permanently affordable. OCII's affordable housing projects will result in over 3,400 affordable units by 2020 through both stand-alone projects funded with OCII subsidy as well as inclusionary affordable units provided through private development. Three market rate projects brought on-line 13 inclusionary homeownership projects, including the first two new developments in the Hunters Point Shipyard Phase 1 development. Another 328 OCII-sponsored affordable units were completed and occupied in 2014, including 120 units at Rene Cazenave Apartments in Transbay, 59 units at 474 Natoma Street, and 149 units at 1180 4th Street in Mission Bay South. In 2015, 280 Beale Street (the Transbay Block 6 OCII affordable component) completed construction and 69 affordable units were occupied.

Below is a summary of OCII's contribution to the Mayor's plan to create this vitally important resource for San Francisco. In order to achieve this goal, the FY 16-17 Budget includes authority for funding to advance ten new sites: Alice Griffith Phase 3c, Alice Griffith Phase 4, Mission Bay 3 East, Mission Bay 6 West, Candlestick Point 10A, Candlestick Point 11A, Shipyard Block 54, Transbay Block 1, Transbay 2 West, and Transbay 2 East.

Mayor's Plan for 10,000 Affordable Units by 2020:

OCII Pipeline

Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	Totals
Completed & Occupied	397	13	**410**
In Construction	829	96	**925**
In Predevelopment	847	265	**1,112**
In Preliminary	592	369	**961**
Totals:	**2,665**	**743**	**3,408**

The Affordable Housing Projects within the Major Approved Development Projects are more fully described within the specific Project Area section of the budget. Currently over 6,300 affordable units remain to be completed through OCII sponsorship: 4,754 through direct subsidy on stand-alone affordable sites and 2,805 through inclusionary housing requirements. The table below describes these obligations in greater detail.

Below is a summary of OCII's affordable housing workplan in FY 16-17:

	TOTAL AFFORD. UNITS	Shipyard & Candlestick	Mission Bay	Transbay	Other*
	*OCII Sponsored **Funded** Units*				
Production Obligation	**4,754**	1,843	1,512	870	529
Completed Prior FY13-14/14-15	**407**	-	407	-	-
Completed FY13-14/14-15	506	-	149	120	237
Completed FY15-16	**69**			**69**	
In Construction	**793**	303	198	-	292
Predev & Prelim Planning	**1,241**	536	347	358	-
Future Sites	**1,735**	1,004	408	323	-
Remaining Obligation subtotal	***3,769***	*1,843*	*953*	*681*	*292*
	*OCII Sponsored **Inclusionary** Units*				
Production Obligation	**2,805**	**1,893**	**291**	**605**	**16**
Completed Prior FY13-14/14-15	**265**	**-**	**265**	**-**	
Completed FY13-14/14-15	-	-	-	-	-
Completed FY15-16		**10**			
In Construction	**132**	90	26	-	16
Predev & Prelim Planning	**831**	386	-	445	-
Future Sites**	**1,568**	1,407	-	161	-
Remaining Obligation Subtotal	***2,531***	*1,883*	*26*	*606*	*16*
REMAINING OBLIGATION TOTALS	***6,300***	***3,726***	***979***	***1,287***	***308***

**** Projects in Bayview Hunters Point, Rincon Point-South Beach, South of Market, or Western Addition A-2***

*****OCII Inclusionary Units in HPSII/CP include 892 workforce units at 121-160% AMI. While higher than 120% AMI affordable definition, these units are expected to be well below market rate.***

Hunters Point Shipyard / Candlestick Point

- **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 was provided in FY 13-14 along with predevelopment funding for Phase 3. Construction of Phases 1 and 2 is expected to be complete in December 2016. OCII committed construction financing for Phase 3 in FY 14-15 and construction commenced in March 2016. Phase 3 is comprised of 93 public housing replacement units and 28 new affordable units (at 50% AMI). A subsequent smaller component (31 units) to Phase 3 will seek schematic design approval as well as OCII construction funding early FY 16-17. During FY 16-17, OCII will provide predevelopment funding for Phase 4, which will be comprised of 47 new public housing replacement units. Phase 5 will consist of 132 new affordable units. As the Phase 5 development site will not be available until 2019, OCII will seek predevelopment funding approval in FY 17-18.
- **HPSY Phase II/Candlestick Point Blocks 10a & 11a**: OCII issued one RFP that included both CP Block 10a and CP Block 11a. In FY 16-17, OCII will enter into an exclusive negotiations agreement to select development teams for each project. OCII will also implement predevelopment funding requests for both CP Block 10a and CP Block 11a. Both larger developments, CP Block 10a will consist of 140 affordable units and CP Block 11a will consist of 150 affordable units. Each of the parcels is located adjacent to the proposed new Candlestick Park Retail Center.
- **HPSY Phase 1/Block 54**: OCII will issue an RFP, select a development team, and provide predevelopment funding for the affordable housing project on Block 54, which is located on the Hilltop portion of Phase 1 of the Shipyard. The site could accommodate approximately 40 units of affordable rental housing.
- **Marketing of Phase 1 Inclusionary Units**: Now that Hunters Point Shipyard Phase 1 has completed its first vertical developments on the privately developed parcels, the marketing and sales of the inclusionary units to first-time homebuyers continues for Blocks 53 and 54. Block 49 completed construction in April 2016, and marketing and occupancy of these inclusionary rental units will be completed in early FY 16-17. OCII is engaging the services of the Below Market Housing team at MOHCD to help monitor and implement the marketing and sales or leasing of the Phase 1 inclusionary units.

Mission Bay

- **1300 4th Street (Block 6 East) Affordable Housing**: The developer team, led by TNDC, is proceeding with predevelopment activities for the affordable housing project at 1300 4th Street to develop the site into approximately 143 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. TNDC successfully secured funding in the first round of the Affordable Housing and Sustainable Communities (AHSC) program through the state Housing and Community Development (HCD) office, also known as "cap and trade" funds. This funding award helps to maximize the leverage of OCII subsidy and ultimately allows OCII to fund additional affordable housing. In FY 15-16, staff obtained approval of the schematic design. OCII anticipates receiving approval for construction funding in FY15-16, and construction is expected to commence in August 2016.
- **Block 3 East Affordable Housing**: Subsequent to a competitive RFP process, OCII approved an exclusive negotiation agreement and predevelopment loan with the developer team led by Chinatown

Community Development Corporation and Swords to Plowshares. The project will include approximately 101 units; 50 units will be supportive rental housing for formerly homeless veterans and 50 units will be occupied by low-income families. The formerly homeless veterans will be referred by the Human Services Agency. The project received a private donation of approximately $4.5 million, which helped accelerate development of the site. In FY 16-17, OCII staff will seek schematic design and construction funding approval and will collaborate with the developer to apply for capital funding from the Veterans Housing and Homelessness Prevention program through the state Housing and Community Development (HCD) office.

- **588 Mission Bay Boulevard North (Block 7 West) Affordable Housing**: OCII committed gap funding in FY 14-15 and approved the OCII ground lease in 2015. Construction of 198 units of affordable rental housing for low-income families, plus 2 managers' units, and ground floor retail space will complete in November 2016. OCII and MOHCD are reviewing the developer's marketing plan.
- **Block N4P3 Inclusionary Housing**: This 129 unit project, which includes 26 affordable inclusionary rental units serving households earning up to 90% AMI, is under construction and will complete in November 2016. Utilizing MOHCD services, OCII will review, approve and monitor implementation of marketing plans of inclusionary affordable units within the Block N3P4 residential project in Mission Bay North.
- **Block 6 West Affordable Housing**: OCII will issue an RFP to select a development team and provide predevelopment funding for Block 6 West, which could accommodate approximately 105 affordable family rental units and will include a childcare facility.

<u>Transbay</u>

- **Block 6 Affordable Housing**: OCII approved construction funding and a long-term air rights lease in FY 13-14 for the affordable component of Block 6 (280 Beale Street), which completed construction in summer 2015 and was fully leased and occupied by September 2015. Project marketing resulted in six Certificate of Preference holders successfully securing housing, which comprised 9% of the total available units. Block 6 consists of 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. MOHCD reviews, approves, and monitors the implementation of the marketing and lease-up of all affordable units. The market rate component of Block 6 is projected to complete construction in early FY 16-17.
- **Block 7 Affordable Housing**: In FY 15-16, OCII approved construction funding and a long-term air rights lease with the selected development team for an affordable rental residential development on Block 7. Due to innovative construction methods and improved economies of scale, the affordable unit count increased from 77 units to 120 units (at 50% of AMI) including 1 manager's unit, in two podium buildings and adjacent townhouses, including a ground-floor child care facility and open space. The increase in the number of units helps OCII meet the mandate that 35% of the residential units in Transbay be affordable. Construction is scheduled to begin in spring 2016, and the developer will submit a marketing plan for OCII and MOHCD staff review one month later.
- **Block 9 Affordable Housing**: The Block 9 land sale closed in February 2015, subsequent to the execution of a disposition and development agreement. The Block 9 residential project consists of 436 market-rate rental units and 109 affordable inclusionary rental units (at 50% of AMI), including 1 manager's unit, in a 400-foot tower and adjacent podium and townhouse buildings, including ground-

floor retail, open space and underground parking. In FY 15-16, OCII coordinated with MOHCD, with MOHCD acting as the issuer, on a tax-exempt housing bond issuance for the inclusionary component of the project. Construction will commence in early FY 16-17 and one month after construction begins the developer will submit an early outreach and marketing plan to OCII for MOHCD's review and approval.

- **Block 8 Affordable Housing**: OCII executed a DDA in spring 2015 with the selected developer of Block 8 for a residential project consisting of approximately 396 market-rate units and 150 affordable rental units (at 50% of AMI), including 1 manager's unit, in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. In 15-16 OCII committed permanent gap financing and approved an air rights lease for the standalone affordable podium building. Construction is expected to begin in June 2016, and the developer will submit a marketing plan for the affordable units for OCII and MOHCD staff review within one month of the start of construction.
- **Block 1 Affordable Homeownership Housing**: OCII will execute an 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). The Block 1 condominium project includes 235 market rate units and 156 affordable units if the tower is built at 400 feet. The OP/DDA will incorporate a structure such that the developer's consideration for OCII's parcel at Block 1 will be constructing and delivering the 76 affordable podium units. The 156 below market rate units will be affordable to moderate income homebuyers earning from 80% to 120% AMI.
- **Block 2 Affordable Housing**: Subject to the availability of future funding, OCII may issue and RFP to select development teams and provide predevelopment funding for Block 2, which could accommodate approximately 286 affordable rental units and would be developed in multiple buildings across the block. Currently the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed after the opening of the Transbay Terminal Center in late 2017.
- **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 as the former SFRA Commission authorized a loan to provide funding for Phases II and III of this HOPE SF project in April 2011, it is considered an enforceable obligation. OCII approved the disbursement of the funds needed for Phase II in FY 13-14, which includes 106 new housing units (80 public housing replacement units and 26 new affordable units). Vertical construction commenced in January 2015. OCII staff is utilizing services from MOHCD to monitor construction.