

Commission on Community Investment and Infrastructure

Transbay Blocks 2 East and West

Exclusive Negotiations Agreement and
Predevelopment Loans



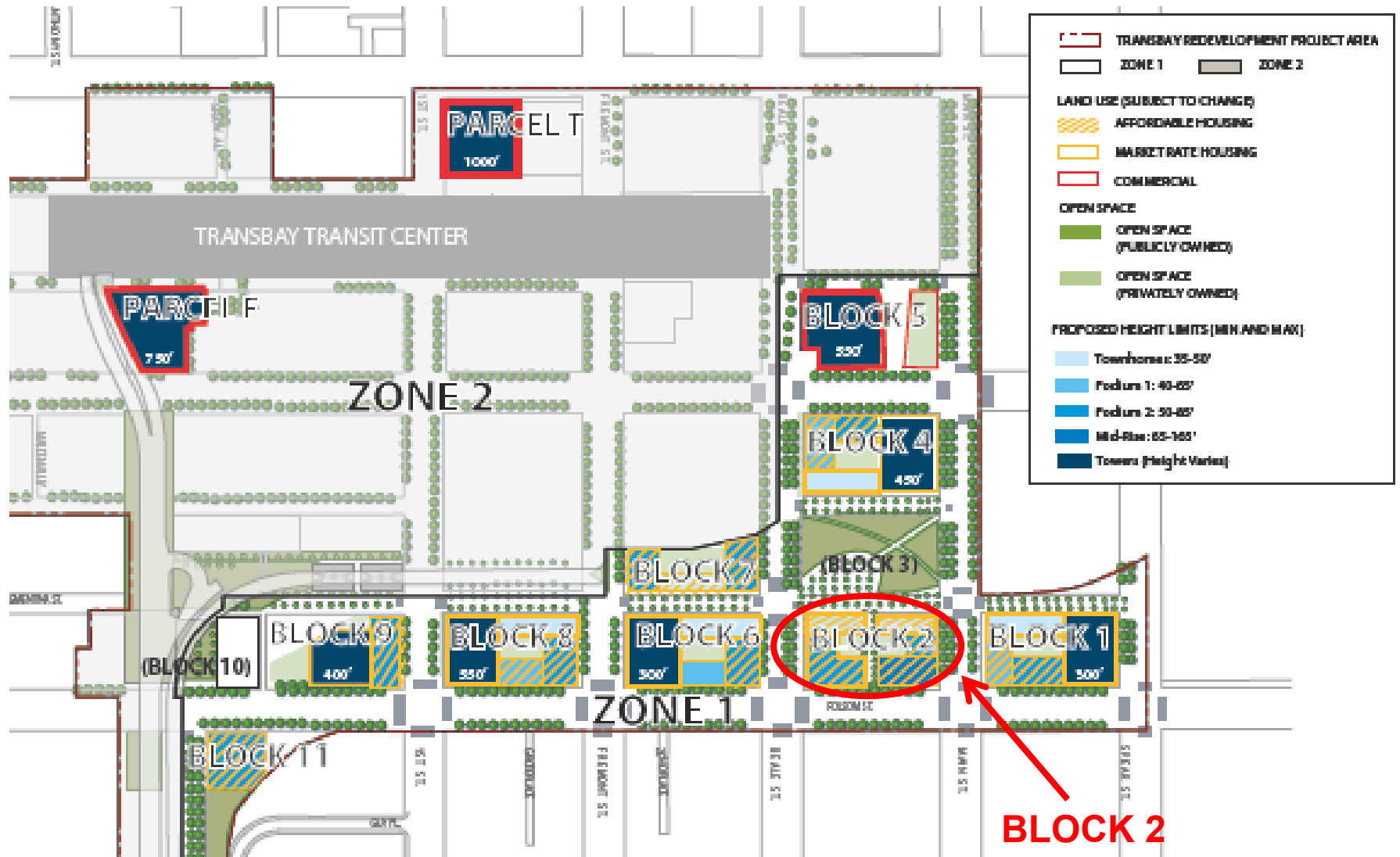
April 6, 2021

Current Request

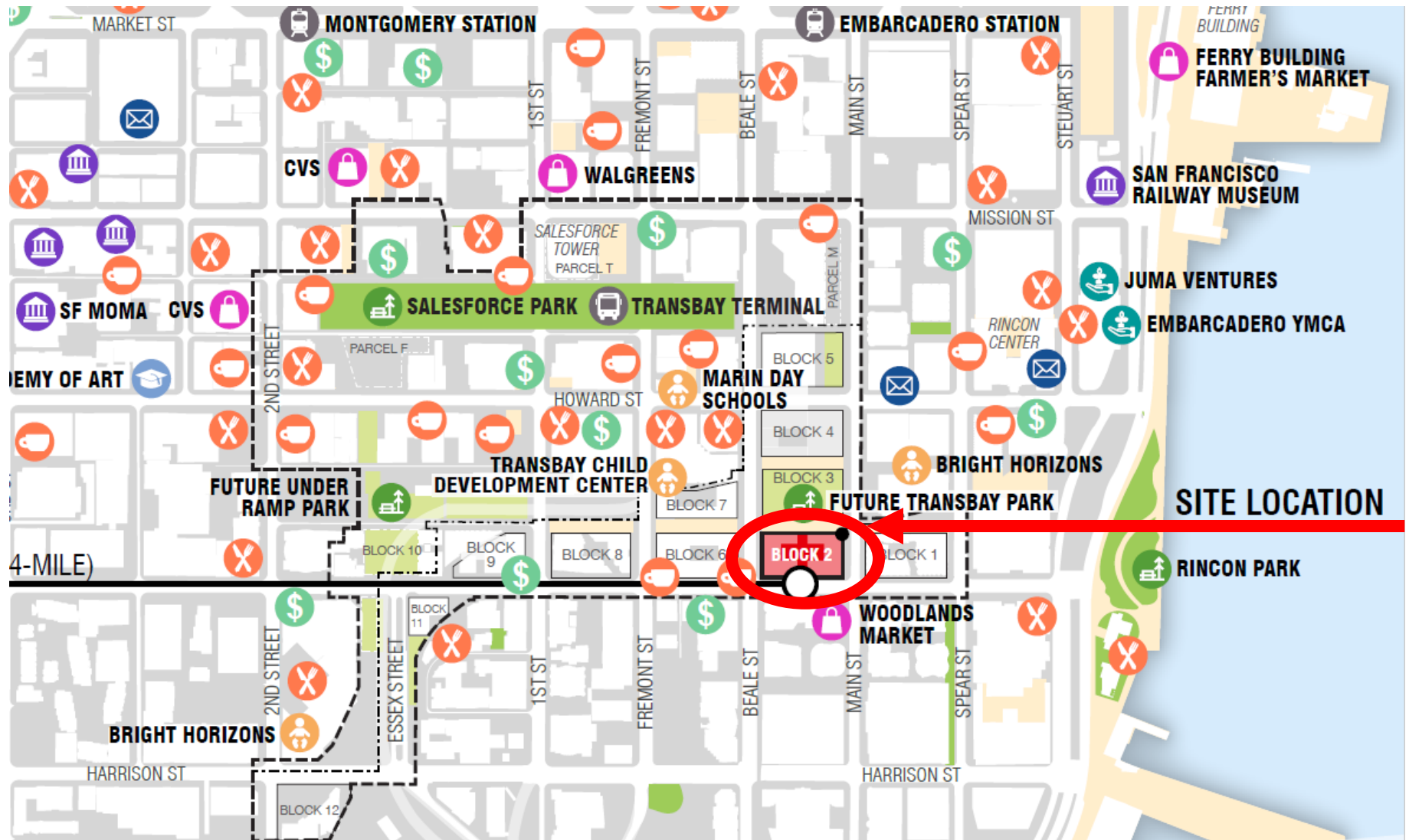
Approval of:

- Exclusive Negotiations Agreement Transbay Block 2 (both East and West)
- Predevelopment Loan Agreements:
 - Transbay Block 2 East – Mercy Housing
 - Transbay Block 2 West – Chinatown Community Development Center

Site Location



Site Amenities



Background

- Transbay Redevelopment Plan/Project Area established (2005)
- Project Area divided into two zones (Zone 1, Zone 2)
- To date, 2,196 housing units completed in Zone 1 (33% affordable)
- OCII acquisition of Transbay Blocks 2-3-4 from TJPA in January 2021
- June 2020, OCII issued RFP for Transbay Blocks 2 E & W

RFP Selection Criteria

- RFP goals/requirements:
 - High quality housing for families and seniors, including formerly homeless
 - Balance excellence in design with feasible development costs
 - Maximize participation COP Holders
 - Child-care and retail to serve residents and greater neighborhood
 - Resident services address needs for populations served

RFP Selection Criteria

Selection Criteria
Proposed Development Concept
Proposed Massing Concept: high quality housing for families and seniors including formerly homeless; child care center; ground floor retail
Financial feasibility and level of OCII subsidy
Proposed Services Plan
Proposed Marketing Plan
Workforce and Contracting Action Plan
Developer Team Experience and Capacity
➤ Developer experience in developing and marketing affordable housing and mixed-use projects <u>comparable</u> to proposed housing ➤ Developer experience in financing government assisted affordable housing; delivering high quality housing on budget ➤ Developer Capacity ➤ Architect experience and capacity ➤ Service Provider experience and capacity ➤ Property Manager experience and capacity

RFP Submittal Ranking

- Submittals: Five proposals, all complete
- Evaluation Panel: OCII, MOHCD, Transbay CAC
- Team Interviews: Oct 14-15, 2020
- Top ranking based on total scores

Developer	Score Ranking
Mercy Housing California (Mercy) and Chinatown Community Development Center (CCDC)	1
The Related Companies with Tenderloin Neighborhood Development Corporation	2
BRIDGE Housing with San Francisco Housing Development Corporation	3
MidPen Housing and Tishman Speyer	4
McCormack Baron Salazar and Young Community Developers	5

Mercy/CCDC Proposal Strengths

- Two San Francisco-based affordable housing nonprofits
- Design that activates the ground floor with retail and childcare space
 - Mercy as lead developer and CCDC as co-developer
 - Mercy responsible for overall retail design, programming, and lease-up of commercial space for both sides of Block 2
- Thoroughly assessed the Project's financial feasibility
- Emphasized services specific to the target populations

Mercy/CCDC Development Team

	Block 2 East (Family)	Block 2 West (Senior)
Primary Developer/ Long Term Owner	Mercy*	CCDC
Architect	Kennerly Architecture and Planning	Mithun
Residents Services Provider	Mercy	CCDC
Supportive Services Provider	Episcopal Community Services	CCDC
Property Manager	Mercy	CCDC

* Mercy will lead overall coordination of Blocks 2 East and West and will leading retail planning and leasing for both buildings

Preliminary Development Program

	Block 2 East - Family Project	Block 2 West - Senior Project
Housing Units*	101	153
Commercial	Retail: 1,380 SF Child Care Center: 5,950 SF	Retail: 4,320 SF
Population	Families: 30-80% AMI Formerly homeless families: 20% AMI	Seniors: 30 - 80% AMI Formerly homeless seniors: 25% AMI
Resident Amenities/ Community Spaces	• Community room with kitchen • Laundry room with adjacent deck • Management/services offices	• Community room with kitchen • Laundry room with adjacent deck • Management/services offices • Ground floor courtyard
Parking	No vehicular parking; secured bicycle parking (for each building)	

*Housing unit estimates are preliminary and will be further studied in predevelopment

Exclusive Negotiations Agreement

- Performance Deposit of \$10,000
- Term: 30 months, may extend up to additional 12 months
- Anticipates Options to Ground Lease
- Design Review and Document Approval Procedures
- Milestones:
 - Submittal of design documents and cost estimates
 - Submittal of a subdivision map application
 - Execution of Option to Ground Lease
 - Execution of Ground Leases

Predevelopment Loan Agreements

- Loan amounts = \$3.5M each
- Terms include: 3% simple interest rate, conversion to permanent loan at construction closing
- Loan Committee approved both loans on February 19, 2021
- Loan conditions include:
 - Further study of massing and financial feasibility at 165' and 240' heights on 2 East
 - Cohesive block-wide design and economies of scale
 - Refine supportive housing plan
 - Establish boundaries of 2 East and West
 - Recommend age limit for project on 2 West

Marketing

- Occupancy Preferences
 1. Certificate of Preference holders
 2. Displaced Tenant Preference Program
 3. Neighborhood Resident Housing Preference
 4. San Francisco Residents or Workers
 5. Members of the General Public
- Early Outreach and Marketing Plans
 - COP Outreach
 - Rental readiness counseling, technical assistance, and marketing/ application collection process

Marketing

- Retail Tenant Marketing
 - Leverage Mercy's retail success, community connections
 - Emphasize outreach to locally owned small businesses
 - Collaboration with OEWD to identify and assist potential tenants
 - Preference to business occupants within the Project Area

Contracting and Workforce Compliance

- Contracting
 - RFQ/RFPs for professional services this Spring
 - 35% of architectural scope to associate architects
 - Pursue joint venture or similar partnership between general contractor and an SBE contractor to extent economically feasible and practicable
- Workforce
 - Development team will work closely with OCII Contract Compliance team to ensure local hiring goals are met

Community Outreach To Date

Transbay CAC Meetings

Jun 2018	Present RFP
Oct 2019	Update on RFP
Jun 2020	Update on RFP
Nov 2020	Mercy/CCDC Recommended as Development Team

Tentative Development Schedule

Timeframe	Action
Summer 2021	Conceptual Design Studies (including height recommendation on Block 2 East)
Late 2021	Schematic Design Approval
2022	Design and Permitting; Funding Applications
Early 2023	OCII Construction Funding Approval
Late 2023	Construction Start
Late 2025	Construction Completion

Transbay Blocks 2 East and West

Questions/Comments

*You are watching a Live meeting of the
Commission on Community
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PUBLIC COMMENT CALL-IN:

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Press #, then press # again

- Press *3 to submit your request to speak
- Wait for your line to be unmuted
- You will have 3 minutes to provide a comment