

MEMORANDUM

TO: Agency Commissioners

FROM: Fred Blackwell, Executive Director

SUBJECT: Authorizing a Letter Agreement with the City of San Francisco Department of Public Works for Phase I Infrastructure Task Force Services for the Hunters View Housing Development at Middle Point and West Point Roads, for an aggregate amount not to exceed \$430,000; Bayview Hunters Point Redevelopment Project Area

EXECUTIVE SUMMARY

The Hunters View is a 22 acre, 267 unit public housing development located at Middle Point and Evans Avenue in the Bayview Hunters Point Project Area (the "Site"). The property, owned and operated by the San Francisco Public Housing Authority, is severely distressed, both in terms of the physical housing units as well as the 50+ year old infrastructure. Additionally, the Site reflects a dated approach to land use wherein buildings have been situated according to topography, ignoring views, circulation, safety and community. With only one road providing access to the Site, it is also physically isolated from its surrounding neighborhoods.

The Hunters View revitalization project seeks to replace the currently dilapidated 267 housing units, but also to physically re-connect this community with the surrounding neighborhoods, through a completely re-designed infrastructure of streets and sidewalks, more typical of the rest of San Francisco. Furthermore, the Hunters View development will incorporate approximately 456 additional units of low-income rental, first-time homebuyer and market rate for-sale units (the "Project"). It is this holistic re-visioning of the Project that will result in a neighborhood similar to the rest of San Francisco, where residents of various incomes live in high quality housing in a community that is connected to the rest of the City.

Since its initial action in September of 2007, the Agency Commission has approved a total of \$15,645,255 in tax increment loans and other actions associated with the Project. In collaboration with the Mayor's Office of Housing, The San Francisco Housing Authority and the development team of Hunters View Associates, L.P. ("HVALP") the Agency provides coordination support for the design and infrastructure components of the Project and is tasked with ensuring that these critical tasks are completed in a timely manner and remain on budget. Due to the extent of the infrastructure work on this 22 acre Site, approximately 18 other City agencies and departments will become involved at some level over the course of the Project. The Department of Public Works created an Infrastructure Task Force (the "Task Force") to provide coordination and assistance for

large scale development projects, such as Mission Bay and the Hunters Point Shipyard, and given the complexity of this Project, staff recommends that the Task Force should similarly be engaged. The Task Force has submitted a scope of work and fee proposal of \$430,000 to provide its services to the Project through March 2011. A Hunters View Task Force Schedule and Budget estimate are attached for review.

California Environmental Quality Act

Approval of the Letter Agreement is not a project as defined by California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5), because the activities to be undertaken by the Task Force through the Agreement are Agency administrative activities that will not independently result in a physical change in the environment and are not subject to environmental review under CEQA.

Staff recommends Authorizing a Letter Agreement with the Department of Public Works of the City and County of San Francisco, in an amount not to exceed \$430,000, to facilitate and oversee the review, evaluation, and approval of the Phase I horizontal infrastructure improvements of the Hunters View revitalization project; Bayview Hunters Point Redevelopment Project Area (Areas A and B) Citywide Tax Increment funds.

DISCUSSION

Background

In 2002 the San Francisco Housing Authority ("SFHA") completed a comprehensive physical needs assessment of all SFHA properties and identified a number of sites with extensive physical problems, poorly configured site plans, inadequate building structures and/or underutilized sites where higher densities could provide additional affordable housing. One of the sites identified was Hunters View, located within the Bayview Hunters Point Redevelopment Project Area.

Hunters View Associates, L.P. ("HVALP") comprised of, the John Stewart Company ("JSCo"), Devine and Gong, Incorporated ("DGI"), and Hunters View Affordable Housing, Inc. ("HVAH"), a wholly-owned subsidiary of Ridge Point Nonprofit Housing Corporation was selected in 2003 by the San Francisco Housing Authority to undertake the redevelopment of the Hunters View site.

Since its selection, HVALP has engaged a master planning architect (WRT Solomon, ETC), landscape architect, design architects (Paulett Taggart Architects and Ian Birchall Architects), engineers and a project consultant (collectively the "Development Team") to implement the Hunters View revitalization program. The Development Team has created a comprehensive housing, infrastructure and open space plan, received entitlements for Phase I vertical development, approvals of an environmental impact report, tentative map, street vacation, applied for and received significant additional funding for the Project, and met significant other milestones in preparation for commencement of pre-construction activities in December 2009.

The Agency, in its roles as lender and property owner, has the task of coordinating the design and infrastructure development on behalf of the City partners. Having implemented projects with a similar scope of infrastructure, the Agency wishes to engage

the services of the Department of Public Works Infrastructure Task force in order to more effectively implement the Project.

Proposed Design

Currently, approximately 723 units of new housing are planned, consisting of 267 replacement public housing units, 83 new very-low income affordable rental units (affordable to households earning no more than 50% City AMI), and 373 homeownership units (including market rate, as well as, low and moderate income first-time home buyer).

Phase I includes extensive new infrastructure, including a new street that will extend through the Site from the existing Fairfax Street located to the west. Other significant infrastructure improvements include new stormwater, sewer, electrical and gas services, street lighting, trees, sidewalks, curb and gutter, as well as the ancillary equipment and features associated with these improvements. Currently, the estimate for infrastructure construction cost in Phase I is \$21,348,000.

Current Request

Due to the extent of the infrastructure work on this 22 acre Site, approximately 18 other City agencies and departments will become involved at some level over the course of the Project. From its experience implementing similarly complex infrastructure projects such as Mission Bay North and South as well as the Hunters Point Shipyard, the Agency has found it beneficial to engage the services of the Task Force to assist in coordinating the myriad submissions, reviews, permit and mapping and other activities.

In July, 2008 Staff approached the Task Force and requested an initial review of the Project, trouble-shooting and coordination assistance. Since that time, the Task Force has met with the development team on a bi-weekly basis, completed the Street Vacation Application and approval process, submitted and received approval of the Tentative Map and is currently assisting with the Final Map and 65% Infrastructure plan review. For this ongoing scope of work, and to bring the Project through construction coordination and acceptance of Phase I streets, the Task Force has provided a fee proposal of \$430,000. This scope encompasses completed tasks as described and includes on-going coordination until March 2011. A Hunters View Task Force Schedule and Budget estimate are attached for review. The Task Force has the unique ability to reach out to the various agencies involved in a given aspect of the Project, and assist the Agency and the development team with negotiating the terrain of a challenging system of permitting and approval processes.

California Environmental Quality Act

Approval of the Letter Agreement is not a project as defined by California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5), because the activities to be undertaken by the Task Force through the Agreement are Agency administrative activities that will not independently result in a physical change in the environment and are not subject to environmental review under CEQA.

Next Steps

The requested approval of the Task Force Letter Agreement will allow staff and the development team to continue moving the Project forward in a timely manner.

(Originated by Erin Carson, Development Specialist)

Fred Blackwell
Executive Director

[Attachments: 1. Hunters View DPW Task Force Budget](#)

RESOLUTION NO. 131-2009

AUTHORIZING A LETTER AGREEMENT WITH THE CITY OF SAN FRANCISCO DEPARTMENT OF PUBLIC WORKS FOR PHASE I INFRASTRUCTURE TASK FORCE SERVICES FOR THE HUNTERS VIEW HOUSING DEVELOPMENT AT MIDDLE POINT AND WEST POINT ROADS, FOR AN AGGREGATE AMOUNT NOT TO EXCEED \$430,000; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the “Agency”) is authorized by the California Community Redevelopment Law (Health and Safety Code, Section 33000 et seq.), to distribute monies from its Tax Increment Affordable Housing Fund to developers for the specific purpose of increasing and maintaining the housing stock in the City and County of San Francisco affordable by very low-, low-, and moderate-income households.
2. The Hunters View site is an approximately 21-acre site currently improved with 267 housing units generally known as 227-229 West Point Road (Block 4624, Lots 3, 4 & 9 and Block 4720, Lot 27, collectively referred to as the “Site”), which is located in Areas A and B of the Bayview Hunters Point Redevelopment Project Area, and is owned and operated by the San Francisco Housing Authority (“SFHA”). A portion of the Site, consisting of an approximately 1.65 acre parcel (Block 4720, Lot 27, hereafter the “Agency Parcel”), is owned by the Agency.
3. In 2003, SFHA (owner and operator of the 267 existing Hunters View rental units) issued a Request for Qualifications for a developer to redevelop the Site, a severely distressed site that could not feasibly be rehabilitated.
4. In August 2005, SFHA selected the development team known as the Hunters View Community Partners, the predecessor-in-interest to Hunters View Associates, L.P., a California limited partnership (the “Borrower”).
5. The Borrower’s general partners are the managing general partner, The John Stewart Company, a California corporation, and two co-general partners: Devine and Gong, Inc., a California corporation, and Hunters Point Affordable Housing, Inc., a California nonprofit public benefit corporation, which is a wholly owned subsidiary of the Ridge Point Non-Profit Housing Corporation, a California nonprofit public benefit corporation.
6. The Borrower will demolish the existing 267 housing units and develop the Site in three phases. Upon completion, the Site will contain the following potential unit mix: (a) 267 housing units that will replace all of the existing 267 housing

- units and will be rented to low-income households; (b) approximately 83 units constructed for rent to low-income tenants; (c) approximately 58 units constructed for sale to first-time homebuyers in accordance with the Agency's Limited Equity Homeownership Program; and (d) approximately 17-20 units that may be constructed by Habitat for Humanity San Francisco, (collectively the "Project"). Borrower also intends to construct approximately 315 new housing units to be sold at market rates, which are not considered to be part of the Project for the purpose of the predevelopment loan requested by Borrower.
7. Borrower intends to work with SFHA to subdivide the Site into numerous lots for transfer of the lots in fee or by ground lease to facilitate the financing and development of the residential components described in Recital 6 above.
 8. If authorized by the Agency Commission, the Agency Parcel will be conveyed to either SFHA for conveyance to the Borrower or directly to the Borrower for development in connection with the Project, subject to the Borrower's successful completion of conditions precedent to such disposition to be hereafter specified by the Agency.
 9. Borrower has previously obtained a loan pursuant to the Loan Agreement (City and County of San Francisco Home Program) between the Borrower and the City and County of San Francisco dated as of March 8, 2007, in the amount of Five Hundred Ninety-Seven Thousand Nine Hundred Dollars (\$597,900) for certain Project predevelopment costs, including the conceptual design and engineering studies for the Project and Borrower has also secured a recoverable grant from the Local Initiatives Support Coalition in the amount of Fifty Thousand Dollars (\$50,000) for the Project.
 10. On September 18, 2007, pursuant to Resolution No. 100-2007, the Agency Commission authorized a predevelopment loan in the amount of \$1,500,000 (the "Predevelopment Loan Agreement" or the "Phase I Rental Loan Agreement") to undertake design development, environmental, entitlements and construction activities related to Master Planning of the Project, to be repaid when permanent financing is obtained for any portion of the Project.
 11. On December 7, 2007, the Citywide Loan Committee, as part of the HOPE SF Program, approved a predevelopment loan in the amount of \$1,500,000 for Master Planning of the Project.
 12. On May 6, 2008, pursuant to Resolution No. 42-2008, the Agency Commission authorized the First Amendment to the Predevelopment Loan Agreement for an amount not to exceed \$1,904,679 for costs associated with predevelopment tasks for Phase I.
 13. On September 16, 2008, pursuant to Resolution No. 112-2008, the Agency Commission authorized execution of a Moderate Income Homeownership Loan Agreement, which terms included the allocation of \$374,931 of the Phase I Predevelopment Loan amount to the Moderate Income Homeownership Loan

- Agreement. This allocation resulted in a remaining balance of the Phase I Rental Loan of \$1,529,747.
14. Also on September 16, 2008, pursuant to Resolution No. 111-2008, the Agency Commission authorized an Amended and Restated Tax Increment Loan Agreement to allocate \$500,000 of the Master Planning Loan amount to the Phase I Rental Loan Agreement and to increase the Rental Loan by an amount not to exceed \$8,647,231, for an aggregate loan amount of \$10,676,978. This allocation resulted in a remaining balance of the Master Planning Loan amount of \$1,000,000.
 15. On October 20, 2009, pursuant to Resolution No. 113-2009, the Agency Commission authorized an Amended and Restated Master Planning Loan Agreement to increase the loan by an amount not to exceed \$441,991, for an aggregate Master Planning Loan amount of \$1,441,991.
 16. Also on October 20, 2009, pursuant to Resolution No. 114-2009, the Agency Commission authorized the Second Amended and Restated Phase I Rental Loan Agreement to reduce the loan for an aggregate loan amount not to exceed \$9,817,252.
 17. In furtherance of the Project, the Agency now wishes to enter into a Letter Agreement (the "Letter Agreement") with the San Francisco Department of Public Works ("DPW") in an amount not to exceed \$430,000 for provision of services by the DPW Infrastructure Task Force (the "Task Force") to coordinate review, approval, and oversight services related to Phase I infrastructure at the Site.
 18. Approval of the Letter Agreement is not a project as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5), because the activities to be undertaken by the Task Force through the Letter Agreement are Agency administrative activities that will not independently result in a physical change in the environment and are not subject to environmental review under CEQA.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute a Letter Agreement with the Department of Public Works of San Francisco in an amount not to exceed \$430,000, substantially in the form lodged with the Agency General Counsel, to provide review, approval, and oversight services for Phase I infrastructure for the Hunters View Housing Development at Middle Point and West Point Roads; Bayview Hunters Point Redevelopment Project Area.

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel