

HOPE SF SUNNYDALE
Development Agreement Summary
November 17, 2016

HOPE SF SUNNYDALE:

Since its inception in 2008, HOPE SF has been a City sponsored anti-poverty initiative seeking to transform the lives and environment of the residents living in San Francisco's most distressed public housing sites through a major redevelopment effort to create a vibrant and thriving mixed-income community. This Development Agreement ("DA") is an essential entitlement tool to grant the Developer vested rights to undertake the revitalization of the Sunnydale-Velasco ("Sunnydale") HOPE SF public housing site.

The proposed Development Agreement between the City and County of San Francisco (the "City"), the development partnership of Mercy Housing and Related California (together "Developer"), and landowner the Housing Authority of the City and County of San Francisco ("SFHA"), will allow for the development of the 50-acre Sunnydale-Velasco site. The site is located in the Visitacion Valley neighborhood and is bounded by McLaren Park to the north, Crocker Amazon Park to the west, Velasco Street to the south, Hahn Street to the east. The site is currently home to about 775 public housing households and is owned and operated by the SFHA. The site is in a state of disrepair and has limited access to services, poor connectivity with the adjacent neighborhood, and no formal open spaces. It is the goal of the City and the Developer to realize the City's HOPE SF vision, which seeks to transform Sunnydale from its current condition into a vibrant mixed-income community that is well-served by City infrastructure and well-connected to City resources and opportunities.

DEVELOPMENT AGREEMENT:

The City and SFHA selected the Developer through a public request for proposals process in 2007 to lead revitalization of the site, and to own and manage the new affordable housing. The project's joint Environmental Impact Report/Environmental Impact Statement was certified by the Planning Commission on July 9, 2015. The City and the Developer are entering into this DA and associated Special Use District in order to secure long-term commitment to the important goals of HOPE SF. The DA memorializes increased development density and secures a significant set of in-kind public benefits beginning with the demolition and reconstruction of 775 public housing units, and including the construction of additional affordable housing, new market rate housing, roadway, utility, and transportation improvements, and new neighborhood open space and social services.

The City and the Developer's commitment to this plan is memorialized in the Sunnydale DA, which must be recommended for approval by the Planning Commission and endorsed by the Recreation and Parks Commission, Department of Public Works Director, Public Utilities Commission, and San Francisco Municipal Transit Agency Board, before seeking final approval from the Board of Supervisors. Separately, the Developer and the City will enter into a Master Development Agreement ("MDA") with the property owner, the SFHA, which will explicate rights and requirements related to land transfers and state and federal guidelines for public housing replacement.

SPECIAL USE DISTRICT AND DESIGN CONTROLS:

The DA is part of a larger regulatory approvals package that also includes a Planning Code text amendment creating a Special Use District ("SUD") for the project site, a companion Design Standards and Guidelines Document ("DSG"), a Planning Code map amendment, and a General Plan amendment. These design controls have been developed through lengthy discussions with Planning Department staff and community members to ensure that the urban, architectural, and landscape design of the buildings, public realm, and community improvements will be of high quality and appropriate scale, include sufficient open space, and promote public health, safety, and general welfare.

VESTED DEVELOPMENT PROGRAM:

The DA gives the Developer the vested right to develop the site during the DA's twenty-five year term. Vested elements consist of: locations and numbers of buildings; land uses and height and bulk limits; permitted uses; provisions for vehicular access and parking; and provision for new open spaces and public improvements. The housing development plan is divided into affordable parcels, which contain public housing replacement units and new affordable tax-credit units that will be constructed, owned and managed by the Developer, and market rate parcels, which are intended to be sold to independent private developers for the development of market rate units. As part of this vesting, development impact fees do not apply to the affordable parcels (which is consistent with existing Planning Code regulations), while market rate parcels will pay certain development impact fees in recognition of the large neighborhood investments being made.

Specifically, the Developer will have a vested right to develop **up to 1,770 new residential units**, which includes a required **minimum of 969 affordable and public housing units**, and an **anticipated 600 market rate units; 60,000 gross square feet of new community-serving uses including retail; 3.6 acres of publicly accessible open space; approximately 1,437 off-street parking spaces** (0.85 spaces per dwelling unit) in underground and at-grade parking garages, **525 on-street parking spaces**, and 1 bicycle

space for each of the 1,770 housing units created plus **38 public bicycle parking spaces**. These rights will remain vested during the term of the DA.

PUBLIC BENEFITS:

The revitalization of this isolated, obsolete public housing site into a thriving vibrant mixed income community represents significant public benefit. In return for providing the Developer with the zoning changes and vested development program described above to achieve the revitalization vision, the City will receive a comprehensive package of in-kind public benefits.

A. AFFORDABLE HOUSING PROGRAM

The Developer is required to construct affordable housing units equal to at least 125% of the existing units on site, or a minimum of 969 affordable units. This includes a 1-for-1 replacement of the occupied 775 public housing units and the addition of new low-income units. A mixture of both types of affordable units will be contained within each new affordable housing building.

- i. Public Housing Replacement Units: Replacement public housing units will be supported with Project-Based Section 8 rent subsidies or Rental Demonstration Program (RAD) rent subsidies and offered to existing Sunnydale public housing residents in good standing. The provisions for design, delivery, tenancing, and operations and maintenance of the replacement units must be in accordance with applicable U.S. Department of Housing and Urban Development (“HUD”) and SFHA regulations, HUD Section 18 application and award, and must comply with the terms of the MDA (including an approved relocation plan and conformance with the City’s Right to Return Ordinance), and any other funding requirements.
- ii. Low-Income Units: New tax-credit units will increase the City’s affordable housing stock and be available to qualifying low-income households earning up to 60% of AMI. Households will be selected per the policies and procedures of the Mayor’s Office of Housing and Community Development.

B. PUBLIC INFRASTRUCTURE IMPROVEMENTS

The Developer will be responsible for designing, developing, and installing all public infrastructure improvements including roadways, sidewalks, stormwater management improvements and bicycle paths in the public right-of-way, public utilities such as combined sewer, water, and power lines, and transportation improvements. The City agrees to accept the project’s completed public infrastructure improvements, so long as those improvements have been designed and built to all applicable City standards and the project’s design controls.

C. OPEN SPACE

The Developer will be responsible for designing, developing, and installing the 3.6 acres of open spaces on four development blocks. The Project includes a main neighborhood green and community orchard and garden located along Santos Street and Sunnydale Avenue, adjacent to the neighborhood’s community and retail hub. There are additional pocket parks across the site. The project also plans for a new open space adjacent to and connecting to the existing Herz Playground and Coffman Pool operated by the San Francisco Recreation and Parks Department (“RPD”). The Developer or its successors will be responsible for the maintenance and operation of these privately owned public open spaces.

D. COMMUNITY AND CHILDCARE FACILITIES

The Developer will provide new childcare and community facilities in excess of today’s existing site services. These facilities include two dedicated childcare centers, an indoor recreation center, and community space for a number of social service organizations. The project’s SUD and design controls allow for new neighborhood-serving retail space concentrated at Sunnydale Avenue between Hahn and Santos Streets.

E. WORKFORCE DEVELOPMENT PROGRAM

The Developer will enter into a Memorandum of Understanding with the City’s Office of Economic and Workforce Development (“OEWD”) and the SFHA that outlines a specific workforce development program for the project. In keeping with SFHA regulations and HOPE SF Initiative goals, the workforce program places particular emphasis on hiring qualifying public housing residents seeking employment (at least 25% of total workforce hours). Working through OEWD’s Citybuild program, these residents will have the opportunity to attend job readiness training and training academies for specific trades. In addition, the Developer will participate in the City’s Small Business Enterprise program, which sets a percentage goal to hire qualified small businesses for construction and professional services, and in SFHA Resolution 2444, which outlines a goal of 20% aggregate involvement of Minority Business Enterprises/Women Business Enterprises in construction contracts and procurement activities. The Developer will pay prevailing wages in connection with all construction activities.

F. MARKET RATE PARCELS

The Developer will prepare each designated market rate parcel for development, including rough grading and utility hook-ups. These parcels will then be sold to independent market-rate developers with the DA’s vested development rights and

obligations retained on these parcels. Regulations and process for these land transfers are specified in the MDA. Market rate parcels are not required to include affordable units, however the City reserves the right to include deed-restricted moderate income units in these developments through the provision of gap funding for such units. The proceeds from sale of these market rate parcels will provide a critical source of funding for the implementation of the project.

PROJECT DEVELOPMENT PHASING AND FUNDING:

The City has emphasized the provision of affordable housing in the DA's Phasing Plan, which outlines the timing and scope of each development phase. The project's public benefits shall be constructed proportionate to the development of the affordable housing. The Developer and the City have retained flexibility in the order and scope of each phase in order to be responsive to relocation needs and changes in funding for the project. The exact timing and scope of each development phase will be based on funding availability. The City and the Developer will work collaboratively to secure state and federal subsidies for the affordable units, procure City funding appropriations for the construction of the new infrastructure and open spaces, and enable the provision of affordable housing through MOHCD "gap" financing. Each phase will have separate funding and loan agreements between the Developer and MOHCD that outline specific funding terms and responsibilities.

SUNNYDALE HOPE SF



What	Today	Development Plan
Affordable housing units	775 public housing units	969 to 1,076 affordable rental units including units for existing Sunnydale/Velasco households to exercise Right to Return to a new construction unit, plus new affordable units for working families and extremely low income seniors
Market rate housing units	0	600-694 units
Community facilities on site	29,000 sq ft center with SFHA leasing office, health & wellness center, and after school programs	60,000 sq ft for neighborhood amenities, including retail, two early childhood learning centers, after school programs, family resource center, gym, multi-purpose and educational spaces.
Outdoor recreational space	Less than ½ acre of playgrounds and basketball court	3.6 acres on four blocks; Linear open space with multi-purpose path on Sunnydale Ave
Public Infrastructure	Curvilinear street pattern; failing utility infrastructure;	All new street grid with street trees, green stormwater infrastructure, lighting, transit related infrastructure; all new utilities.