



Memorandum

AGENDA ITEM 5

DATE: March 9, 2023

TO: Treasure Island Mobility Management Agency Committee

FROM: Suany Chough, Assistant Deputy Director for Planning

SUBJECT: 3/14/23 Committee Meeting: Recommend Approval and Authorization for the Executive Director to Execute a Memorandum of Agreement with the Treasure Island Development Authority for \$2,000,000 in Regional Early Action Planning Grant Program 2.0 Funds for Pre-development Activities for Treasure Island Parcel E1.2

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <ul style="list-style-type: none"> • Recommend approval and authorization for the Executive Director to execute a Memorandum of Agreement (MOA) with the Treasure Island Development Authority (TIDA) for \$2,000,000 in Regional Early Action Planning (REAP) Grant Program 2.0 funds for pre-development activities for Treasure Island Parcel E1.2 • Recommend authorization for the Executive Director to negotiate agreement payment terms and non-material terms and conditions <p>SUMMARY</p> <p>Through Resolution 23-04, approved in January 2023, the Board authorized the Executive Director to apply for, receive, and enter into an agreement with the State of California Department of Housing and Community Development (HCD) for \$6,500,000 from the Higher Impact Transformative Allocation (HIT) of the REAP Grants Program 2.0. As part of the application, HCD requires legally binding agreements with implementing agencies, if any. Since TIDA will be implementing the pre-development activities for Parcel E1.2, which is designated for affordable housing for seniors, TIMMA and TIDA staff developed an MOA to outline the roles and responsibilities of the two agencies with respect to the</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input type="checkbox"/> Plan/Study <input type="checkbox"/> Capital Project Oversight/Delivery <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: _____
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<p>administration of the Parcel E1.2 project. The draft MOA was approved by the TIDA Board of Directors on February 8, 2023, and is due to HCD by March 31, 2023. If awarded, this grant will help accelerate implementation of affordable housing development and complementary transportation improvements such as a multi-operator transit pass for residents and workers on Treasure Island and Yerba Buena Island.</p>	
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BACKGROUND

REAP 2.0 seeks to accelerate infill housing development, reduce VMT, increase housing supply at all affordability levels, affirmatively further fair housing, and facilitate the implementation of adopted regional and local plans to achieve these goals. REAP 2.0 is administered by HCD in collaboration with the Governor’s Office of Planning and Research, the Strategic Growth Council, and the California Air Resources Board.

Of the \$600 million in the REAP 2.0 program, \$30 million is set aside for the HIT Allocation, which supports innovative or novel approaches that are scalable and further REAP 2.0’s goals and objectives including housing and equity goals, reduction of VMT, and implementation of the region’s Sustainable Communities Strategy.

TIMMA staff, working with TIDA, identified a package of projects on Treasure Island that fits the goals and objectives of the REAP 2.0 HIT allocation. The \$6.5M package includes:

- Pre-development activities for Parcel E1.2, a site designated for affordable housing for seniors, to be implemented by TIDA (\$2 million).
- Specifications and launch of a Treasure Island multi-operator transit pass (\$500,000). This funding would allow us to complete design and specification for the transit pass with Clipper, Muni, WETA, and AC Transit, and launch the program.
- Planning, implementation and a one-year demonstration phase of an on-demand shuttle service to the East Bay (\$3.8 million). This would provide on-demand microtransit service between Treasure Island and the East Bay, a route not currently served by any kind of transit. The scope includes a demonstration phase of one year.
- Follow-up activities to implement recommendations from the Treasure Island Supplemental Transportation Study (\$200,000). This funding would allow us to continue the community-based transportation planning process funded by the Prop K Neighborhood Program and co-led by the Transportation Authority and One Treasure Island.



DISCUSSION

TIDA will implement the first component, pre-development activities for Parcel E1.2, according to the budget below. The REAP 2.0 funding would supplement the \$2 million available to TIDA from the Developer's housing subsidy commitment.

Parcel E1.2 is the third affordable housing development to start construction on Treasure Island. It will provide approximately 100 affordable homes for seniors, Legacy Households, and new units for which Legacy and Vested Residents currently living on Treasure Island will have preference. These housing units inclusive of a manager's unit contribute to the Regional Housing Needs Assessment goals.

The scope of work consists of certain pre-development services required to plan, design, and construct the E1.2 Senior Affordable Housing project located on Treasure Island. This includes services related to securing project financing and project funding commitments; legal and other due diligence including appraisals and market studies; and architecture and engineering needed for construction and environmental clearance documents. There will also be some outreach to the community as part of the design process. The scope of work may change or be expanded, as allowable by the grant guidelines.

TIDA will ensure that program funds are allocated to the developer of this project, Mercy Housing, in collaboration with the Mayor's Office of Housing and Community Development. TIDA will submit invoices to TIMMA for reimbursement.

The pre-development phase typically takes 18-24 months and can begin as soon as funding is secured.



TIDA REAP 2.0 Grant Budget	AMOUNT
<u>SOURCES OF FUNDS</u>	
REAP 2.0 Grant Proceeds	\$2,000,000
TOTAL SOURCES	\$2,000,000
<u>USES OF FUNDS (E1.2 Senior Affordable Housing)</u>	
Financing	\$85,000
Legal and Other Due Diligence	\$775,000
Architecture & Engineering	\$1,140,000
Total Estimated Predevelopment Costs	\$2,000,000
TOTAL USES	\$2,000,000

TOTAL REAP 2.0 FUNDS \$2,000,000

Next Steps. Following approval of the MOA by the TIMMA Board, TIDA and TIMMA will execute the MOA, and we will submit it to HCD by its March 31, 2023.

Grant awards are expected to be announced in Spring/Summer 2023. Funds must be committed by June 2024 and fully expended by June 2026.

FINANCIAL IMPACT

Execution of the proposed MOA will facilitate the obligation of REAP grant funds from HCD, anticipated to be announced in Spring/Summer 2023. Work will not commence until funding is obligated. If TIMMA receives the REAP grant award, sufficient funds will be included in future budgets to cover the cost of the MOA.

SUPPLEMENTAL MATERIALS

- Attachment 1 - Resolution



RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MEMORANDUM OF AGREEMENT WITH THE TREASURE ISLAND DEVELOPMENT AUTHORITY FOR \$2,000,000 IN REGIONAL EARLY ACTION PLANNING GRANT PROGRAM 2.0 FUNDS FOR PRE-DEVELOPMENT ACTIVITIES FOR TREASURE ISLAND PARCEL E1.2 AND AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AGREEMENT PAYMENT TERMS AND NON-MATERIAL TERMS AND CONDITIONS

WHEREAS, The California Department of Housing and Community Development (HCD) is authorized to provide up to \$30,000,000 to Eligible Entities listed in Health and Safety Code Section 50515.08, subdivisions (a)(1)-(6) under the Higher Impact Transformative (HIT) Allocation of the Regional Early Action Planning grants program (REAP 2.0), as detailed in Health and Safety Code Section 50515.08-10; and

WHEREAS, Through Resolution 23-04, approved in January 2023, the TIMMA Board authorized the Executive Director to apply for, receive, and enter into an agreement with the HCD for \$6,500,000 from the REAP Grants Program 2.0; and

WHEREAS, TIMMA and TIDA identified Treasure Island Parcel E1.2, a site designated for affordable housing for seniors that requires funding for pre-development activities, as a strong candidate for the REAP 2.0 funding and eligible costs include costs for financing, legal and other due diligence, and architecture and engineering; and

WHEREAS, TIMMA and TIDA identified several qualifying transit and transportation improvements to complement the Parcel E1.2 Project, including the implementation of a multi-operator transit pass; planning, implementation, and a demonstration phase of an on-demand shuttle service to the East Bay; and continuation of a community transportation planning process; and

WHEREAS, In December 2022, TIMMA submitted an application for \$6,500,000 of REAP 2.0 funding, including \$2,000,000 for predevelopment activities for Parcel E1.2; \$500,000 for implementation of a multi-operator transit pass; \$3,800,000 for planning, implementation and a demonstration phase of an on-demand shuttle service to the East Bay; and \$200,000 for continuation of a community transportation planning process; and

WHEREAS, TIMMA will be the recipient of REAP 2.0 funding, if HCD awards grant funds pursuant to TIMMA's application, and TIDA will be responsible for pre-development



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RESOLUTION NO. 23-XX

activities for the Parcel E1.2 Project; and

WHEREAS, Since a component of the grant scope will be implemented by an agency other than the grant awardee, HCD requires a legally binding subrecipient agreement between grantee, TIMMA, and the implementing agency, TIDA, as part of the grant application package; and

WHEREAS, TIDA and TIMMA have negotiated a Memorandum of Agreement to memorialize the roles and responsibilities of TIMMA and TIDA with respect to the administration and funding of the Parcel E1.2 Project and comply with the applicable provisions of the REAP 2.0 funds; now, therefore, be it

RESOLVED, That the Executive Director is authorized to execute the Memorandum of Agreement with TIDA for a total award of \$2,000,000 from HCD under REAP 2.0 for Pre-development Activities for Treasure Island Parcel E1.2 for the period established by the parties, as set forth in the Memorandum of Agreement; and be it further

RESOLVED, That the Executive Director is authorized to negotiate agreement payment terms and non-material terms and conditions; and be it further

RESOLVED, That for the purposes of this resolution, "non-material" shall mean agreement terms and conditions other than provisions related to the overall agreement amount, terms of payment, and general scope of services; and be it further

RESOLVED, That notwithstanding the foregoing and any rule or policy of TIMMA to the contrary, the Executive Director is expressly authorized to execute amendments to the Memorandum of Agreement that do not cause the total agreement value, as approved herein, to be exceeded and that do not expand the general scope of services.