



Memorandum

AGENDA ITEM 3

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 of 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 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 of 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 the 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 \$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 contributes 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.