

**SUMMARY OF
PROPOSED TRANSITION HOUSING RULES AND REGULATIONS
FOR THE VILLAGES AT TREASURE ISLAND**

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Public Comment Period Ends July 31, 2010

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BACKGROUND

Treasure Island and Yerba Buena Island (together, "NSTI" or the "Islands") comprise a former naval base that the U.S. Navy designated in 1993 for closure. The Navy formally closed base operations on the Islands in 1997 and contracted with the City and County of San Francisco ("City") to manage the Islands pending negotiations for its transfer and redevelopment. The Treasure Island Development Authority ("TIDA"), as the City's designated Local Reuse Authority for redevelopment of NSTI, has both interim and long-term obligations with respect to NSTI. In 1997, TIDA initiated negotiations with the Navy for transfer of the property and redevelopment of the former military base. TIDA also chose at that time to rent the existing, former military structures on NSTI on a temporary basis until redevelopment occurred.

TIDA subleases the former military housing units known as The Villages at Treasure Island through a master lease to The John Stewart Company and leases space directly to a variety of commercial tenants. Under state and federal relocation law, Villages residents and TIDA's commercial tenants are not entitled to relocation benefits.

Nevertheless, TIDA and the Board of Supervisors have decided that the proposed redevelopment program for Treasure Island should include a package of benefits to assist transitioning households and enable residents who wish to remain on Treasure Island long term to do so, if NSTI is redeveloped. TIDA and its prospective private development partner, Treasure Island Community Development ("TICD"), prepared a Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island that was endorsed by the TIDA Board of Directors in October 2006 and the San Francisco Board of Supervisors in December 2006. A subsequent Update to the Development Plan was endorsed by the TIDA Board in April 2010 and by the Board of Supervisors in May 2010 (together with the 2006 Development Plan and Term Sheet, the "Development Plan").

The Development Plan, which will be the basis for a more detailed Disposition and Development Agreement ("DDA") to be presented to the TIDA Board and the Board of Supervisors for approval following environmental review, includes commitments to provide moving assistance and long-term rent protection to Villages residents to avoid displacement of any households that meet three criteria: (1) the household resides on NSTI as of the date of (and if) the Board of Supervisors approves the DDA ("DDA Approval Date"); (2) the household continues to reside on NSTI until offered long-term replacement housing; and (3) the household remains in good standing under its lease throughout that time period. All Villages households that meet these three criteria are "Transitioning Households" that will be eligible for the benefits described in this Summary.

TIDA proposes to adopt Transition Housing Rules and Regulations, which will describe the transition benefits that TICD and TIDA will provide to Transitioning Households if the DDA is approved, specify the eligibility criteria for receiving assistance, and outline the procedures by which Transitioning Households can move into new housing, as outlined in this Summary of the Proposed Transition Housing Rules and Regulations for The Villages at Treasure Island ("Summary").

PURPOSE OF THIS SUMMARY

TIDA and TICD have prepared this Summary to solicit feedback from current Villages residents and policymakers. After receiving comment on this Summary, TIDA will draft detailed Transition Housing Rules and Regulations for consideration and adoption by the TIDA Board. TICD's compliance with the Transition Housing Rules and Regulations will be required as part of the DDA between TIDA and TICD, should the redevelopment project be approved by the TIDA Board and the Board of Supervisors.

This Summary describes how, if and after the DDA is approved, the residents of The Villages at Treasure Island will be transitioned from their current units into newly-constructed units built as part of the proposed redevelopment project on the Island. ***The proposed Transition Housing Rules and Regulations would only apply to the residential tenants of The Villages at Treasure Island.***

If the DDA is approved, residents of units that are part of the Treasure Island Homeless Development Initiative (“TIHDI”) program (which currently includes units managed by Catholic Charities, Community Housing Partnership, Rubicon Programs, Swords for Ploughshares, Walden House, and the Haight-Ashbury Free Clinics) will be transitioned under a separate agreement between TIDA and TIHDI, based on their Term Sheet for the Amended and Restated Base Closure Homeless Assistance Agreement, which was endorsed by the TIDA Board in April 2010 and the Board of Supervisors in May 2010.

As specified in all of TIDA’s interim commercial leases, commercial tenants on NSTI will not receive transition benefits.

PROGRAM FRAMEWORK

- All Transitioning Households (i.e. those who are in good standing when and if the DDA between TIDA and TICD is approved, and who remain in continuous occupancy and good standing until offered long-term replacement housing), will be eligible for transition benefits. Current Villages residents who move off-Island before they are offered long-term replacement housing will not be eligible for benefits.
- Any resident of The Villages at Treasure Island who signs a lease or moves onto NSTI after the DDA Approval Date will be a “Post-DDA Tenant” under the Transition Housing Rules and Regulations. Post-DDA Tenants are ineligible for transition benefits, but will be offered relocation advisory services when required to move.
- All Transitioning Households will have the opportunity to remain on Treasure Island. No eligible Transitioning Household will be required to move before receiving an offer of the benefits described below.
- All Transitioning Households and Post-DDA Tenants will receive relocation advisory services to help them understand their transition options and, for Transitioning Households, the benefits for which they may be eligible.
- All Transitioning Households that elect to remain residents of NSTI will receive moving assistance, which will pay for the cost of moving from their current residence to their new residence.
- In addition to moving assistance and relocation advisory services, Transitioning Households will have an opportunity to select one of three long-term housing benefits described below.

ANTICIPATED PHASING OF DEMOLITION, CONSTRUCTION, AND TRANSITION

As required under the state legislation authorizing the City to designate TIDA as the City’s redevelopment agency for NSTI, the Development Plan specifies that all of the former military housing on the Islands will eventually be deconstructed. As outlined in the Development Plan, TIDA and TICD intend to phase redevelopment so that new housing can be built on NSTI before demolishing most of the existing residential structures, as follows:

- Redevelopment of Yerba Buena Island (“YBI”) is planned as part of the first phase of the redevelopment project. Therefore, demolition of existing YBI housing will be among the first activities TICD undertakes if the DDA is approved. Transitioning Households on YBI will be offered existing units on Treasure Island through Interim Moves (described below).
- Demolition of the housing on Treasure Island is proposed to occur in the later phases of the redevelopment project. But some Transitioning Households may be asked to make Long-Term Moves (described below) in earlier phases as new housing becomes available for occupancy.

TYPES OF MOVES THAT MAY OCCUR

Two types of moves are anticipated if the DDA is approved and NSTI is redeveloped:

- Interim Moves, from one existing unit to another existing unit. An example of this would be a move from a unit in an area proposed for redevelopment in an earlier phase, such as YBI, to an existing unit on Treasure Island. *Most Transitioning Households will not be asked to make an Interim Move.*
- Long-Term Moves, from one of the existing units to a newly-constructed unit on NSTI. All Transitioning Households (including those that previously made an Interim Move) will have the opportunity to make this move.

The benefits available for the two different types of moves are discussed below.

STEPS IN THE PROCESS

1. Establish Household Eligibility for Transition Benefits

- a. Transitioning Households are Villages households that meet three criteria: (i) the Household resides on NSTI as of the DDA Approval Date; (ii) the Household continues to live on NSTI until offered long-term replacement housing; and (iii) the Household remains in good standing under its lease throughout that time period.
 - A "Household" means an individual, or two or more individuals, whether related or unrelated, who mutually consent to live together in a dwelling unit, or one or more families occupying a single dwelling unit.
 - All adults in the Household must have signed the lease, unless they were minors at move-in. Only adult members of the Household named on the lease on the DDA Approval Date and minor family members will be eligible for Transition Benefits and included in a Transitioning Household for purposes of calculating the number of persons in the Household and Household income.
 - Each existing dwelling unit contains only one Household. Each Household will receive only one long-term housing benefit.
- b. Residents who move onto NSTI after the DDA Approval Date will be Post-DDA Tenants eligible only for relocation advisory services under the Transition Housing Rules and Regulations.
- c. TIDA will maintain records indicating whether each Household is an eligible Transitioning Household or is a Post-DDA Tenant.

2. First Notice to Move

- a. TIDA will deliver a First Notice to Move to each affected Household when the relocation of the Household is required to facilitate the ongoing redevelopment of NSTI. The first Long-Term Moves are not expected to occur for several years.
- b. The First Notice to Move will state whether TIDA records list the affected Household as an eligible Transitioning Household or as a Post-DDA Tenant.
- c. The First Notice to Move will state whether the move will be an Interim Move or a Long-Term Move.

- For Interim Moves, the First Notice to Move will be delivered no less than 90 days before the date by which the move must occur.
- For Long-Term Moves, the First Notice to Move will be delivered no less than 120 days before the date by which the move must occur.

3. Assess the Needs of the Household and Offer Advisory Services

- a. After the First Notice to Move is delivered, each Household will be interviewed. The interviews will enable TIDA to: (i) describe the housing benefits for which the Transitioning Household may be eligible under the Transition Housing Rules and Regulations; (ii) assess the Transitioning Household's housing needs; (iii) identify any special needs for that Transitioning Household; and (iv) for Long-Term Moves only, begin the process of certifying the income of the Transitioning Household. Household income information will be kept confidential, and will only be used for its intended purpose.
- b. In addition, all Households (including Post-DDA Tenants) will be offered relocation advisory services to assist in evaluating their housing needs and options and in locating appropriate replacement housing.
- c. Post-DDA Tenants will not be entitled to any of the housing benefits outlined below.

4. Second Notice to Move

No less than 60 days before a Household is required to move, TIDA will deliver a Second Notice to Move. The Second Notice to Move will:

- Confirm whether the Household is an eligible Transitioning Household or is or includes a Post-DDA Tenant ineligible for long-term housing benefits, and whether the move is an Interim Move or a Long-Term Move;
 - For Interim Moves, offer each Transitioning Household a replacement rental unit in The Villages at Treasure Island with the same number of bedrooms as the Transitioning Household's existing unit and an initial rent at the lesser of: (i) the rent of the existing unit on the date of the First Notice to Move; or (ii) the market rent that would otherwise be charged by The John Stewart Company for the unit; or
 - For Long-Term Moves, specify the benefits, if any, among which the Household may choose; and
- State the date by which the move must occur.

5. Transitioning Households for Long-Term Moves Choose a Housing Benefit

Each Transitioning Household asked to make a Long-Term Move may select one of the following three benefits, each of which is described more fully below:

- The Rental Housing Option is the option to lease a newly-constructed unit on NSTI ("Rental Replacement Unit") at a subsidized monthly rental rate with long-term rent protections ("Base Monthly Rental Housing Cost").
- The In-Lieu Payment Option is the option to receive a lump-sum payment and move off-Island.
- The Unit Purchase Assistance Option is the option to receive down payment assistance towards the purchase of a newly-constructed unit on NSTI, if the Household otherwise qualifies, and to make purchase offers before the development is marketed to the general public. *Unlike the other options, a Transitioning Household may select this option before the Household receives a Notice to Move.*

6. Complete the Move

Moving Assistance will be provided for every Transitioning Household that moves from one unit on NSTI to another unit on NSTI, whether it is an Interim Move or Long-Term Move. Moving Assistance is not provided for Households that select the In-Lieu Payment Option.

The purpose of Moving Assistance is to cover the costs of moving the Household. The Transition Housing Rules and Regulations will include specific procedures describing how Households will be reimbursed for moving costs.

LONG-TERM HOUSING BENEFITS

The DDA, if approved, will require timely construction of new housing developments into which Transitioning Households can move. Each Transitioning Household asked to make a Long-Term Move is entitled to one, and only one, of the long-term housing benefits described below. Once a Household has selected and received any one long-term housing benefit, it will no longer be a Transitioning Household eligible for housing benefits.

1. Rental Housing Option

The option to select the Rental Housing Option is available for Transitioning Households only after TIDA delivers a Notice to Move for a Long-Term Move. Transitioning Households will have the opportunity to rent a newly-constructed Rental Replacement Unit on NSTI.

Consistent with California Health & Safety Code § 50052.5, occupancy standards that will apply to all Transitioning Households selecting this option are:

- 1- and 2-person Households will be offered a 1-bedroom unit.
- 3-person Households will be offered a 2-bedroom unit.
- 4-person Households will be offered a 3-bedroom unit.
- 5-person Households will be offered a 4-bedroom unit.
- No Transitioning Household will be offered a Rental Replacement Unit with more bedrooms than its existing unit.

The actual Rental Replacement Unit offered to Transitioning Households will depend upon the housing available at the time of the move and the Household's income, size, and other demographic characteristics. Initial Base Monthly Rental Housing Cost for the Transitioning Household will be calculated as described below. Household income information will be kept confidential, and will only be used for its intended purpose.

- Controlled Rents will be available for the following Transitioning Households:
 - if Household income exceeds 120% of Area Median Income ("AMI");
 - if the Household includes one or more students older than 18 ("Adult Students"); or
 - if the Household does not wish to certify its annual Household income.

Base Monthly Rental Housing Cost for these Households will be the existing unit's monthly rent on the DDA Approval Date, as adjusted by the annual rent increases allowed by the San Francisco Residential Rent Stabilization and Arbitration Board under Chapter 37 of the Administrative Code ("Rent Board Adjustments").

- Income-Restricted Controlled Rents will be available to any Transitioning Household whose certified annual Household income meets regulatory guidelines for income-restricted rent protections. These Households will be required to certify their annual Household income

through verifiable third-party sources after receiving the First Notice to Move. Base Monthly Rental Housing Cost for Households meeting applicable regulatory income restrictions will be based on certified Household income and the type of Rental Replacement Unit the Household occupies, as explained below.

- Tax Credit Eligible Household (income generally not exceeding 60% of AMI): Base Monthly Rental Housing Cost will be the least of: (i) the existing unit's monthly rent on the DDA Approval Date, plus annual Rent Board Adjustments; (ii) 30% of the Transitioning Household's average monthly income; or (iii) the maximum allowable rent under applicable regulations. Tax Credit Eligible Households will be offered a Rental Replacement Unit in housing financed with low income housing tax credits and will be required to certify Household income annually while occupying the rent-restricted unit.
- Low Income Household (defined in Calif. Health & Safety Code § 50079.5 (income generally not exceeding 80% of AMI)): Base Monthly Rental Housing Cost, will be the lesser of: (i) the existing unit's monthly rent on the DDA Approval Date, plus annual Rent Board Adjustments; or (ii) the maximum rent for a Low Income Household allowed by Health and Safety Code § 50053.
- Moderate Income Household (defined in Calif. Health & Safety Code § 50093 (income generally not exceeding 120% of AMI)) where the Household does not include Adult Students: Base Monthly Rental Housing Cost will be the lesser of: (i) the existing unit's monthly rent on the DDA Approval Date, plus annual Rent Board Adjustments; or (ii) the maximum rent for a Moderate Income Household allowed by Health and Safety Code § 50053.

The following examples of rent calculations are included for illustrative purposes only, using maximum 2010 income limits for Tax Credit Eligible Households, Low Income Households, and Moderate Income Households. Income guidelines under local, state, and federal regulations are updated annually and therefore will change over the course of NSTI's redevelopment:

Selected 2010 Maximum AMI Limits by Household Size

Household Size:	1	2	3	4	5	6	7
60% AMI (Tax Credit Eligible) ⁽¹⁾	\$45,180	\$51,600	\$58,080	\$64,500	\$69,660	\$74,820	\$79,980
80% AMI (Low Income) ⁽²⁾	\$55,700	\$63,600	\$71,550	\$79,500	\$85,900	\$92,250	\$98,600
120% AMI (Moderate Income) ⁽²⁾	\$83,500	\$95,400	\$107,350	\$119,300	\$128,800	\$138,350	\$147,900

Sources:

(1) The California Tax Credit Allocation Committee: <http://www.treasurer.ca.gov/ctcac/rentincome/10/income/post20100514.pdf>

(2) http://www.sfgov.org/site/uploadedfiles/moh/Rent_Levels/MOH2010_AMI_IncomeLimits-SanFranHMFA.pdf

The next table shows the maximum rents that would be paid in 2010 for a unit of each bedroom size for Households in each income tier, using 2010 income limits where applicable.

Unit Size	Maximum Tax Credit Rent for a Household at 60% of AMI ⁽¹⁾	Maximum Rent for a Household at 80% of AMI ⁽²⁾	Maximum Rent for a Household at 120% of AMI ⁽²⁾	Maximum Rent for Other Households
1 BR	\$1,209	\$1,590	\$2,385	Household's current rent, as adjusted
2 BR	\$1,452	\$1,789	\$2,684	
3 BR	\$1,677	\$1,988	\$2,983	
4 BR	\$1,870	\$2,148	\$3,220	

Sources:

(1) The California Tax Credit Allocation Committee: <http://www.treasurer.ca.gov/ctcac/rentincome/10/rent/post20100514.pdf>

(2) http://www.sfgov.org/site/uploadedfiles/moh/Rent_Levels/MOH2010_AMI_RentLimits-SanFranHMFA.pdf

The lease for a Transitioning Household choosing the Rental Housing Option will have an initial lease term of 12 months, then continue month-to-month, and will specify that the Household may remain in the Rental Replacement Unit as long as the Household remains in good standing under its lease. Subletting will not be permitted.

Regulations affecting income-restricted units could result in different terms for rent increases and other lease terms.

2. In-Lieu Payment Option

The option to select an In-Lieu Payment is available for Transitioning Households only after TIDA delivers a Notice to Move for either an Interim Move or a Long-Term Move.

Transitioning Households that choose not to remain on the Islands will be offered a one-time payment in lieu of all other benefits under the Transition Housing Rules and Regulations. Transitioning Households that receive the In-Lieu Payment will not be eligible for any other housing benefits and must vacate their existing units by the date specified in the Notice to Move.

The amount of the In-Lieu Payment will be equal to the amount that the Household would receive under the schedule published and updated annually by the San Francisco Residential Rent Stabilization and Arbitration Board for Relocation Payments for No Fault Evictions. The schedule for moves between 3/1/2010 and 2/28/2011 is:

Relocation Amount Per Adult Tenant	Maximum Relocation Amount Per Unit	PLUS Additional Amount for Each Elderly (60 years or older) or Disabled Tenant or Household with Minor Child(ren)
\$5,101.00	\$15,304.00	\$3,401.00

Source: <http://www.sfrb.org/Modules/ShowDocument.aspx?documentid=1928>

3. Unit Purchase Assistance Option

A Transitioning Household that purchases a newly-constructed unit on NSTI may select the Unit Purchase Assistance Option as its long-term housing benefit before or after the Household has received a Notice to Move. The Unit Purchase Assistance Option includes both down payment assistance and an early unit purchase opportunity, as described below.

Down Payment Assistance. A Transitioning Household selecting the Unit Purchase Assistance Option will receive down payment assistance if the Household's purchase offer for the new unit is accepted and the purchase closes. No Household is guaranteed the right to purchase a new unit on NSTI. Transitioning Households must meet all applicable eligibility criteria to purchase a home. The unit purchased need not be similar in size, bedroom count, and amenities to the Villages unit previously occupied by the Household.

To receive down payment assistance, Transitioning Households must first qualify for and enter into a contract to purchase a for-sale unit at either:

- the same market-rate price that the for-sale unit would otherwise be made available to the public; or
- if the Transitioning Household meets all qualifying income and occupancy criteria, a below-market price for an income-restricted inclusionary for-sale unit.

The amount of the down payment assistance will be based on the number of eligible members in the Household when the Household enters into the purchase contract for the new unit. The payment schedule anticipated to be included in the Transition Housing Rules and Regulation is:

Household Size	Amount
1 person	\$7,000
2 persons	\$9,000
3 persons	\$11,000
4 persons	\$13,000
5 or more persons	\$15,000

The amount of the down payment assistance offered will be adjusted annually by the Rent Board Adjustment. The down payment assistance will be paid at closing directly to the seller. Moving assistance will also be provided to the Transitioning Household.

Early Unit Purchase Opportunity. In addition to down payment assistance for the purchase of a new unit on NSTI, Transitioning Households will have a specific and limited time period during the initial marketing period of each new housing development to make purchase offers before those units are offered on the open market. This early marketing opportunity will not affect the prices at which new units will be offered, nor does it guarantee that the Household's purchase offer will be accepted.

Households that are interested in the early unit purchase opportunity will be asked to place the Household on a list that TIDA will maintain. Households will be asked to verify their contact and Household information periodically to remain on the list. The list will be used to inform Households of early unit purchase opportunities for new for-sale housing units before for-sale housing units are offered to the public.

GRIEVANCE PROCESS AND APPEALS

TIDA will establish an appeals process by which residents and TIDA may resolve any grievances that arise during the transition process.