



office of

COMMUNITY INVESTMENT
and INFRASTRUCTURE

118-0132018-002

Agenda Item **No. 8(a)**
Meeting of June 5, 2018

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: 360 Berry Street (Mission Bay by Windsor) Marketing Outcomes Report, a 129-unit market rate development, which includes 26 inclusionary units which are affordable at 90% Area Median Income; Mission Bay Redevelopment Project Area

EXECUTIVE SUMMARY

The OCII Commission considered and approved a Memorandum of Understanding ("MOU") between OCII and the Mayor's Office of Housing and Community Development ("MOHCD") on May 6, 2014. The MOU provided a framework for MOHCD to provide implementation of the funding, approvals, and management of the Retained Housing Obligations, as well as the terms for transferring completed housing assets to MOHCD as the Housing Successor. Pursuant to the MOU, MOHCD will provide a Marketing Outcomes Report ("Report") after the full lease-up of each affordable project.

Attached is the Marketing Outcomes Report for the lease-up of Mission Bay by Windsor, formerly known as Eviva (360 Berry Street), which completes FOCIL-MB's (the Master Developer) requirements to construct affordable housing under the North Owner Participation Agreement ("OPA"). 360 Berry (originally known as N4P3) was developed with 129 units, of which 26 are moderate rate income rental inclusionary units at 90% Area Median Income ("AMI"). The Below Market Rate ("BMR") units are comprised of: 14 1-bedroom units; 11 2-bedroom units; and 1 3-bedroom units; and was developed by MB N4P3, LLC, a subsidiary of The Integral Group. The Report provides information on the successfully housed applicants occupying the 26 BMR housing units, including: general project information (i.e., type of affordable units, AMI levels, and occupancy preferences), an ethnic and racial breakdown of successful applicants, the location where applicants previously lived, and the number of Certificate of Preference ("COP") holder applicants.

A total of 887 applications were received for the 26 affordable housing units at Mission Bay by Windsor, eight households are COP holders. Two COP households were successful applicants and are now living at the Mission Bay by Windsor. One of the successful COP households relocated from Daly City.

(Originated by Pamela Sims, Senior Development Specialist – COP and Marketing Liaison)

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Attachment A: Marketing Outcomes Report

Mayor's Office of Housing and Community Development
City and County of San Francisco



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Mayor

Kate Hartley
Director

On May 6, 2014, the OCII Commission considered and approved the Memorandum of Understanding (MOU) between OCII and the Mayor's Office of Housing and Community Development ("MOHCD"). The MOU requires a Marketing Outcomes Project Report subsequent to the initial lease-up for each OCII affordable housing development. The report for 360 Berry Street – Mission Bay by Windsor follows.

Marketing Outcomes Project Report
April 6, 2018

Project name	Mission Bay by Windsor (formally known as Eviva)
Project location	360 Berry Street
Project sponsor	MB N4P3, LLC
Project tenure	Inclusionary Affordable Housing
Population type	Mixed Income Housing
Total number of units	129
Total number of affordable units	26 103 Market Rate Units 26 Affordable Units 14 – 1 bedroom 11 – 2 bedroom 1 – 3 bedroom
Total number of applicants for 26 lottery units	887

Affordability level(s)	90% Area Median Income
Marketing start date	January 13, 2017
Construction completion date	December 5, 2016
100% Lease-up date	February 3, 2018
Occupancy preferences	1. Certificate of Preference Holders 2. San Francisco Residents or Workers 3. Members of the General Public
How many COP holders applied?	8
How many COP holders were housed?	2 - Hunters Point 0 - Western Addition
Of the 2 COP holders housed, what was their city of origin?	1– San Francisco 1 - Daly City
What Happened to the 6 COP Holders that were not housed?	4- Withdrew 1- Over Income 1- No Show-Missed two or more leasing appointments
Total Number of People Housed in the 26 lottery units at Mission Bay by Windsor	55

Background

In April 2014, OCII staff prepared a Fifth Amendment to the Mission Bay North Owners Participation Agreement for the Board of Supervisors review and approval. This OPA Amendment allowed the Mission Bay Master Developer (Mission Bay Development Group) through its designee – Integral Group, a national real estate investment firm, to develop a 129-unit mixed-income, rental development with 20% (or 26) below market rate (“BMR”) units affordable to moderate income households. The units are affordable to households at 90% of Area Median Income (AMI) or \$103,750 for a family of four in 2017. This higher AMI level allowed higher income families to qualify for an affordable housing opportunity in San Francisco.

The site is approximately one-acre in size and was the last remaining developable parcel in the Mission Bay North Redevelopment Project Area. It is irregularly shaped and is bounded by Berry Street to the south and the I-280 off-ramp directly to the north, with a former Redevelopment Agency affordable housing development to the east.

Affordable Housing Lottery Preferences and Lease Up

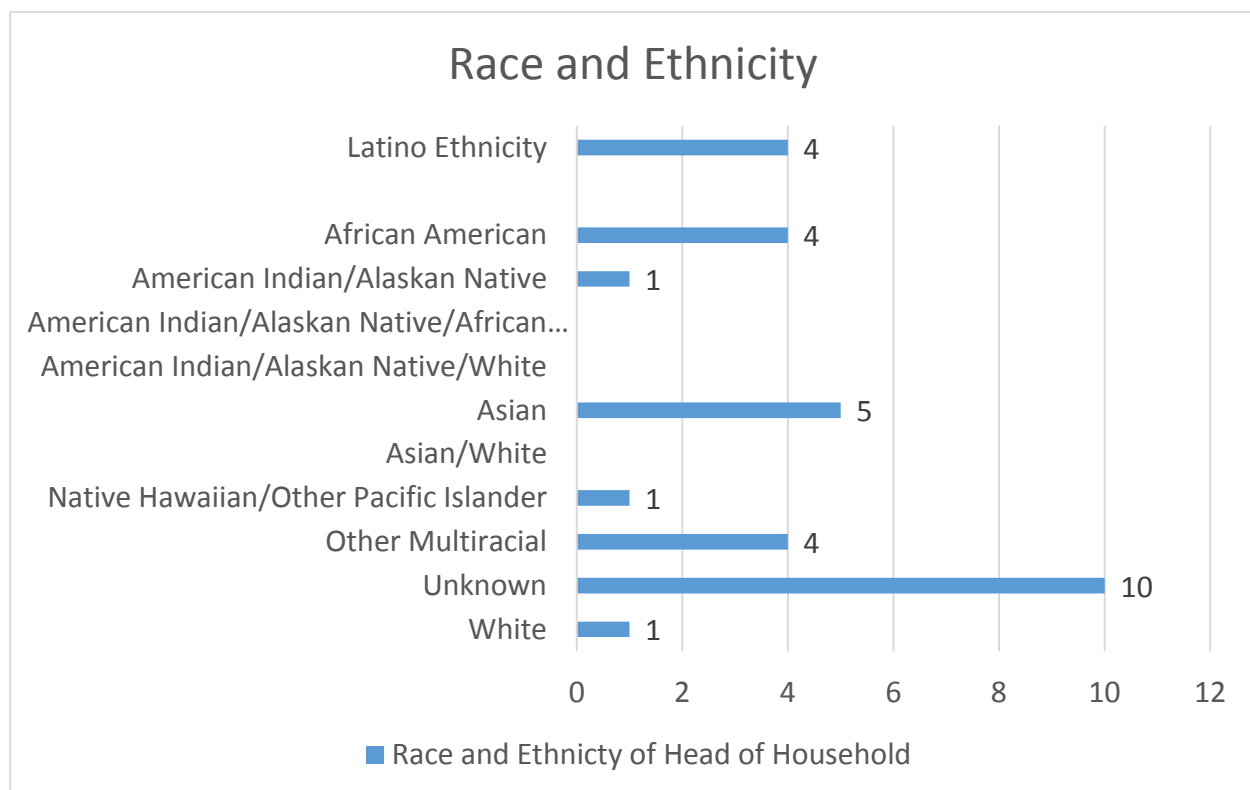
MOHCD and OCII conducted an electronic lottery at the San Francisco Public Library in March 2017. Greystar (the leasing agent) experienced several unforeseen circumstances during the lease-up of this project that extended the leasing period, which reached 100% occupancy in February 2018. First, Greystar inadvertently left out applicants from the Live or Work in San Francisco housing lottery preference. When MOHCD discovered this error, the beginning of the lease up process was delayed until after a paper audit of all 887 applications could be conducted. This was done to ensure that all applicants were provided with the correct lottery preference. MOHCD re-ran the lottery and in April 2017, Greystar began the lease up process. Immediately after the lottery was rerun, MOHCD trained Greystar staff and continued to work closely with them throughout the lease up phase to assure compliance with the approved marketing and tenant selection plans.

In July 2017, with only 8 (of the 26) leases for BMR units signed, OCII staff was informed that the property had been sold to a new owner, GID. GID was not familiar with the obligations of marketing and lease up of an affordable housing project in San Francisco. GID's leasing company, Windsor Communities, took over the leasing responsibilities from Greystar on August 8, 2017. Because Windsor was a new leasing agent, they needed to prepare a lease that was compliant with the OPA and San Francisco's Fair Chance Ordinance. MOHCD worked diligently with Windsor Communities to review and approve a new lease and to assure they abided by the previously approved Resident Selection Criteria rather than change the original criteria that was publicly advertised. This became a lengthy process as Windsor's legal department tried to make sense of the new requirements.

There were three households that had been previously approved by Greystar but had not signed a lease. One had already given their 30 day notice to their current landlord and was not able to rescind the notice. This caused the single parent household and her children great distress. MOHCD stepped in and asked GID to accommodate this household with temporary housing while their legal team worked through the City's requirements. GID complied with this request. Once the new lease was approved, the three pending households moved in (for a total of 11 leases) and Windsor Communities was able to continue the lease up process for the remaining 15 units. The building reached 100% lease up on February 3, 2018.

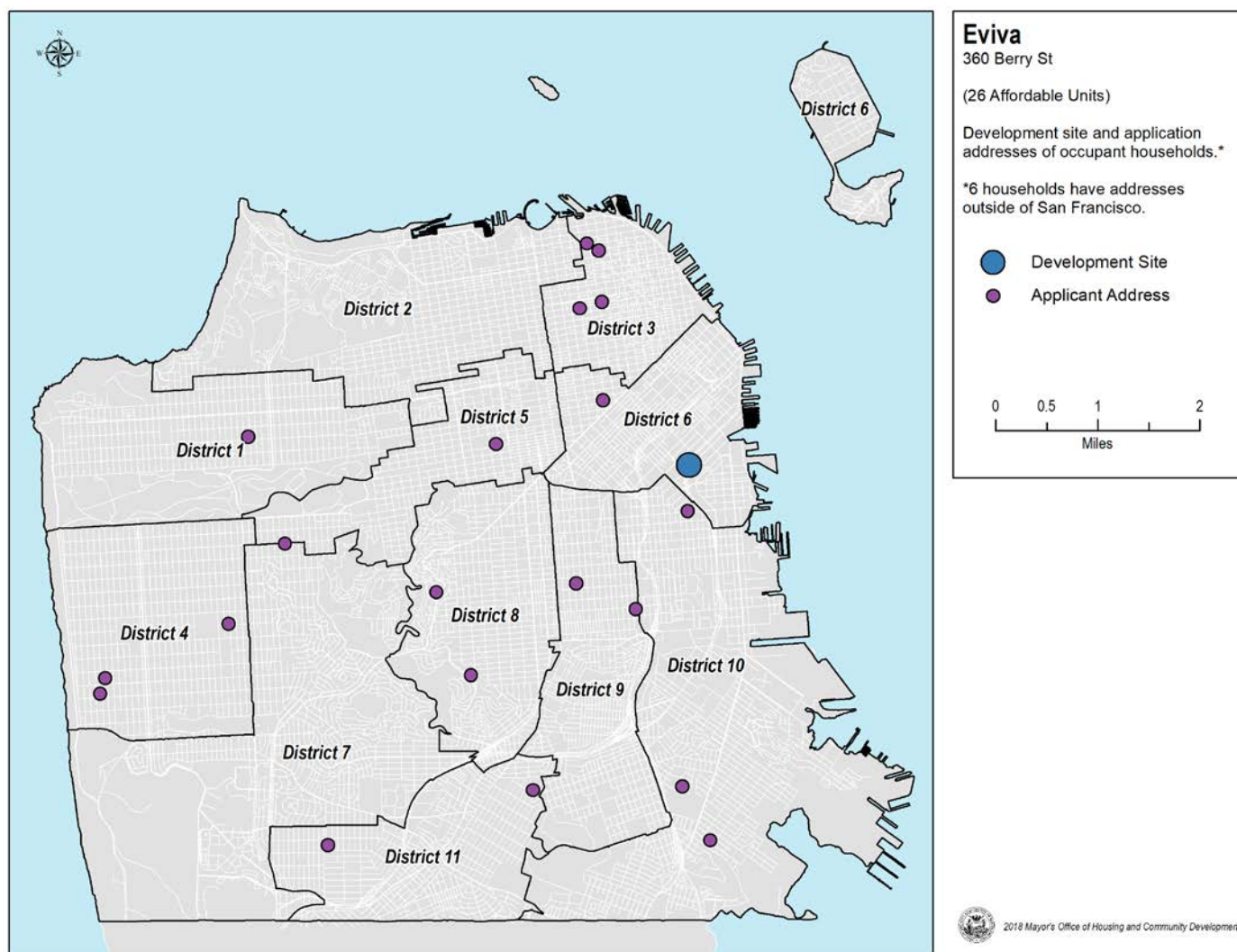
Mission Bay by Windsor Lease-up Demographics

MOHCD uses the same categories as HUD to identify race and ethnicity demographics among applicant head of households. Each head of household is asked to identify a race and they are also asked if they are of Latino ethnicity. 15% of the successful applicant households at Mission Bay by Windsor identify their race as African American. 19% of the BMR households identified their race as Asian. A total of 38% declined to state their race. With regard to ethnicity, 15% of the head of household's identified as being of Latino ethnicity.



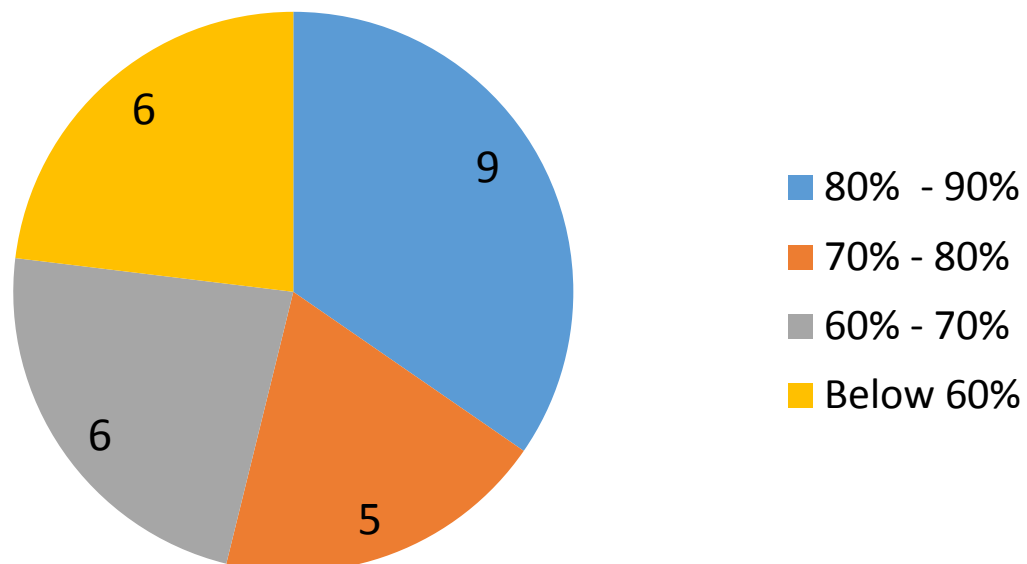
Location of Origin of Successful Applicants

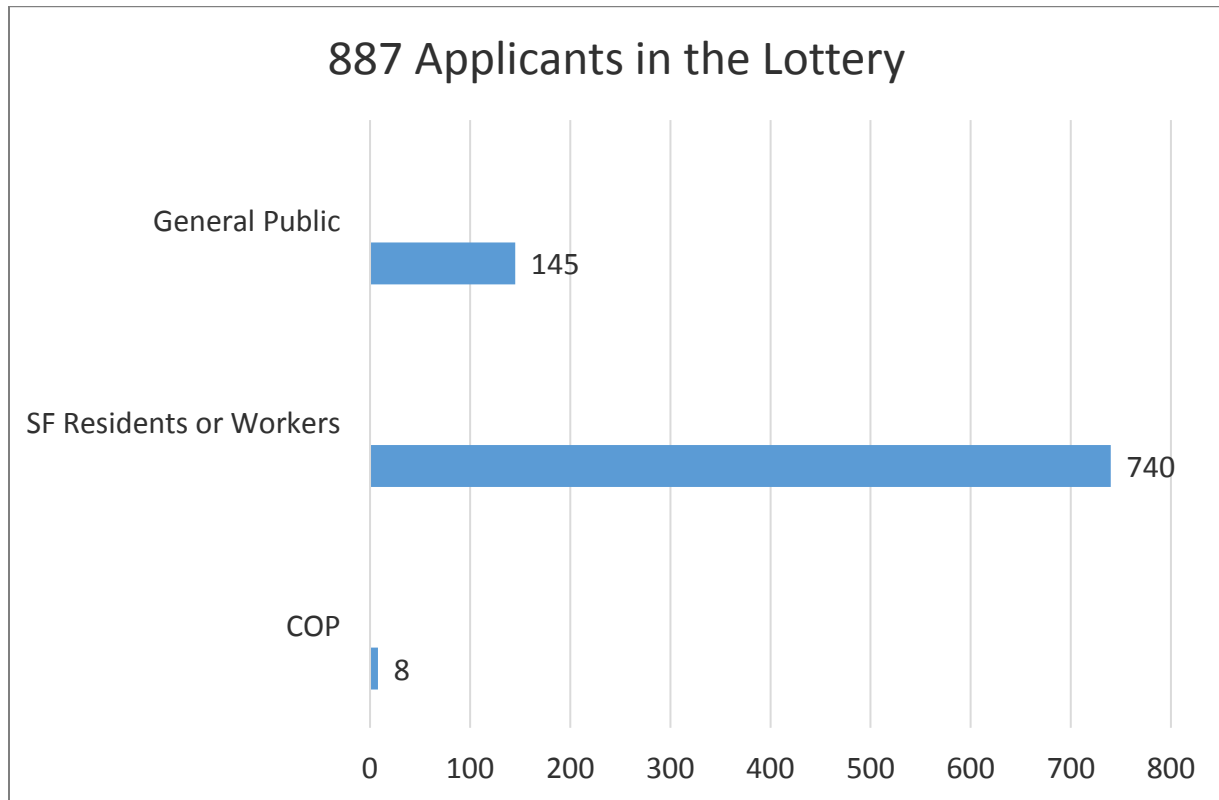
Most successful applicants originated from District 3 (15%) with Districts 4, and 10 closely behind. The balance of the Supervisorial Districts had at least one successful applicant with the exception of District 2. Six households lived outside of San Francisco. One of the 6 households is a COP holder.

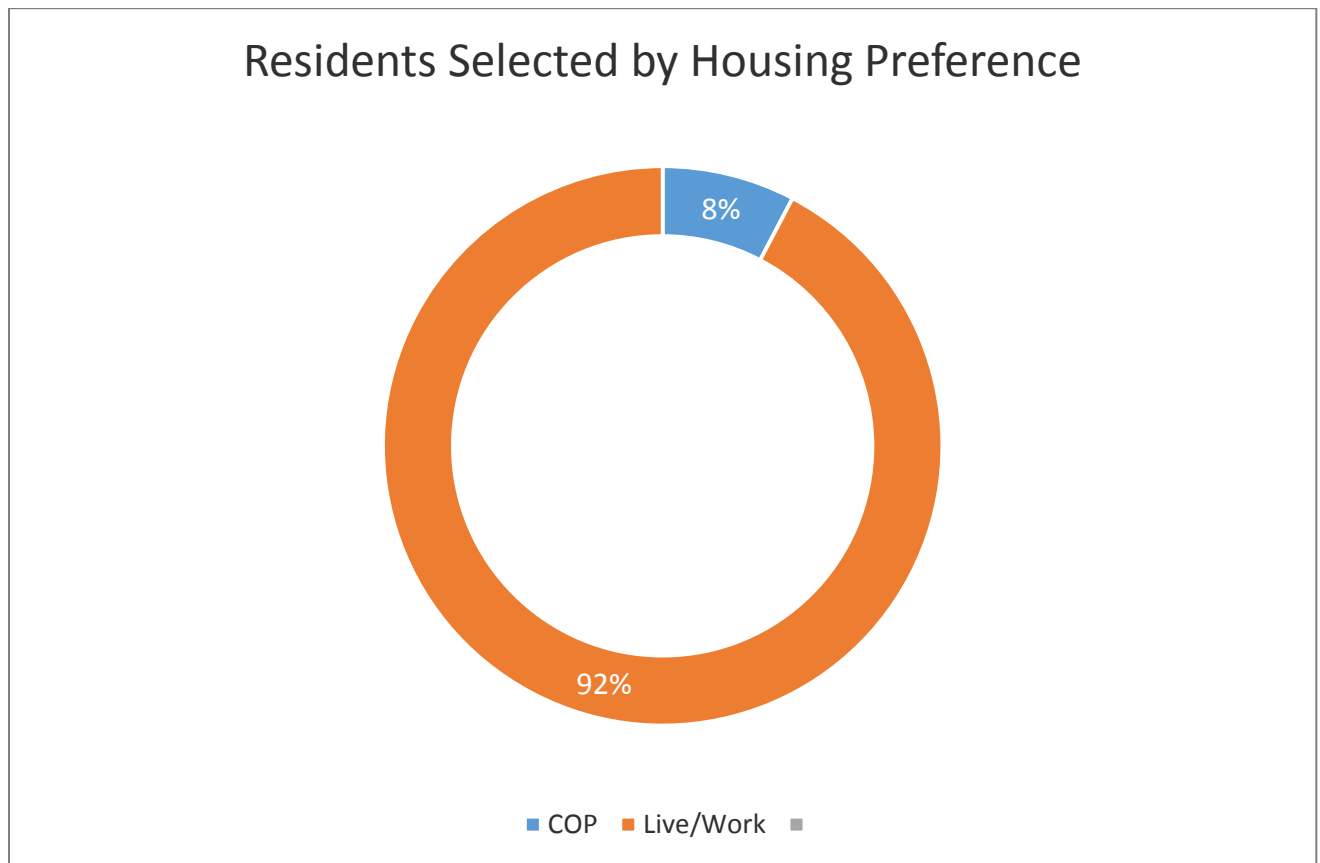


Income Levels Served

At 90% AMI, Mission Bay by Windsor is a great affordable housing opportunity for households with higher incomes because most affordable housing developments have income limits between 50%-60% AMI levels. At lease up, rents ranged between \$1,887 and \$2,334 per month, depending on unit size. A single person household had to earn between \$3,774 and \$6,054 per month to qualify for a 1 bedroom and a household needing a 3 bedroom unit, had to earn between \$4,668 and \$10,720 per month to qualify. The majority of successful applicant households at Mission Bay by Windsor earned between \$45,228 and \$102,312 per year at initial qualification. Household's earning less than \$45,228 or 60% AMI, needed a rental subsidy to qualify for a rental unit at Mission Bay by Windsor. Of the six households that required a subsidy, five of the households used a Project Based Voucher, and one household used a VASH subsidy.

Average % of Area Median Income





887 households applied to Mission Bay by Windsor for 26 units of housing. The above charts show the housing lottery preferences for all applicants as well as those applicants who secured housing.

Certificate of Preference Holders

Of the eight COP holders that applied, two (or 25%) were housed at Mission Bay by Windsor. One of them returned to San Francisco after years of living in Daly City. All COP applicants loved the location of the building but four withdrew because they found the rent at 90% AMI to be too expensive. Two of the four COP households that withdrew were able to secure housing in MOHCD Inclusionary housing buildings.

Success Story

Ms. Green saw the announcement for the housing opportunity at 360 Berry Street on MOHCD's Email Housing Alert system and applied. Having lived in Daly City prior to applying, she sought assistance with moving costs through a Daly City organization called Housing First. Ms. Green is very happy with the new management at Mission Bay by Windsor. "The new owners treat me with respect. They are very pleasant and I feel at home. I have a really good view, and by far that is my favorite part about coming home. My granddaughter likes living here as well, although she still commutes to school in Daly City, which is a bit difficult. We are very much so enjoying the amenities: I have a gym, an outside BBQ patio area, and a lobby seating area that is nice as well. We live in the South of Market which is in great proximity to transportation and shopping. Overall, I am grateful for my experience and I would advise other COP holders to document everything, be patient and don't give up even though you may be discouraged. Just apply, apply, and apply, so you can stay in San Francisco!"