

Affordable Housing Production Report

FY 2015-16

Office of Community Investment and Infrastructure



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- **Activities for FY 2015-16**
 1. Housing Obligations Summary
 2. Occupancy Preferences, Outreach, and Marketing
 1. Outcomes Highlights: 280 Beale, Dr. Davis, and 350 Freidell
 3. OCII's Contribution to 10,000 Affordable Units by 2020
 4. Production Tracking by Project Area
 5. Individual Project Summaries by development status
- **FY16-17 Work Plan: Upcoming Requests for Proposals**

OCII Housing Division Activities

Mission: create affordable housing pursuant to State DOF approved Enforceable Obligations in our 3 project areas

- Hunters Point Shipyard and Candlestick Point
- Mission Bay
- Transbay
- Other remaining housing obligations

OCII Housing Division Activities

Mayor's plan to create 30,000 housing units by 2020

- 10,000 (*one-third*) of those units to be permanently affordable
- **OCII is a Key Component to achieve Mayor's Plan**
- OCII's Retained Housing Obligations will result in over 3,500 affordable units by 2020, or ***one-third*** of the Mayor's 10,000 affordable units goal
 - 2,500 units in stand-alone projects funded with OCII subsidy
 - 1,065 units in inclusionary projects provided through private development

Mayor's Plan for 10,000 Affordable Units by 2020: OCII Affordable and Inclusionary Units			
Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	Totals
Completed & Occupied	517	79	596
In Construction	792	66	858
In Predevelopment	919	327	1,246
In Preliminary	243	593	836
Totals	2,471	1,065	3,536

OCII Housing Division Activities

- **Who are our clients:**
 - Very low-, low, and moderate-income households (typical SF household size 2.3 persons)
 - < 50% Area Median Income = **very low-income** \$53,850 4-person household
 - > 50% -80% = **low-income** \$86,150 4-person household at 80% AMI
 - > 81% -120% = **moderate income** \$107,700 4-person household at 100% AMI
 - Serving households with limited housing options
- **Programming: collaborate with MOHCD and Consolidated Plan**
 - Match affordable housing with demand
 - 64% of SF households are renters
 - 65% of OCII affordable housing (2014-2020) is family rental
 - Affordable rental housing finance leverages funding sources and allows almost double the production of rental housing compared to homeownership housing
 - Highest need for rental housing for very low and low-income households as measured by Rent Burden (Rental Costs to Income - 44% of households at 40%-60% are rent burdened)
 - Public Policy
 - City's ongoing commitment to end homelessness, and current renewed focus homeless individuals
 - Impact of national recession 2008-2012; unemployment rate 9.4% in January 2010; very housing low production
 - Strong economic rebound; unemployment rate in San Francisco 3.4% in October 2016
 - Demand far exceeds current supply; market rents increased more than 30% since 2011
 - Mayor's 10,000 affordable units goal

OCII Housing Division Activities

- **Housing Highlights in FY 2015-16**

- 265 OCII affordable units delivered in FY 2015-16
 - 189 OCII funded stand alone
 - 76 OCII inclusionary
- Hired new Development Specialist in FY 2015-16
- Hired new Senior Development Specialist, COP and Marketing liaison.
 - Collaborate with MOHCD's management of OCII's COP and marketing
- Hired new Development Specialist, starting January 2017
- Bonding authority through SB 107 as affordable housing funding source to OCII
- Accelerating affordable housing: 858 units in construction – up from 645 units a year ago
- Strong COP marketing results 350 Friedell and Dr. Davis
- Active predevelopment pipeline

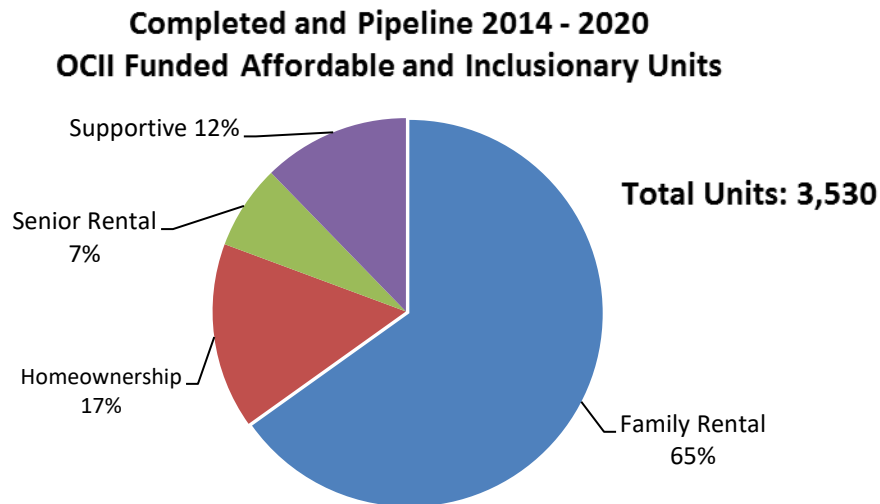
OCII Housing Division Activities

- **Current Issues Affecting Affordable Housing Finance and Development**
 - Extremely high construction costs in San Francisco
 - Continuing construction boom influencing higher costs
 - Issues affecting funding sources OCII's affordable housing leverages
 - Per unit cost caps now in place with CDLAC and TCAC and HCD
 - Tax reform and proposed reduction of marginal tax rate to 20%
 - Corporations with tax liability invest in low-income housing tax credit projects (equity)
 - 40%-45% of our housing development costs are covered by tax credit equity
 - Tax credit market has already reacted to the possibility of tax reform - narrowing the available pool of investors and dropping pay-in values significantly
 - Currently, the only source of funding to make up for this loss is additional subsidy from OCII
 - Possible legislative or regulatory strategies to mitigate: expand housing credit authority and setting depreciation rules at advantageous rates

OCII Housing Division Activities

- **Clients:**

- Very low and low-income rental
- Low and moderate-income homeownership
- Low-income seniors
- Formerly homeless individuals and families (supportive)
- Formerly homeless veterans
- Developmentally disabled
- Transition Aged Youth



OCII Housing Division Activities

Day to Day Activities:

- Requests For Proposals
- Community Meetings
- Development Agreements Negotiating
 - Exclusive Negotiations Agreement, Loan Agreements, OPA/DDA/Ground Leases
- Robust Marketing Activities, OCII's new Senior Development Specialist
- Housing Asset Transfer Protocol to MOHCD
- Affordable Housing Financing (each with unique restrictions):
 - Low Income Housing Tax Credits (4% and 9%)
 - Tax-Exempt Multi-Family Revenue Bonds
 - State and Federal funding sources (No Place Like Home, AHSC, VHHP, MHP, TOD, Section 8, and more)
 - Private bank construction and permanent loans
 - AHP with Federal Home Loan Bank

Housing Production Obligations by Project Area and Units Completed during FY 2015-16

- OCII Stand-alone (subsidy) Affordable Units
- Obligation by Project Area

	TOTAL AFFORD. UNITS	Shipyard & Candlestick	Mission Bay	Transbay	Other*
	<i>OCII Sponsored Funded Units</i>				
Production Obligation	4,782	1,844	1,622	787	529
Completed Prior FY13-14/14-15	407	-	407	-	-
Completed FY13-14/14-15	506	-	149	120	237
Completed FY15-16	189			69	120
In Construction	792	303	198	119	172
Predev & Prelim Planning	1,162	562	445	155	-
Future Sites	1,600	966	311	323	-
<i>Remaining Obligation subtotal</i>	3,554	1,831	954	597	172

Housing Production Obligations by Project Area and Units Completed during FY 15-16

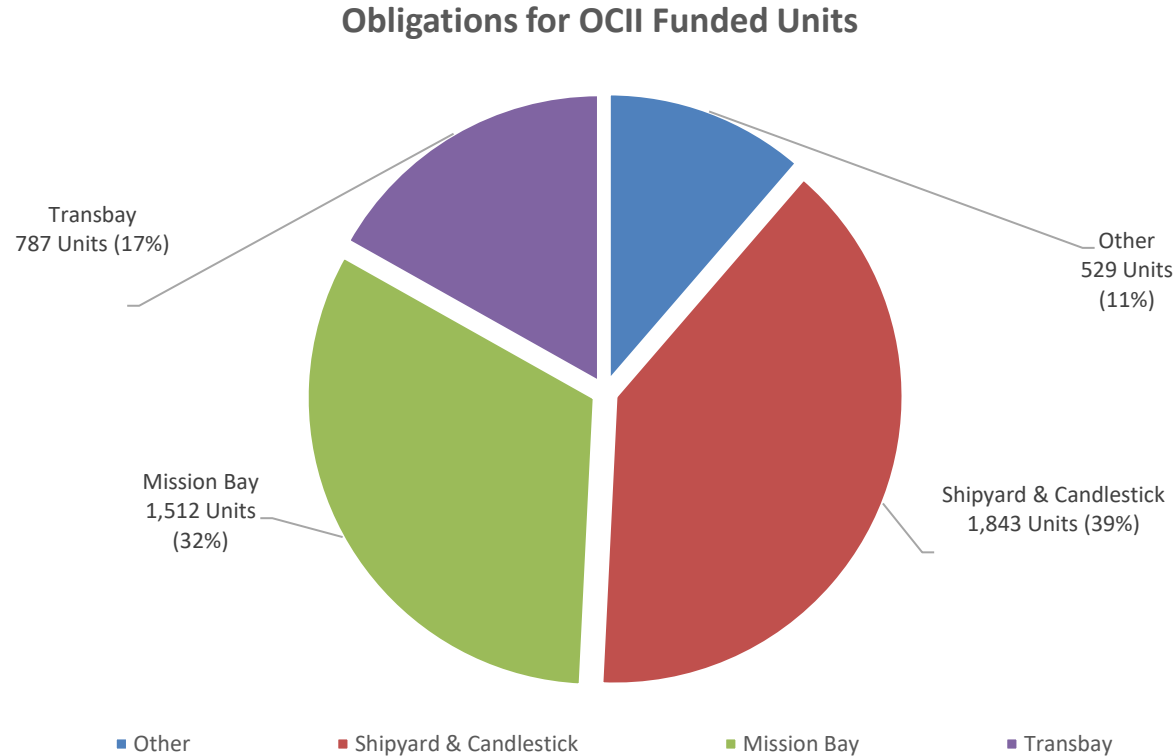
- OCII Inclusionary (no subsidy) Affordable Units
- Obligation by Project Area

	TOTAL AFFORD. UNITS	Shipyard & Candlestick	Mission Bay	Transbay	Other*
	<i>OCII Sponsored Inclusionary Units</i>				
Production Obligation	2,884	1,893	291	680	20
Completed Prior FY13-14/14-15	265	-	265	-	
Completed FY13-14/14-15	3	3	-	-	-
Completed FY15-16	76	65			11
In Construction	66	31	26	-	9
Predev & Prelim Planning	896	367	-	529	-
Future Sites**	1,553	1,402	-	151	-
<i>Remaining Obligation Subtotal</i>	2,515	1,800	26	680	20

Housing Production Obligations by Project Area and Units Completed during FY 15-16

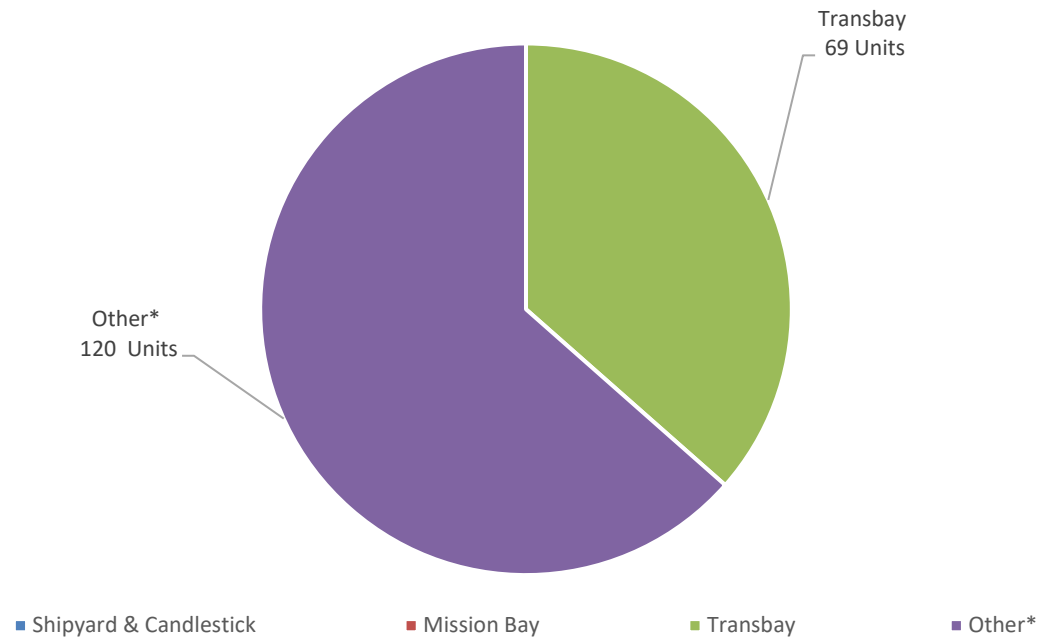
<i>Affordable Housing Project Completions in FY 2015-16</i>			
	Project	Project Area	Affordable Units
<i>OCII Stand-Alone</i>	280 Beale Street (Transbay Block 6)	Transbay	69
	Dr Davis Senior Residence at 1751 Carroll Avenue	Bayview Hunters Point	120
	<i>OCII Stand-Alone subtotal</i>		<i>189</i>
<i>OCII Inclusionary</i>	Block 51	Hunters Point Shipyard	6
	2000 Ellis Street	Western Addition-2	4
	350 Friedell (Pacific Pointe/Block 49)	Hunters Point Shipyard	59
	72 Townsend	Rincon Point-South Beach	7
	<i>OCII Inclusionary Subtotal</i>		<i>76</i>
	<i>Total Affordable Completions FY 2015-16</i>		<i>265</i>

OCII Affordable Units Overall Obligations by Project Area



* Other includes former project areas Bayview Hunters Point and South of Market projects funded prior to redevelopment dissolution.

OCII Affordable Units Delivered FY 15-16 by Project Area



* Other includes former project areas Bayview Hunters Point and South of Market projects funded prior to redevelopment dissolution.

Outreach and Marketing of OCII Affordable Units

- COP/Marketing Workshop to follow in today's meeting
- MOU between OCII and Mayor's Office of Housing and Community Development
 - MOHCD oversees outreach and marketing of OCII sponsored projects
 - New OCII Senior Development Specialist, Marketing Liaison with MOHCD
- Occupancy Preferences
 - Certificate of Preference Holder always first preference
 - Affirmative outreach to COP holders with strong FY 15-16 results
 - Ellis Act Housing Preference/Displaced Tenants Housing Preference
 - Neighborhood Resident Housing Preference pending
 - San Francisco residents or workers
- Database of Affordable Housing Listings, Information and Applications (DAHLIA)

FY 2015-16 Completions Former Project Areas

Bayview Hunters Point Shipyard – Dr. Davis Senior Residence at 1751 Carroll Avenue

- Completed by McCormack Barron Salazar and BHPMSS
- Completed in Spring 2016
- 120 affordable senior units (171-BRs, 3 2-BRs)
- Up to 50% AMI



FY 2015-16 Completions Former Project Areas

Rincon Point South Beach – 72 Townsend Street

- Completed by Simeon Residential Properties
- Completed in July 2015
- 74 total units
 - 67 market rate homeownership units
 - 7 inclusionary units up to 95% AMI

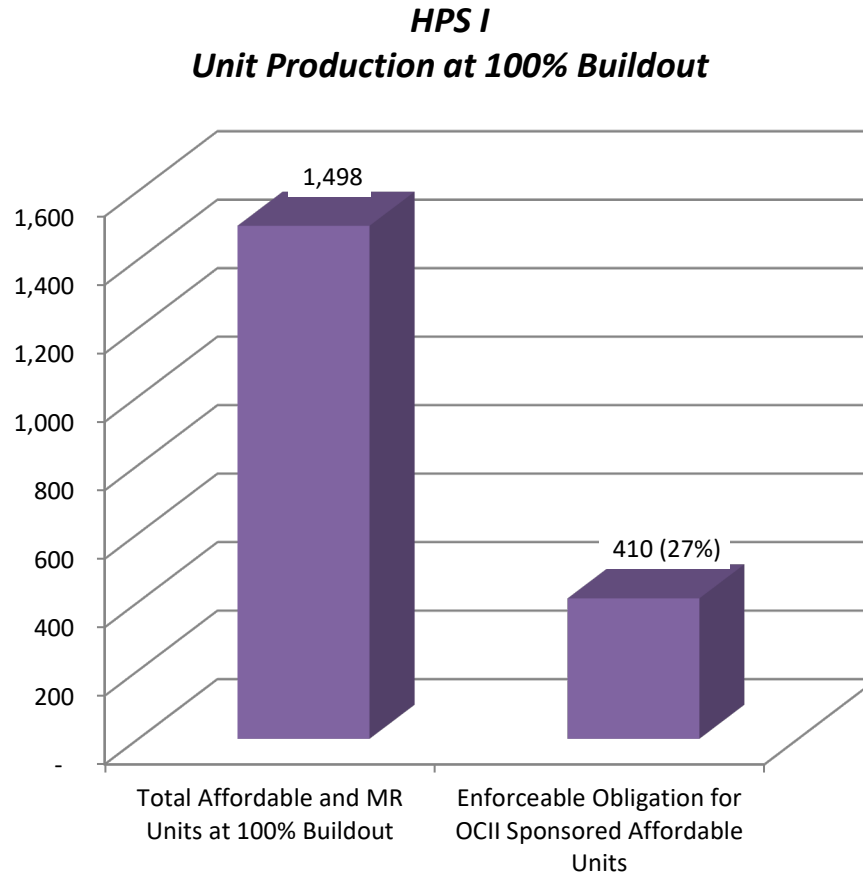


Hunters Point Shipyard/Candlestick Point

- 780 acres along southeastern waterfront
- Approximately 12,000 homes, approximately one-third below market rate
- Revitalization of the Alice Griffith Housing Project
- HPS Phase 1 with 1,500 new homes including 410 (27%) affordable homes
- HPS Phase 2 and CP approx 10,500 new homes including 3,345 (32%) affordable home and BMRs



Hunters Point Shipyard Phase 1 Affordable Unit Obligation and Status to Date



Hunters Point Shipyard Phase 1

Affordable Unit Obligation and Status to Date

Hunters Point Shipyard – Pacific Pointe, 350 Friedell (Block 49)

- First 100% affordable development in Phase 1, completed by AMCAL/Young Community Builders in Spring 2016
- 59 units (27-1 BRs, 20 2-BRs, and 12 3 BR units)
- Up to 50% AMI



Hunters Point Shipyard Phase 1

Affordable Unit Obligation and Status to Date

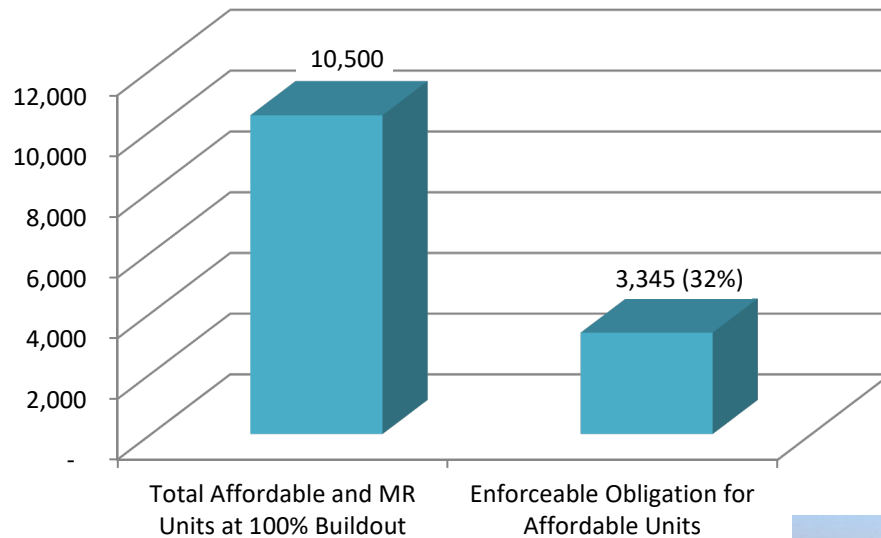
Hunters Point Shipyard – Olympia at Block 51

- Second Shipyard Project Completed by Lennar Urban in Summer 2015
- 63 units (1 studio, 31-1 BR, and 31 2 BR units)
- 7 inclusionary units at 80% AMI



Hunters Point Shipyard Phase 2/Candlestick Point Affordable Unit Obligation and Status to Date

HPS II/CP
Unit Production at 100% Buildout



Hunters Point Shipyard Phase 2/Candlestick Point Affordable Unit Obligation and Status to Date

Alice Griffith Phase 1 and 2 Under Construction

- 182 affordable units plus 2 manager units
 - 114 public housing replacement units
 - 70 units affordable at 50% AMI
- First housing to break ground in the HPS Phase II/CP project area
- Completion scheduled for February 2017



Hunters Point Shipyard Phase 2/Candlestick Point Affordable Unit Obligation and Status to Date

Alice Griffith Phase 3a and 3b Under Construction

- 121 affordable units plus 1 manager unit
 - 76 public housing replacement units
 - 45 units affordable at 50% AMI
- Completion scheduled for November 2017



Mission Bay North and South

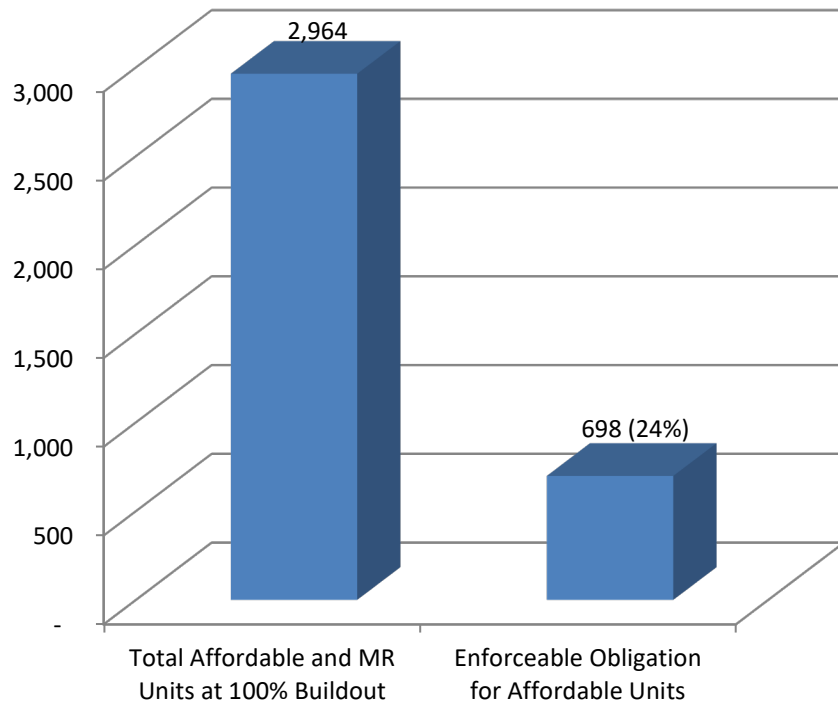
- Two Redevelopment Plans adopted 1998
- 6,400 residential units including 1,900 (30%) affordable homes
- 3.4 million sf office/ biotech/ R&D
- Chase Events Center (Warriors)
- UCSF research campus and hospital
- 250 room hotel
- Neighborhood-serving retail
- Public school, fire/police station and headquarters, library
- 49 acres of public parks



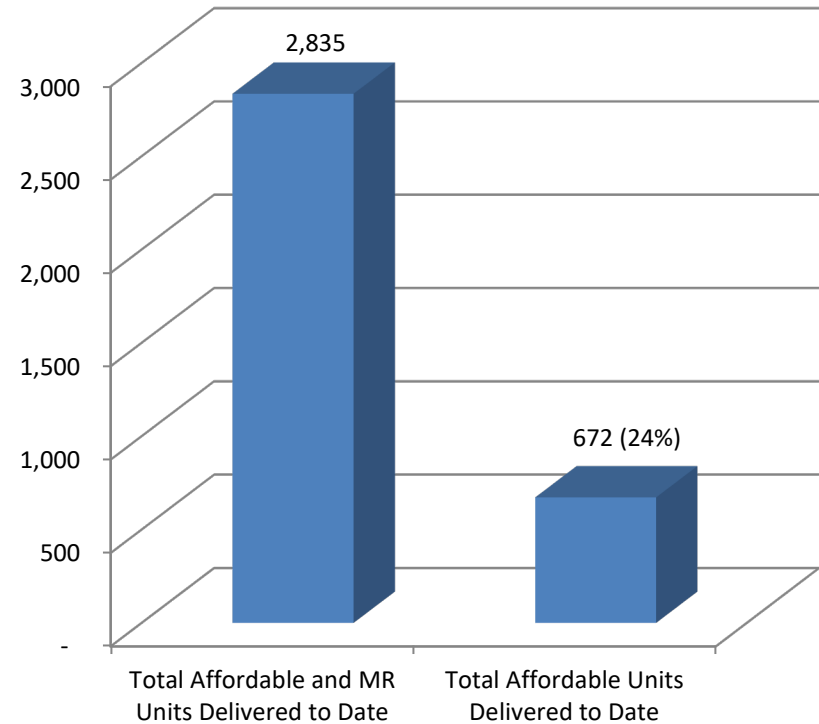
Mission Bay North

Affordable Unit Obligation and Status To Date

Mission Bay North at 100% Buildout



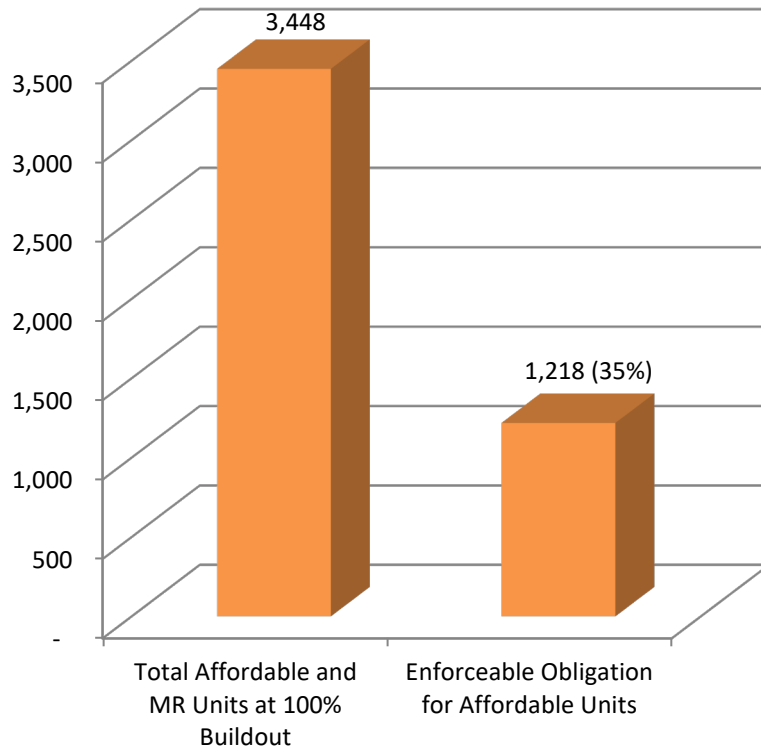
MBN Affordable Production to Date



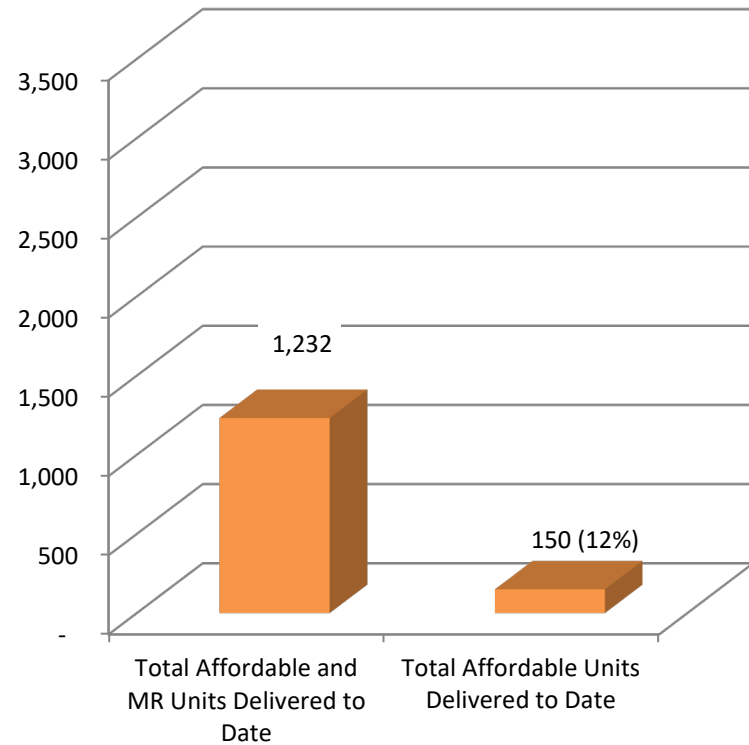
Mission Bay South

Affordable Unit Obligation and Status To Date

Mission Bay South at 100% Buildout



MBS Affordable Production to Date



Mission Bay South

Affordable Unit Obligation and Status To Date

- 588 Mission Bay Blvd North
- 198 affordable rental units
- February 2017 completion
- Marketing in process

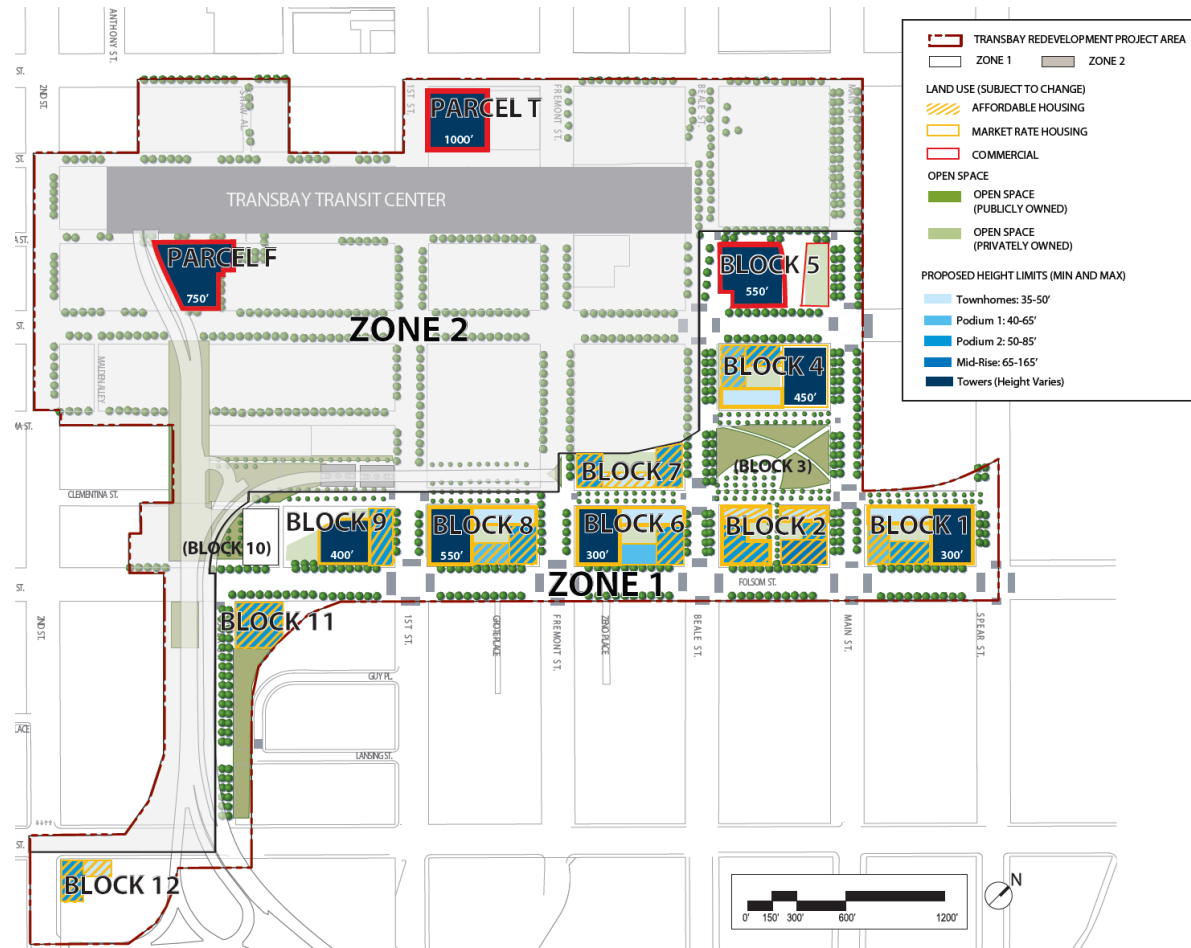


- 626 Mission Bay Blvd North
- 142 affordable rental units
- Construction started October 2016



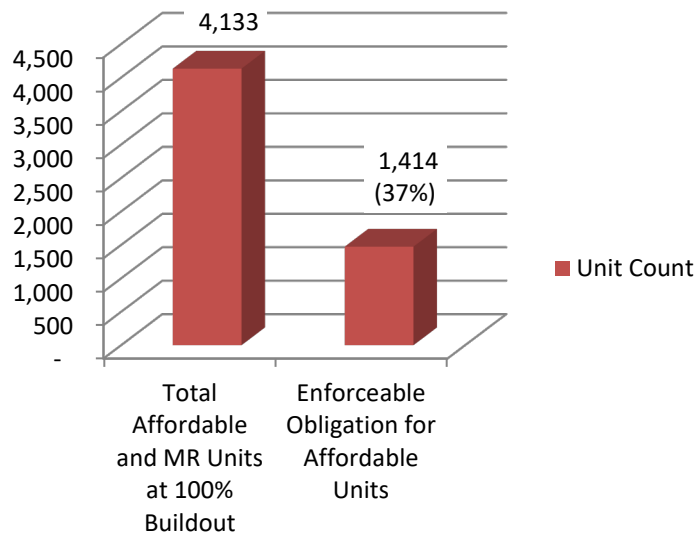
Transbay

- 40 acres in downtown neighborhood
- Includes 10 acres of former State-owned parcels
- Over 4,100 new residential units, of which 35% must be affordable
- 200,000 s.f. of new retail space
- 4 acres of new parks in Zone 1
- Streetscape improvements to create safe and attractive pedestrian environment

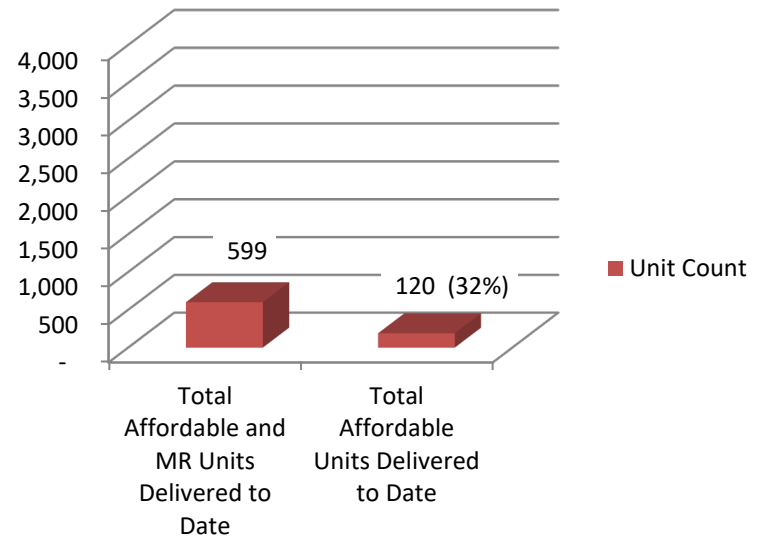


Transbay

Transbay (Zones 1 & 2) at 100% Buildout



Transbay (Zones 1 & 2) Production to Date



Transbay

- 280 Beale Street (Block 6)
- 69 affordable rental units for families
- 2nd 100% affordable project completed on formerly state owned parcels
- Mercy Housing California
- 2,133 SF retail



OCII Housing FY16-17 Work-Plan Summary

- **HPS/CP**
 - **Alice Griffith** (HOPE SF)
 - » Phases 1, 2, and 3
 - » Phase 4 start construction
 - » Phase 5 predevelopment funding
 - Candlestick Point **Blocks 10A and 11A** schematic design
 - Release RFPs
 - » HPS Phase 1 **Block 52/54**
- **Mission Bay**
 - **Block 7 West**: In construction, asset transfer to MOHCD
 - **Block 6 East**: In construction, early outreach
 - **Block 3 East**: Construction funding, start construction
 - **Block 6 West**: Predevelopment funding, schematic design
 - **Block N4P3** : Complete marketing and lease up
 - **MBS Block 9**: Predevelopment funding and ENA
- **Transbay Mixed-Income Housing (MR/ Affordable/Inclusionary)**
 - **Block 6** : Asset transfer to MOHCD
 - **Block 7**: In construction, marketing
 - **Block 9** : In construction, early outreach
 - **Block 8**: In construction, early outreach
 - **Block 1**: Construction start Spring 2017, early outreach
 - **Block 4**: Negotiate Exclusive Negotiations Agreement



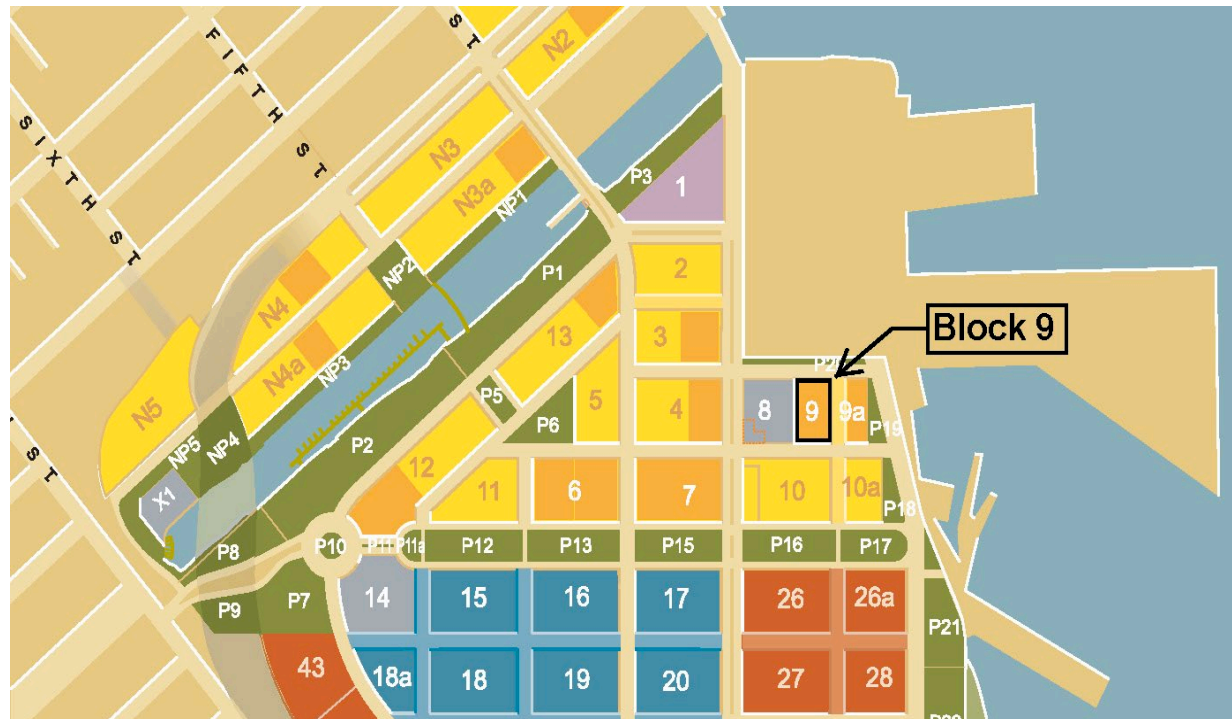
Affordable Housing Program

- Accelerate housing program through new bond proceeds through SB 107 authorizing legislation
- RFPs to be released in FY 16-17
- Prior to Issuance, all draft RFPs subject to review and comment by OCII Commission

Affordable Housing Program

Mission Bay South RFP (410 China Basin Street):

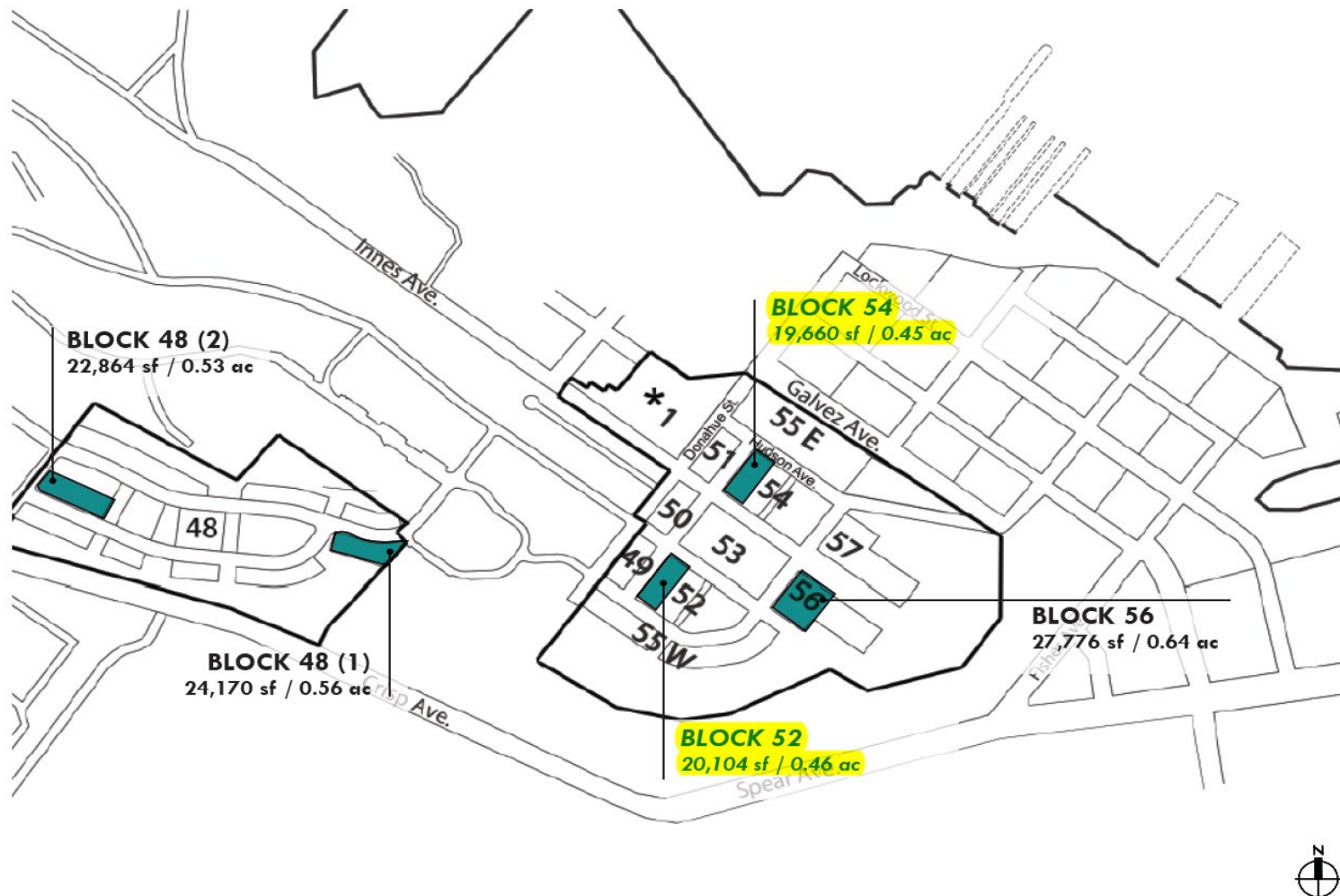
- Block 9 (approximately 120 units)
- Supportive housing for formerly homeless individuals



Affordable Housing Program

HP Shipyard Phase 1 (first OCII sited in Shipyard) RFP:

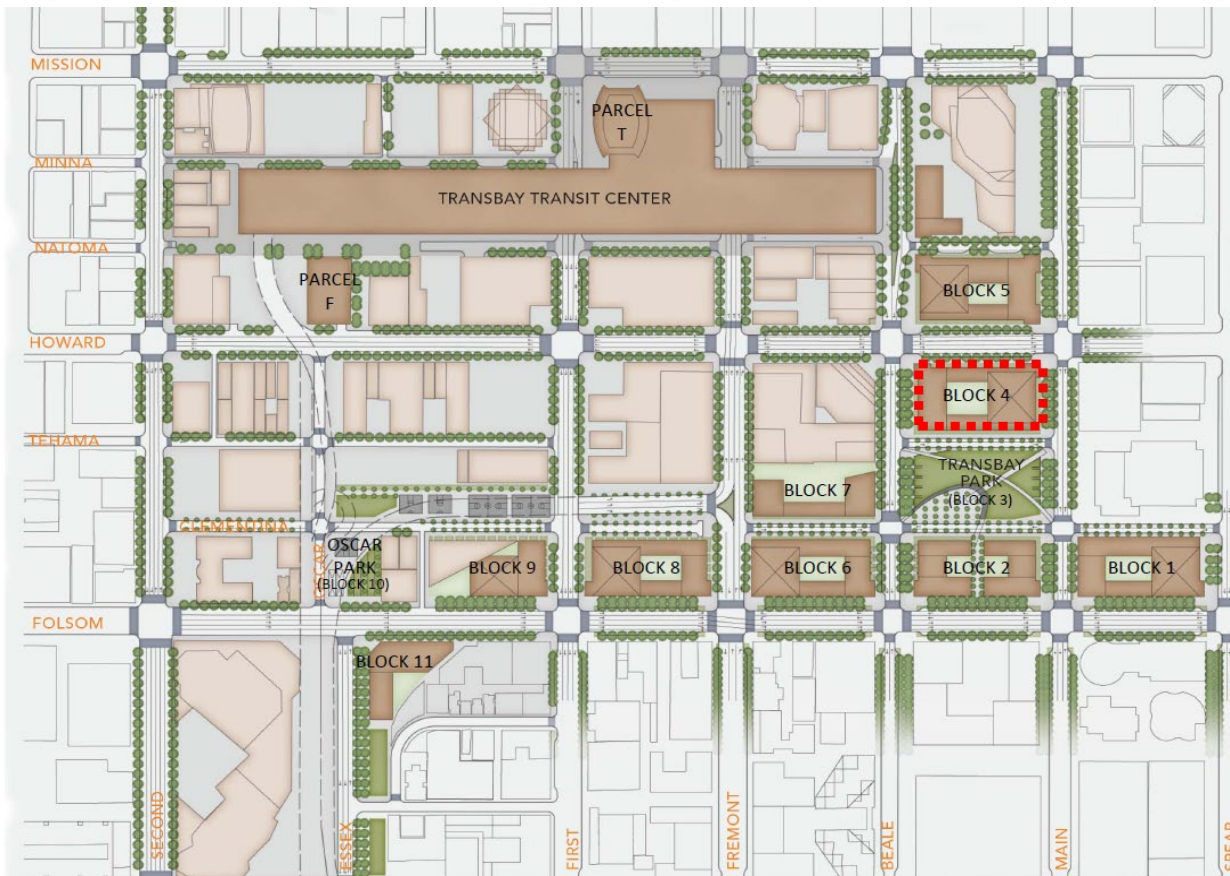
- Blocks 52 and 54 (79 units combined)
- Family rental units targeting 60% AMI and below



Affordable Housing Program

Transbay Block 4

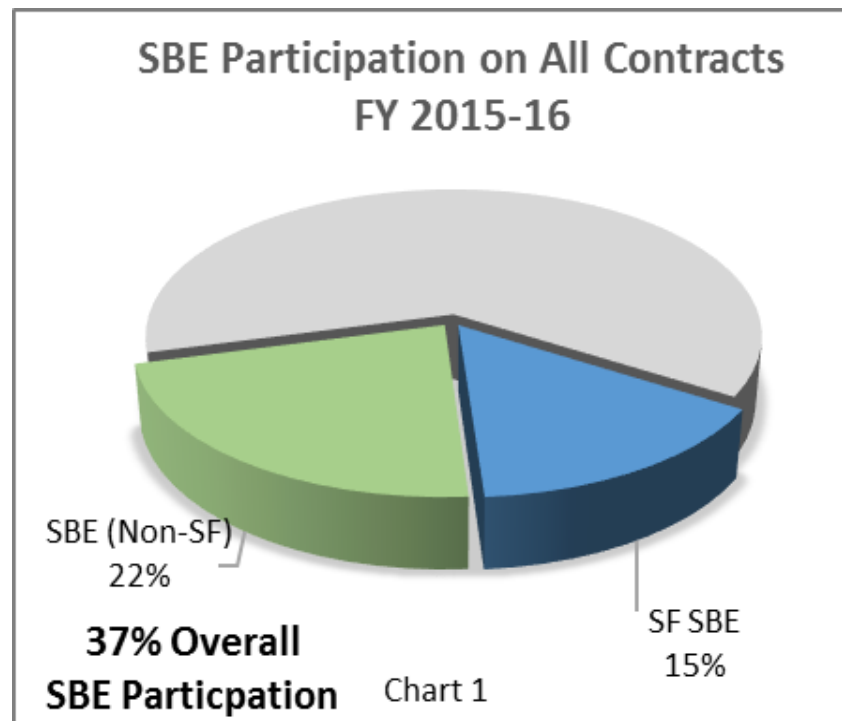
- Development Agreement negotiation
- Mixed-Income project
- Inclusionary BMRs, no OCII subsidy



Affordable Housing Program - SBE Contracting

Small Business Enterprise in Affordable Housing Contracts FY 2015-16

- **\$296 million** awarded professional service and construction contracts
- **12 affordable housing projects** with OCII's developer partners
- Over **\$109 million** (or 37%) were awarded to SBEs

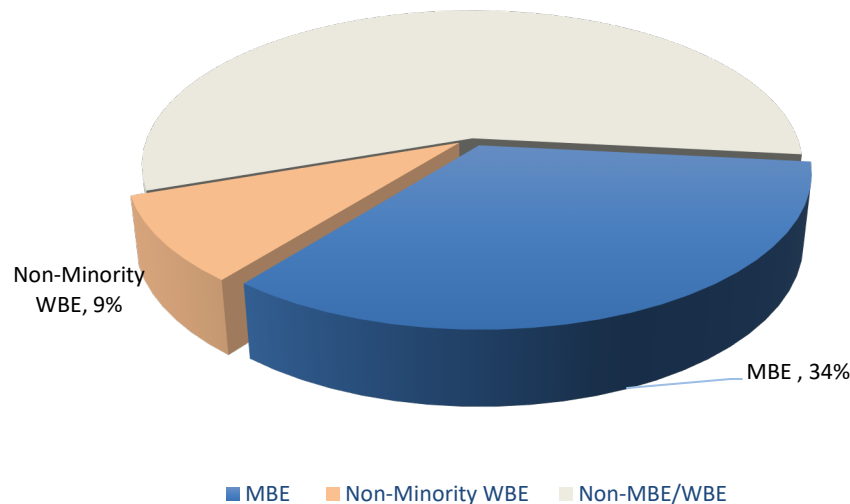


Affordable Housing Program-Contracting

Women and Minority Owned Firms Participation Rates

- Minority and women owned firms received over 32% (or **\$10 million**) of professional services contracts
- MBE and WBEs over **\$36 million** or 13% of construction contracts

**Women and Minority Participation Rates
Among SBE Contractors FY 2015-16**



Thank you to the Housing Team!!

- Jane Suskin, Assistant Development Specialist
- Elizabeth Colomello, Senior Development Specialist
- Ben Brandin, Development Specialist
- Gretchen Heckman, Development Specialist
- Pam Sims, Senior Development Specialist-Marketing and COP Liaison

And special thanks to Natasha Jones!

THANK YOU

