



118-0312018-002

Agenda Item **No. 8(b)**
Meeting of November 6, 2018

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Interim Executive Director

SUBJECT: Marketing Outcomes Project Report; 255 Fremont Street (Natalie Gubb Commons, Transbay Block 7), for a recently completed 120-unit affordable rental development, which includes one manager's unit; Transbay 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 Project Report ("Project Report") after the full lease-up of each affordable project.

London N. Breed
MAYOR

Nadia Sesay
EXECUTIVE DIRECTOR

Marily Mondejar
CHAIR

Miguel Bustos
Dr. Carolyn Ransom-Scott
Mara Rosales
Darshan Singh
COMMISSIONERS

Attached is the Marketing Outcomes Report for the lease-up of 255 Fremont Street, also known as Natalie Gubb Commons and Transbay Block 7 (the "Project") in the Transbay Redevelopment Project Area, and is subject to the Loan Agreement dated August 18, 2015, between OCII and Mercy Housing California 64, L.P., a California limited partnership. In the Fall of 2016, the MOHCD and OCII staff approved the finalized Early Outreach Plan. The first early outreach postcard was mailed out to Certificate of Preference ("COP") holders in January 2017, and the second postcard was mailed in April 2017. Recipients were informed about the location, number and types of units that would be available in the Winter of 2018. MOHCD began accepting applications through DAHLIA starting September 29, 2017, and an Information Session was held on October 10, 2018.

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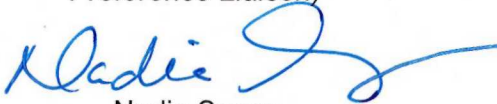
415 749 2400

www.sfocii.org

The Project is comprised of 119-units of affordable 1, 2 and 3-bedroom units. Ninety-five of those units went through the lottery process and were restricted to households at 40% and 50% at TCAC levels, (which equated to approximately 46% and 57% of MOHCD AMI, or \$52,640 and \$65,800 for a family of four, respectively), and 50% MOHCD AMI (\$57,650 for a family of four). For those 95 units in the lottery, a total of 6,580 households applied, and ten of the applicants were COP holders who live in San Francisco, Sacramento, Vallejo, Fairfield, San Leandro and Mill Valley. Of those 10 COP holders, eight applicants either ceased responding to the application process or missed multiple appointments despite attempts to contact them. Of the remaining two, one was over income for this project, leaving one COP holder (who relocated from Mill Valley) was successful in leasing a unit at the Project.

The remaining 24 units were made available to households who voluntarily elected to relocate from the Sunnydale public housing HOPE SF site to the Project, and those units are subsidized with Project Based Vouchers. Only 23 households ultimately relocated from Sunnydale to the Project, but the San Francisco Housing Authority referred a COP holder to the Project, bringing the total COP holders housed at the Project to two.

(Originated by Pamela Sims, Senior Development Specialist – Marketing and Certificate of Preference Liaison)


Nadia Sesay
Executive Director

Attachment A: Marketing Outcomes Project Report

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



London N. Breed
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 is for 255 Fremont Transbay Block 7- Natalie Gubb Commons.

Marketing Outcomes Project Report
October 15, 2018

Project name	Natalie Gubb Commons
Project location	255 Fremont Street
Project sponsor	Mercy Housing California 64 L.P.
Project tenure	100% affordable
Population type	Family housing
Total number of units	120
Total number of affordable units	95 Tax Credit Units (Lottery Units) 24 PBV Units 53 – 1 bedroom 43 – 2 bedroom 23 – 3 bedroom 1 – managers unit
Total number of applicants for 95 lottery units	6,580
Affordability level(s)	40% and 50% Area Median Income (TCAC) (81 units) 50% Area Median Income (MOHCD) (14 units)
Marketing start date	9/29/2017
Construction completion date	Temporary Certificate of Occupancy is 2/15/18
100% Lease-up date	7/3/18

Occupancy preferences	1. COP 2. San Francisco Residents and San Francisco Workers 3. Members of the General Public
How many COP holders applied?	10
How many COP holders were housed?	2*
Of the 10 COP holders applied, what was their city of origin?	4 - San Francisco 2 - Sacramento 1 - Vallejo 1 – Mill Valley 1 – Fairfield 1 – San Leandro
What happened to the 9 COP Holders that were not housed?	2 - No Response from Applicant after Multiple Attempts 2 - Missed Two or More Appointments 1 - Over Income 4 - Withdrew
Total Number of People Housed in the 95 Units at Natalie Gubb Commons	320 Residents Residents under 18: 116 Residents 55 and over: 46

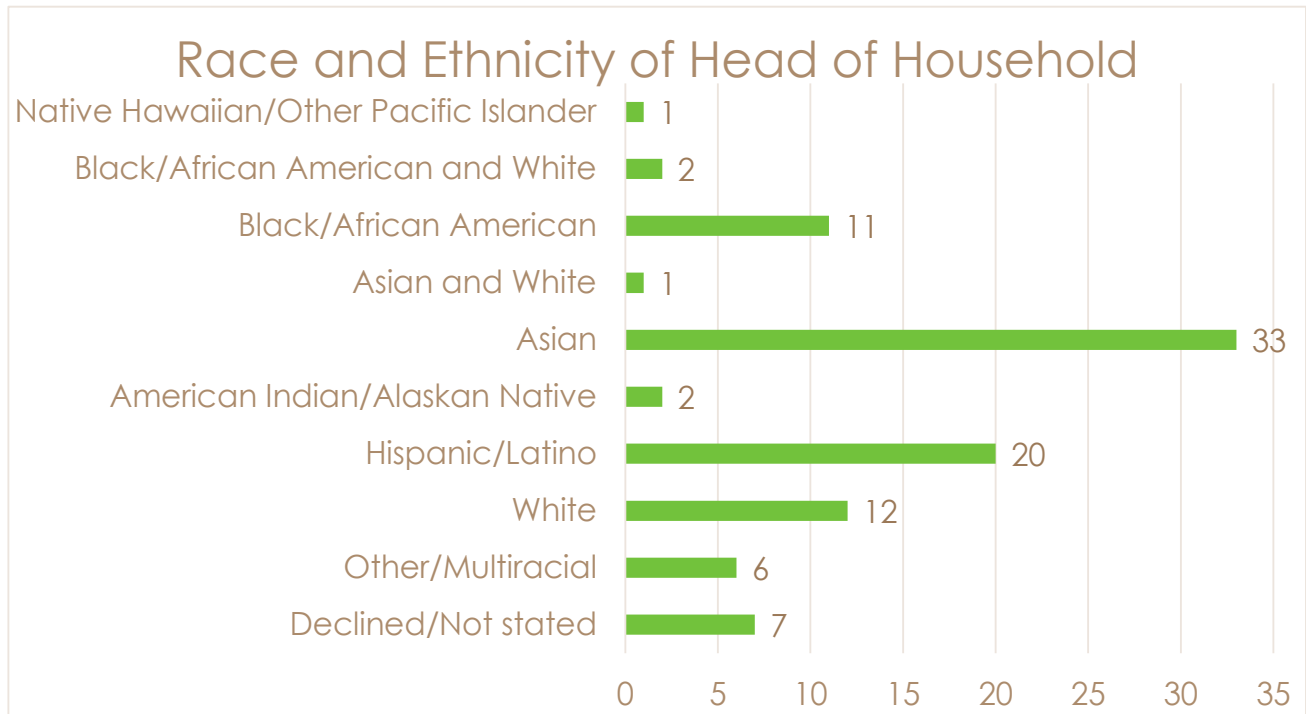
*One of the COP holders was referred by the San Francisco Housing Authority.

Background

Natalie Gubb Commons is a 123,251 square foot building (of which 90,554 sf is residential) that includes 119 affordable units (plus one manager's unit) in eight stories of residential use. The 119 family units are composed of 53 one-bedroom, 43 two-bedroom and 23 three-bedroom apartments, and are affordable to households earning between 40% and 50% of Tax Credit Allocation Committee (TCAC) Area Median Income or 50% of MOHCD Area Median Income. The development also includes a child care facility, community room and landscaped podium with a playground equipment, barbecue facilities and a ½ court basketball space. Permanent funding for Natalie Gubb Commons was approved, on August 18, 2015, and construction began on June 13, 2016. The development received its Temporary Certificate of completion was received on February 15, 2018.

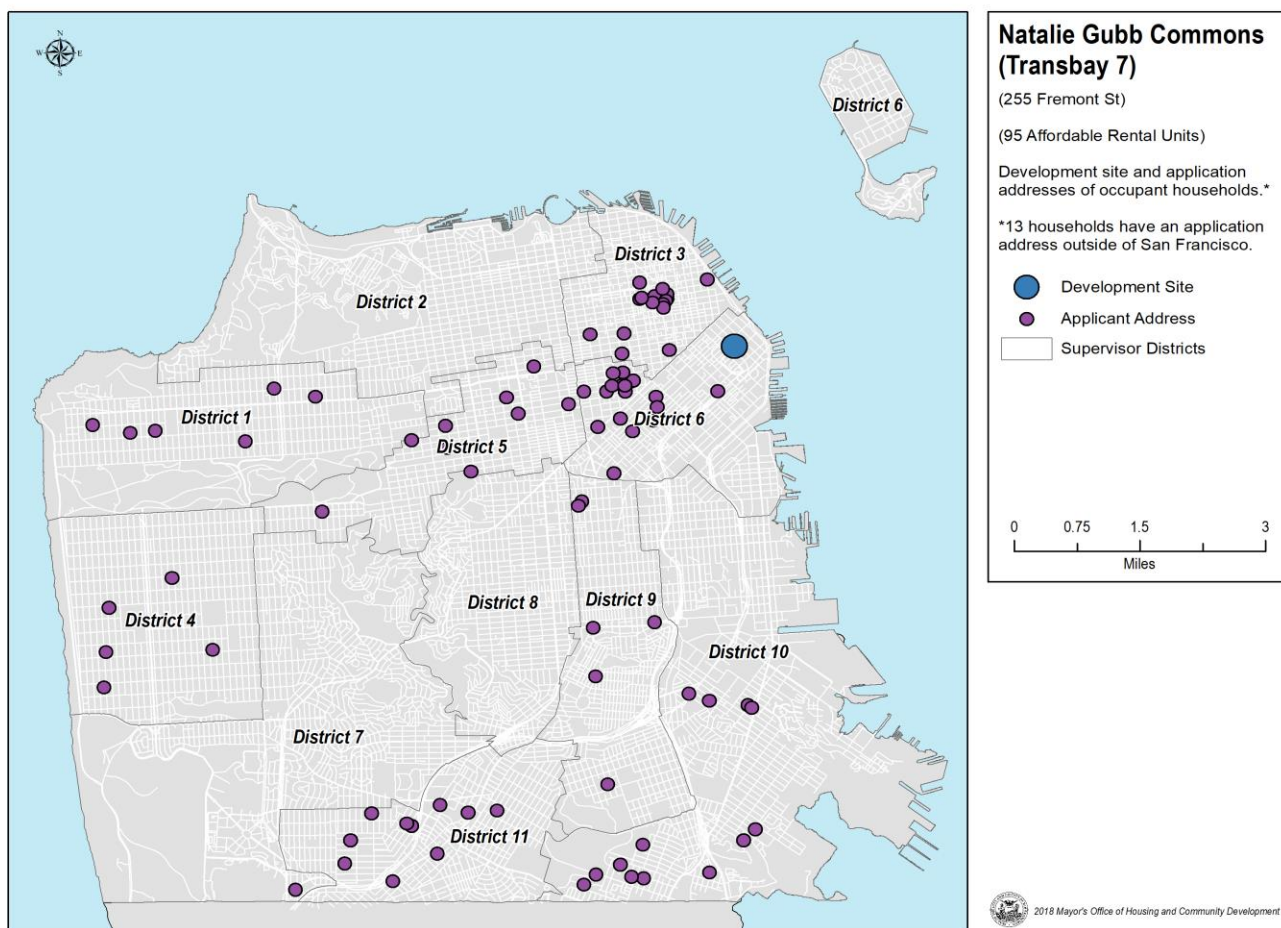
Natalie Gubb Commons Lease-up Demographics

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. 11.5% of the successful applicant households at Natalie Gubb Commons identify their race as African American. 34.7% identified their race as Asian. With regard to ethnicity, 21% of the head of household's were of Latino ethnicity.



Location of Origin of Successful Applicants

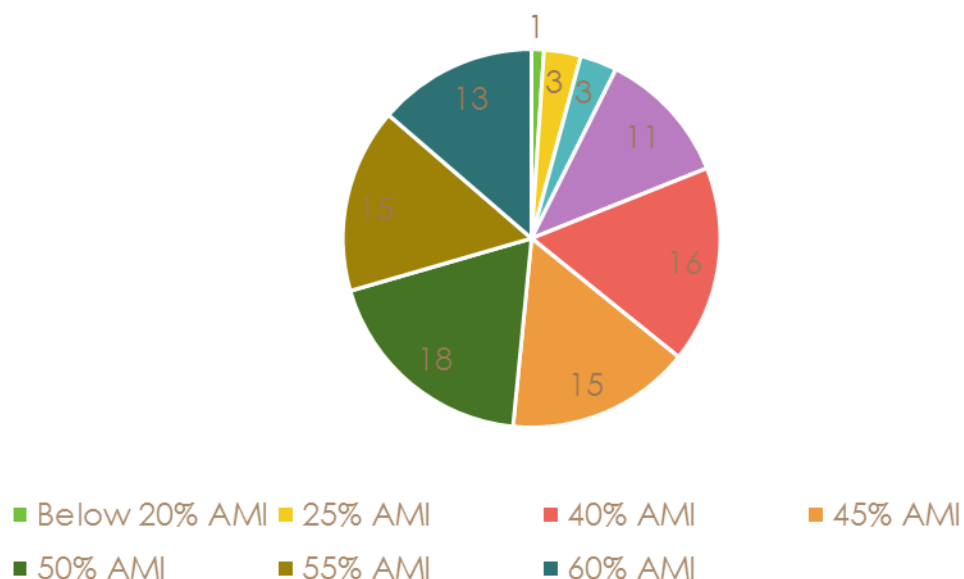
Every Supervisorial District had at least one successful applicant in the lottery. The most successful applicants originated from District 6 (20 applicants), District 3 (15 applicants) and District 10 (12 applicants). 13 households lived outside of San Francisco, including one COP holder who moved into a Tax Credit unit.



Income Levels Served

Rents at Natalie Gubb Commons are set at 40% AMI and 50% AMI (TCAC) and 50% AMI (MOHCD). At lease up, rents ranged between \$987 and \$1,711 per month, depending on unit size. A single person household would have to earn between \$23,688 and \$46,100 annually to qualify. To qualify for a 3 bedroom/2 bath unit, a household would have to earn at least \$41,064 annually. The majority of households at Natalie Gubb Commons earn between \$26,440 and \$66,483 per year. Household's earning less than 20% AMI, needed a rental subsidy to qualify.

Average % of Area Median Income



Affordable Housing Lottery Preferences and Lease Up

MOHCD and OCII were very pleased to offer the electronic housing application and lottery for Natalie Gubb Commons. MOHCD IT staff was on hand to ensure the lottery went smoothly. Participants were pleased with how quickly they can now apply online and receive lottery results and the transparency of the process.

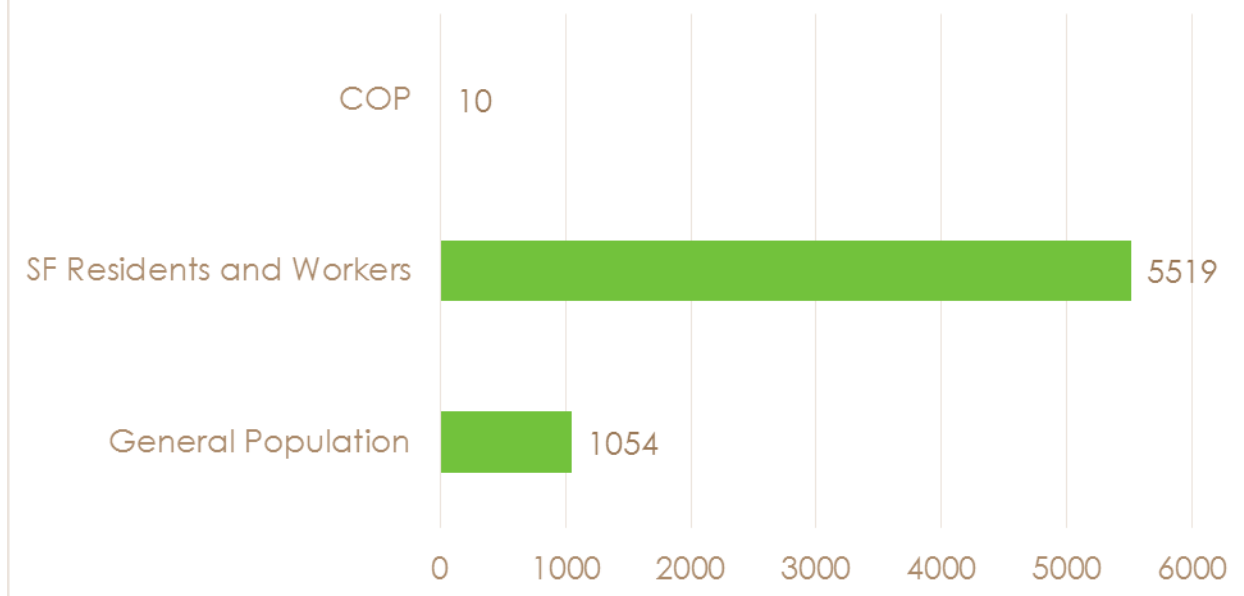
6,580 households applied to Natalie Gubb Commons for 95 lottery units of housing. Below are the housing lottery preferences for all applicants as well as those applicants who secured housing.

The New York Times published an article in May of 2018

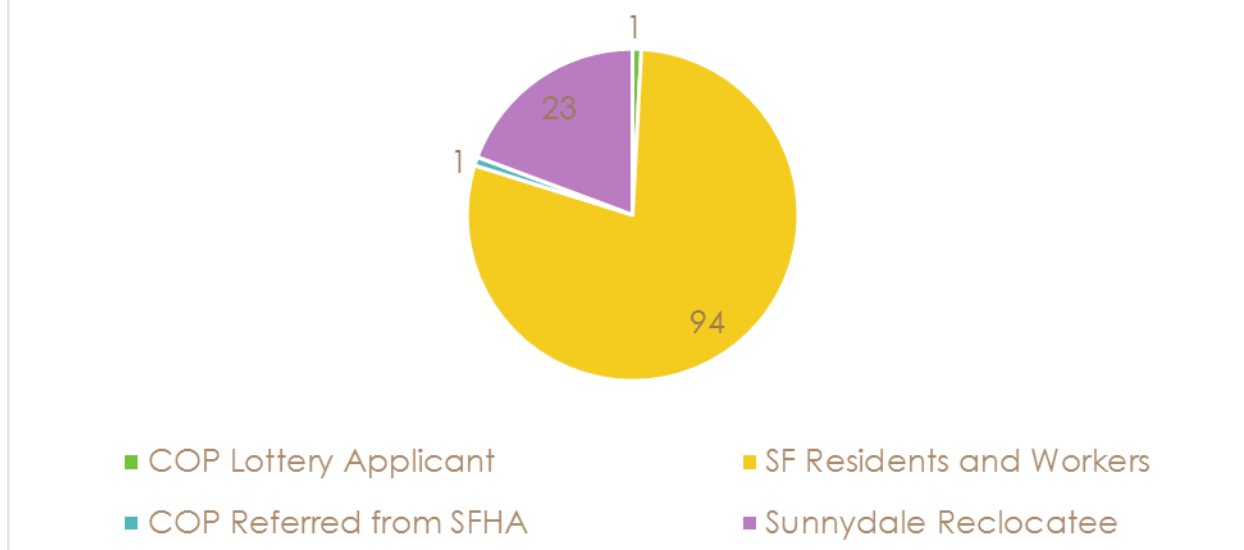
<https://www.nytimes.com/2018/05/12/upshot/these-95-apartments-promised-affordable-rent-in-san-francisco-then-6580-people-applied.html>

highlighting housing search stories of successful and unsuccessful Natalie Gubb applicants.

6580 Applicants in the Lottery



95 Signed Leases



COP Success Story

Mr. Brown is a COP lottery applicant that currently lives at Natalie Gubb. “It’s been good. I applied to about two housing opportunities prior to Natalie Gubb Commons.” Mr. Brown received assistance from the non-profit, Seasons of Sharing which covered his move-In costs. “I was living with my sister-in-law prior to moving here. It feels good living here, my wife and daughter and I are pretty happy. As far as the building amenities, the onsite laundry facility is excellent and maintenance is always on top of everything. What I would tell other COP holders is that if you can handle the city life, it’s excellent. My wife is now eager to explore homeownership through the COP program.”