

118-0322017-002

Agenda Item **No. 8(a)**
Meeting of January 16, 2018

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: 50 Jerrold and 555 Innes Avenue (Hunters Point Shipyard Blocks 53 and 54) Marketing Outcomes Project Report; sixteen inclusionary below market rate units affordable at 80% Area Median Income; Hunters Point Shipyard Project Area

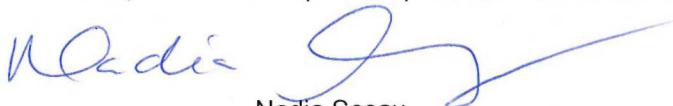
EXECUTIVE SUMMARY

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.

Attached is the Marketing Outcomes Report for the sale of 16 inclusionary units at Blocks 53 and 54 which are located in the Hunters Point Shipyard project Area, and is subject to the Vertical Disposition and Development Agreement ("VDDA") dated December 19, 2012, between the Successor Agency to the Redevelopment Agency of the City and County of San Francisco and HPS Development Co., LP, a Delaware limited partnership. The units became available for sale in October 2016, when the application process was launched. Blocks 53 and 54 are comprised of 159 units of which 16 are inclusionary units targeted to households earning 80% Area Median Income ("AMI"), which in 2016 equated to \$86,150 for a family of four.

A total of 85 households applied, and of these two were households with Certificate of Preference ("COP") Holders. Unfortunately neither COP household purchased a home: one household was over income (at 83% of AMI) and the other was unable to secure a mortgage loan pre-approval. Of the eight households who applied under the Rent Burdened/Assisted Housing preference, five became homeowners. The remaining eleven households qualified under the Live in San Francisco preference.

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



Nadia Sesay
Executive Director

Attachment A: Marketing Outcomes Project Report

CITY AND COUNTY OF
SAN FRANCISCO

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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 sale of each OCII affordable housing development. The report for Hunters Point Shipyard, Block 53 & 54 follows.

Marketing Outcomes Project Report – November 14, 2017

Project name	Alma at the SF Shipyard Engel at the SF Shipyard Thayer at the SF Shipyard Tides at the SF Shipyard
Project location	Friedell Street Coleman Street Jerrold Avenue Hudson Avenue Innes Avenue Avocet Way
Project sponsor	Lennar Urban
Project tenure	Ownership
Population type	First Time Homebuyers
Total number of units	16
Total number of affordable units	16 5 – 1 bedroom 9 – 2 bedroom 2 – 3 bedroom
Total number of applicants	85
Affordability level(s)	75% of Area Median Income (AMI) Sales Price 80% AMI Maximum Qualifying Income

Sales Price Range:	Affordable: \$171,780 - \$306,054 Market Rate \$800,000 - \$1.5M
Marketing start date	October 12, 2015
Construction completion date	2016 and 2017
Final Sale Date	July 31, 2017
Occupancy preferences	1. Certificate of Preference 2. Ellis Act Housing Preference 3. SF Resident 4. General Population
How many COP holders applied?	1
How many COP holders purchased?	0
What happened to the COP holder who did not purchase?	1 – over income
Total Number of People Housed in BMR's	A total of 33 people live in the 16 units.

Background

Blocks 53 and 54 began marketing the 16 townhomes/condos for sale in October 2015. Lennar and MOHCD held the lottery on December 16, 2015. In February 2016, MOHCD was informed that there were delays in construction. Lennar Urban did not begin closing units until June 2016. Half the homes were closed when further construction delays caused the final home sale in July 2017.

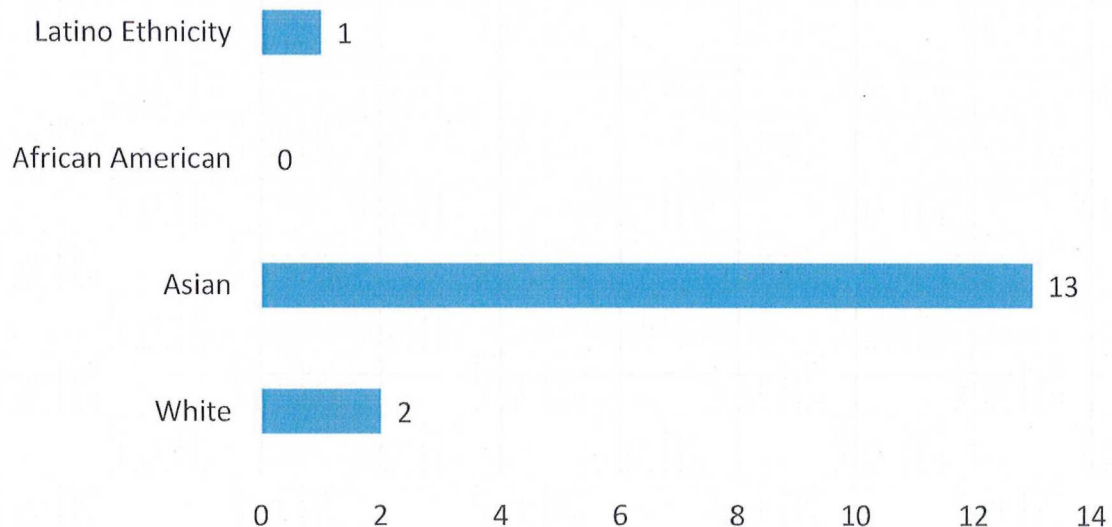
The construction delays were problematic for many reasons. Primarily because several households who qualified at the time they applied were over the income limits by the time the units were ready to be sold. Two households withdrew during the long delay and purchased a different BMR unit at 1400 Mission.

The COP holder who applied to the Shipyard was initially disqualified for being over income. He appealed the negative decision and provided additional information and MOHCD determined that the household was within the allowable income range. When an applicant appeals, the developer is required to hold a comparable unit during the appeal. An appeal can take up to two weeks to resolve and they are not required to hold the exact unit that a household desires, but one with the same square footage and bedroom size. When the COP household's appeal was granted, the unit he wanted had been sold to another BMR applicant. Because the comparable unit was not his first choice, the COP holder passed on the purchase.

SF Shipyard Blocks 53/54 Sales Demographics

MOHCD uses the same categories as HUD to identify race and ethnicity demographics among applicant head of households. Each applicant is asked to identify a race and they are also asked if they are of Latino ethnicity. 80% of successful households identified their race as Asian. With regard to ethnicity, one of the head of household's identified as having Latino ethnicity.

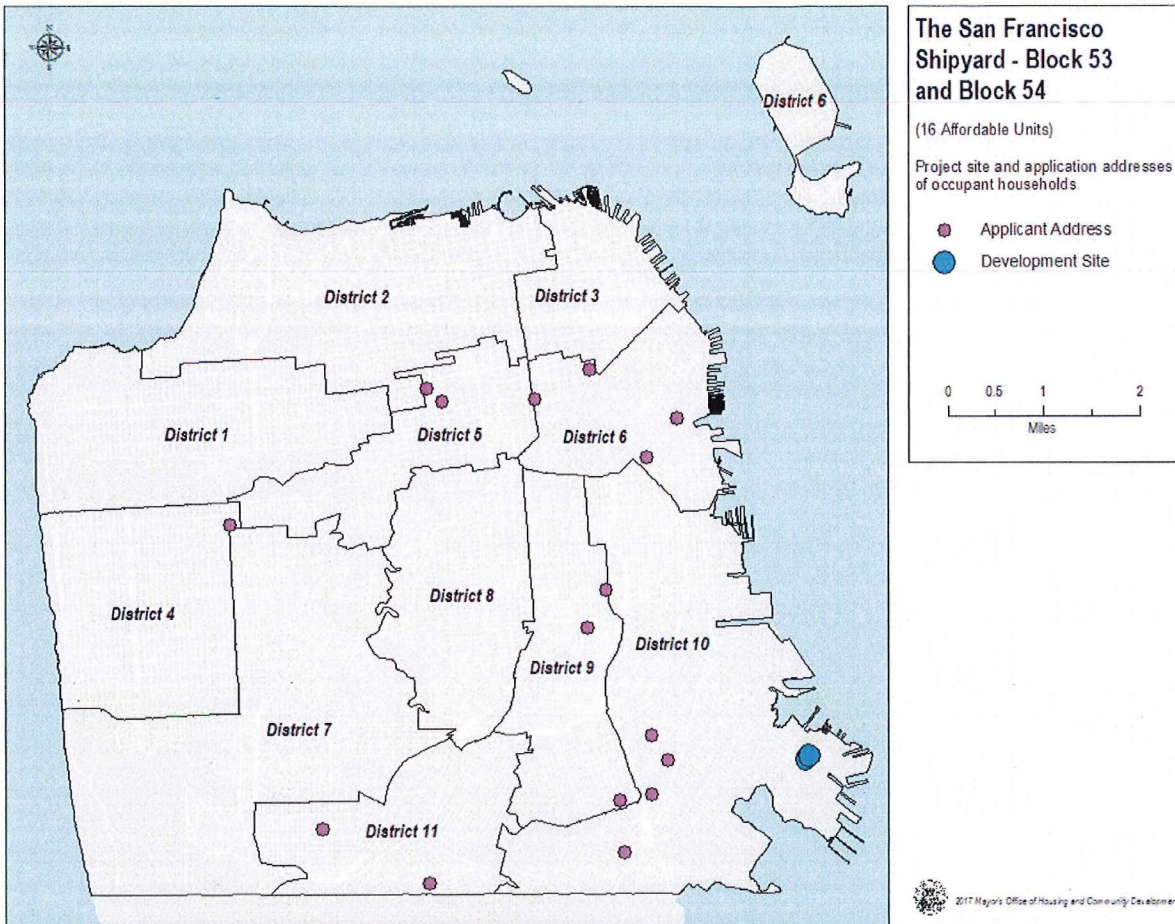
Race and Ethnicity



The average household income of the successful homeowners is 70% AMI or \$59,613. The average household size of the sixteen households is 2.5. Eleven of the sixteen households included children and there were two seniors housed at Blocks 53/54.

Location of Origin of Successful Applicants

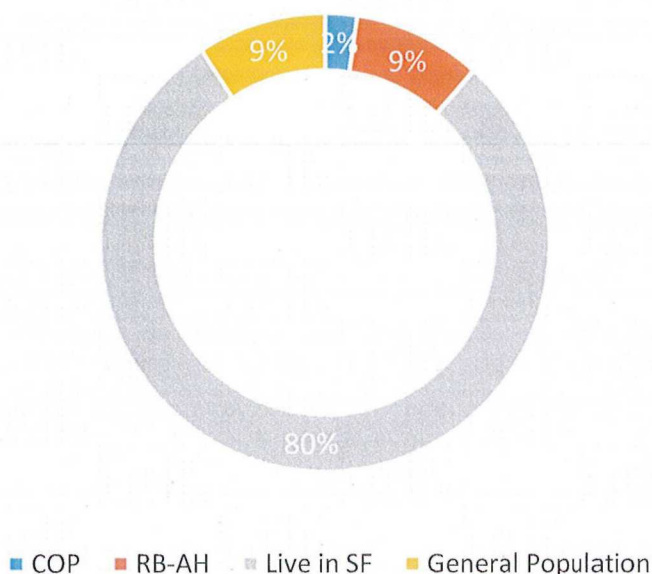
The 16 homebuyers who successfully purchased came from several locations throughout the City. Four each came from Districts 6 and 10. Three came from District 9. No households from outside of San Francisco purchased a Hunters Point Shipyard unit.



Affordable Housing Lottery Preferences and Sales

82 households applied to Block 53/54 for 16 homes. Eight households applied under the Rent Burdened/Assisted Housing preference, of which 5 became homeowners. No Ellis Act Housing Preference certificate holders applied. The remaining eleven homeowners were selected from the Live in S.F. Preference.

Block 53/54 Lottery



Success

Ms. Green was lottery winner number 28. Her ranking was not immediately in the running and she gave up waiting to be called. She continued to live her life as if homeownership was a missed opportunity. Because another 2 person household was no longer income qualified after waiting more than a year for their home to be completed, she was surprised to receive a call informing her that she was the next applicant to be reviewed. She excitedly gathered her updated paperwork to submit for review. During that year and a half, life changes took place which included the birth of another child. As a single mother, the dream of homeownership seemed impossible at 50% AMI. With the assistance of MOHCD's Below Market Rate –Down Payment Assistance Loan Program, which lowered the household's monthly housing costs and enabled Ms. Green to secure a first mortgage, she and her two children now live in a 2 bedroom condo at The Shipyard.