

118-0072018-002

Agenda Item **No. 8(c)**
Meeting of February 20, 2018

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: 588 Mission Bay Boulevard North Marketing Outcomes Report, a 198-unit affordable multifamily rental development, plus two managers units, which are affordable at 50% and 60% Tax Credit Allocation Committee Area Median Income; Mission Bay South Redevelopment Project Area

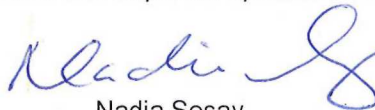
EXECUTIVE SUMMARY

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 588 Mission Bay Boulevard North, also known as, Mission Bay South Block 7 West, in the Mission Bay South Redevelopment Project Area. 588 Mission Bay Boulevard North is comprised of 72 one-bedroom and 126 two-bedroom units, plus two two-bedroom managers' units. A total of 14, of the 72 one-bedroom units are at 50% Area Median Income ("AMI"), and 58 units are at 60% AMI. A total of 26, of the 126 two-bedroom units, are at 50% AMI, and 100 are at 60% AMI. 588 Mission Bay Boulevard North was developed by Related Companies of California in partnership with Chinatown Community Development Center. The Report provides information on the successfully housed applicants occupying the 198 affordable 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 4,068 applications were received, and of these 17 households are COP holders. Six COP households were successful applicants and are now living at 588 Mission Bay Boulevard North. Three of the successful COP households relocated from Vallejo, Sacramento and Berkeley.

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



Nadia Sesay
Executive Director

Attachment A: Marketing Outcomes Report

Mark Farrell
MAYOR

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ATTACHMENT A

Mark Farrell
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 Report subsequent to the initial lease-up for each OCII affordable housing development. The following report is for 588 Mission Bay Boulevard North ("Five88").

Marketing Outcomes Report
February 2, 2018

Project name	Five88
Project location	588 Mission Bay Boulevard North
Project sponsor	Mission Bay Block 7 Housing Partners, LP Related Companies of California Chinatown Community Development Center
Project tenure	100% affordable
Population type	Family housing
Total number of units	200
Total number of affordable units	198 Tax Credit Units 70 – 1 bedroom 128 – 2 bedroom 2 - managers unit
Total number of applicants for 198 lottery units	4,068
Affordability level(s)	50% Area Median Income (TCAC) – 40 units 60% Area Median Income (TCAC) – 158 units

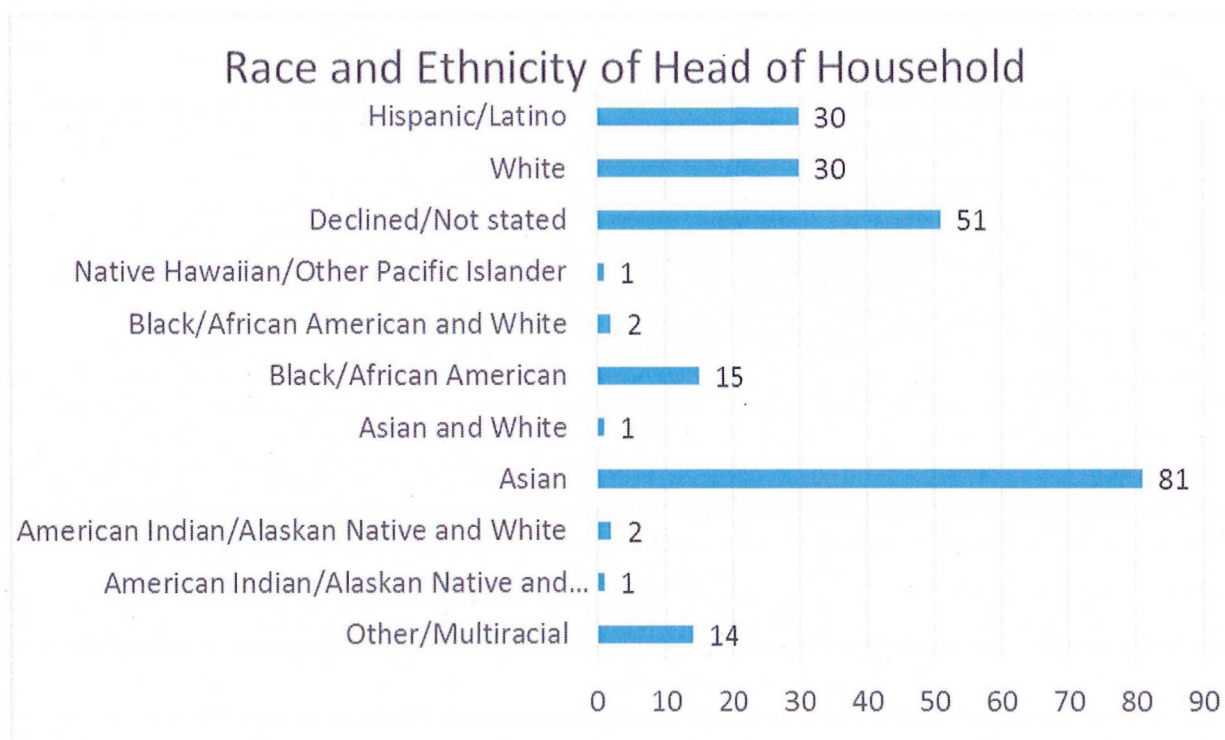
Marketing start date	11/23/2016
Construction completion date	1/31/2017
100% Lease-up date	10/27/ 2017
Occupancy preferences	1. COP holders 2. Public Higher Education Institution Worker, Public Healthcare Institution Worker and Adult Disabled Household Member (unit cap of 50%) 3. San Francisco Residents or Workers 4. Members of the General Public
How many COP holders applied?	17
How many COP holders were housed?	6
Of the 6 COP holders housed, what was their city of origin?	3 - San Francisco 1 - Vallejo 1 - Sacramento 1 – Berkeley
What Happen to the 11 COP Holders that were not housed?	3- Under income 3 - Over income 3 –Credit issues 1 - Withdrew 1 – Requested to be added to the Waitlist
Total Number of People Housed in the 198 Units at Five88	548

Background

588 Mission Bay Boulevard North is a 230,000 square foot building that includes 198 affordable (plus two manager's) units in four stories of residential uses above a ground floor podium that accommodates the project's retail and parking, with an interior courtyard at both grade and podium level. The 198 small family units are composed of 70 one-bedroom, and 128 two-bedroom apartments, and are affordable to households earning between 50% and 60% of Tax Credit Allocation Committee ("TCAC") Area Median Income ("AMI") (or \$61,500 for a 4-person household at 50% TCAC AMI and \$73,800 for a 4-person household at 60% TCAC AMI). Permanent funding for 588 Mission Bay Boulevard North was approved in August, 2014, and construction began in May 2015. Certificate of completion was received in February 2017.

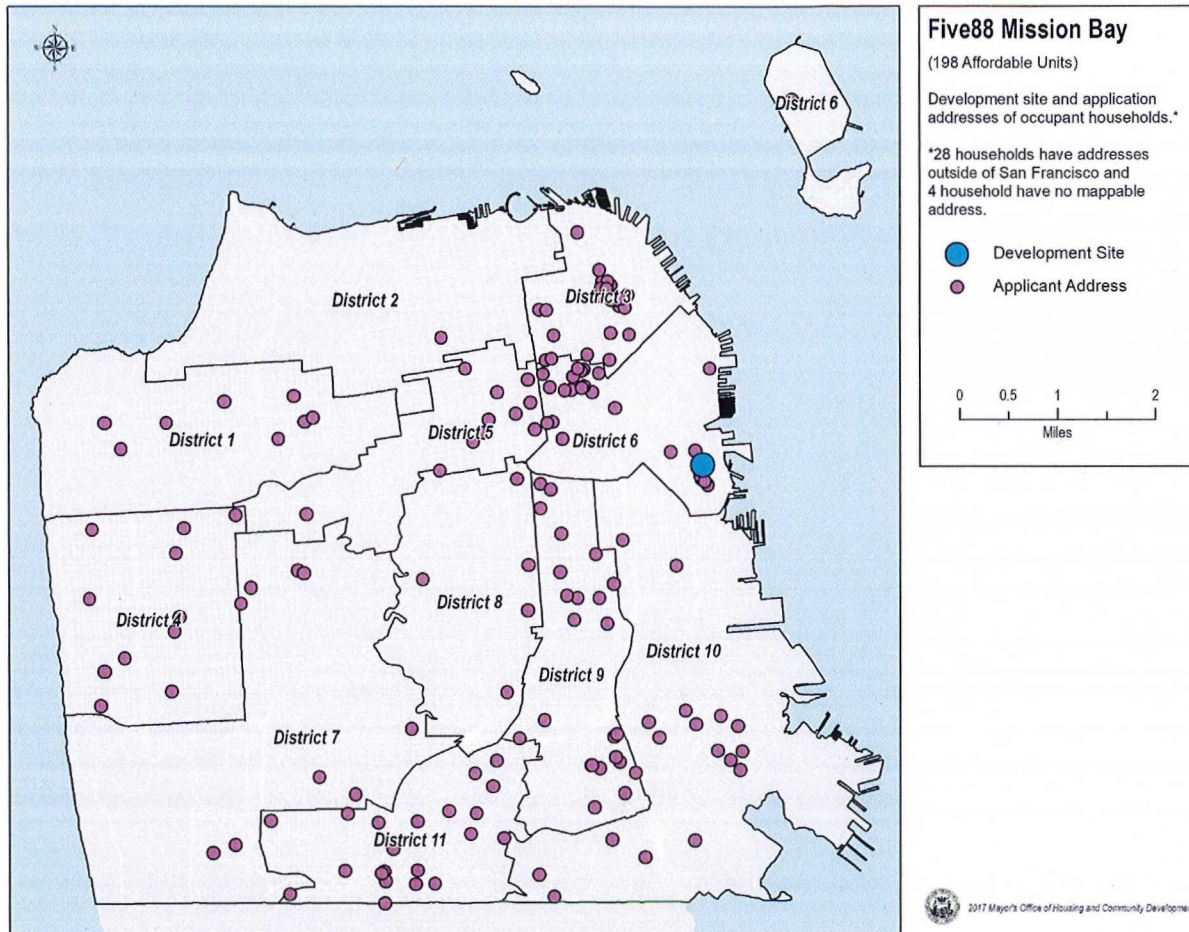
Five88 Lease-up Demographics

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. 40% of the successful applicant households at Five88 identify their race as Asian. 25% declined not to state their race and 15% identified as White. With regard to ethnicity, 15% of the head of household's were of Latino ethnicity.



Location of Origin of Successful Applicants

Applicants for Five88 came from all over San Francisco. Every district was represented in the applicant pool. Because of the public healthcare institution worker lottery preference, 15% of the occupants are new residents to San Francisco cutting their commute time and carbon footprint.



Income Levels Served

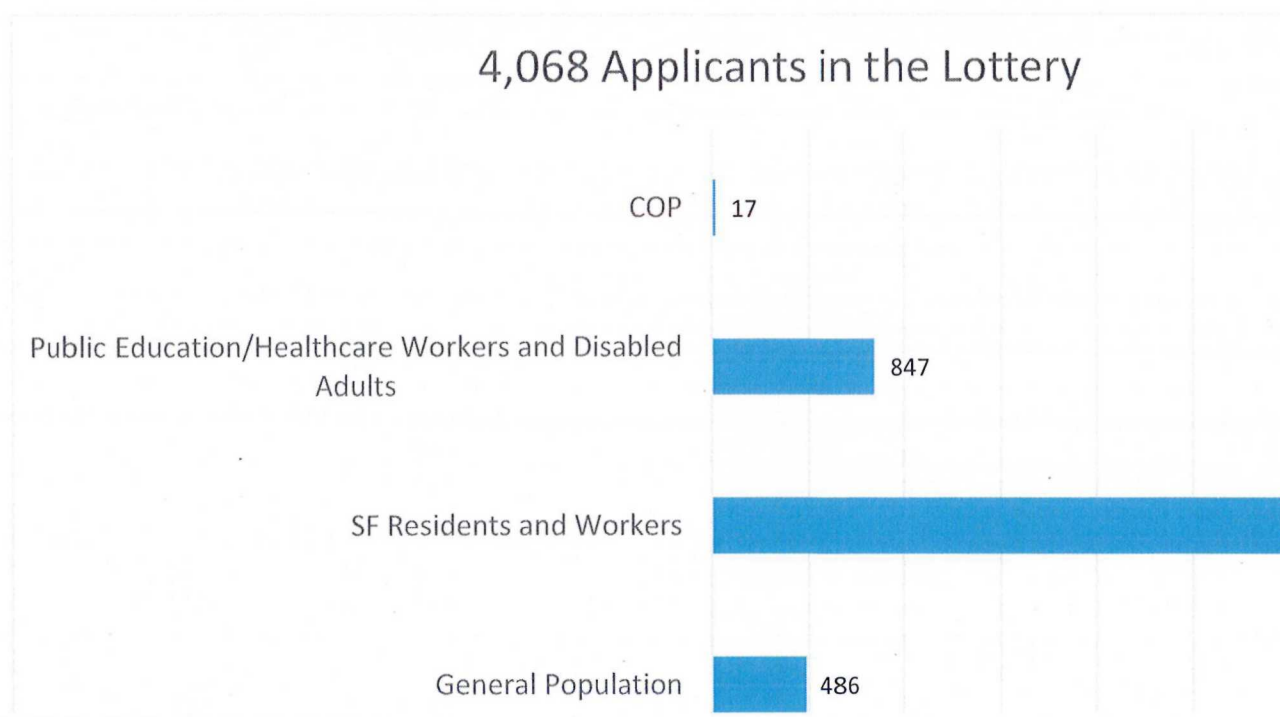
Rents at Five88 are set at 50% TCAC AMI and 60% TCAC AMI. At lease up, rents ranged from \$1,090 to \$1,576 per month, depending on unit size and AMI level. A single person household needs to earn between \$26,160 (qualifies for a one-bedroom at 50% AMI) and up to \$51,660 (qualifies for a two-bedroom at 60% AMI) annually. To qualify for a 2 bedroom/2 bath unit, a household would have to earn at least \$31,176 annually. The majority of households at Five88

earn between \$25,000 and \$74,000 and per year. Household's earning less than \$17,220 or 20% AMI, needed a rental subsidy to qualify.

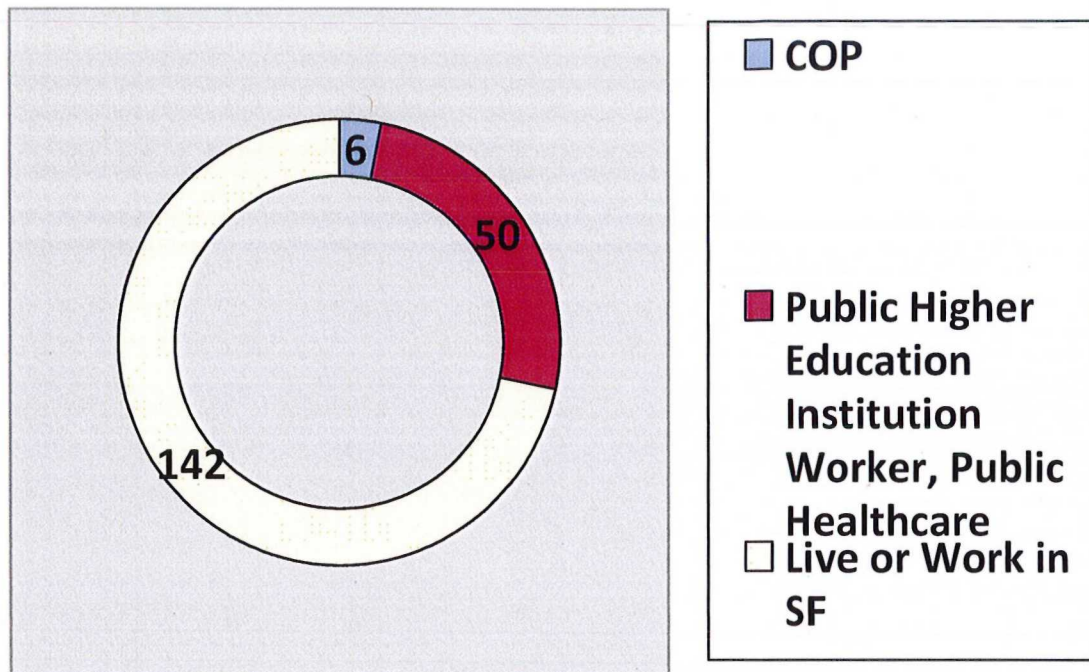
Affordable Housing Lottery Preferences and Lease Up

Of the 17 COP holders who applied at Five88, 11 were not approved for various reasons: 3 were over income, 3 were under income, and 3 did not meet the credit standards with over \$2,000 in collections, one of whom was recently housed in an Inclusionary rental unit that had more relaxed credit standards. One COP holder changed their mind about living in Mission Bay and another opted to be put on the waiting list in order to fix their credit so they will be ready when a unit becomes available. One of the 6 households that were housed at Five88 successfully appealed their failed credit status and was able to make use of their Section 8 housing voucher.

4,068 households applied to Five88 for 198 units of housing. Below are the housing lottery preferences for all applicants as well as those applicants who secured housing.



Lottery Preferences for Five88 Occupants



COP Success Stories

Ms. Green applied to one other housing opportunity, but Five88 was larger than the other choice in Lakeview. She worked with SFHDC at their Newcomb and Third offices, and completed a credit and housing readiness course. Her son was murdered at the location she was living previously, so she decided it wasn't healthy for her to live there alone. She had a Section 8, and a COP Certificate and so she thought it was time for her to use them to find peace in her life. She likes the environment and the neighborhood at Five88. It's a really good price and a blessing to be able to live in that neighborhood. She is very grateful.