



118-2132020-002

Agenda Item **No. 8(b)**
Meeting of July 21, 2020

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Marketing Outcomes report for 10 Kennedy Place, 10 Innes Court (Blocks 56 and 57), and 528 Hudson, 23 and 33 Kirkwood Avenue (Block 55) Hunters Point Shipyard Phase 1; eleven for-sale 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 eleven inclusionary units at Blocks 56, 57 and 55, which are located in Phase 1 of the Hunters Point Shipyard (“HPSY”) Project Area, and are subject to the Vertical Disposition and Development Agreement (“VDDA”) dated May 7, 2015, between the Successor Agency to the Redevelopment Agency of the City and County of San Francisco and HPS Block 56/57, LLC, a Delaware limited partnership. Block 55, is also located in Phase 1 of the HPSY Project Area, and is subject to the VDDA dated April 21, 2017, between the Successor Agency to the Redevelopment Agency of the City and County of San Francisco and HPS1 Block 55, LLC, a Delaware limited partnership. MOHCD and OCII worked with Lennar staff to complete early outreach to COP holders in the Summer of 2018. Three open houses and one informational session were provided to interested COP holders, and homeownership workshops were provided by the San Francisco Housing Development Corporation

London N. Breed
MAYOR

Nadia Sesay
EXECUTIVE DIRECTOR

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("SFHDC"). MOHCD and OCII then had a kick-off meeting with Lennar to discuss the upcoming sales of Shipyard Below Market Rate (BMR) units, including Blocks 56, 57 and 55. These units initially became available for sale in the Fall 2018, when the application process was launched. Blocks 56 and 57 are comprised of 80 units, of which eight are inclusionary units, and Block 55 totals 22 units of which three are inclusionary units. All eleven units were targeted to households earning 80% Area Median Income ("AMI"), which in 2019 equated to \$98,500 for a family of four.

A total of 84 households applied for the opportunity to purchase one of these units, and none of the applicants were Certificate of Preference ("COP") Holders. Of the eleven successful households one applied under the Rent Burdened or Assisted Housing Preference, and one applied under the Displaced Tenant Housing Preference. The remaining nine households qualified under the Live or Work in San Francisco preference.

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

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Nadia Sesay
Executive Director

Attachment A: Marketing Outcomes Report

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



London N. Breed
Mayor

Eric D. Shaw
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 after the initial sale of each OCII affordable housing development. The report for Hunters Point Shipyard, Blocks 55 and 57B BMR Project follows.

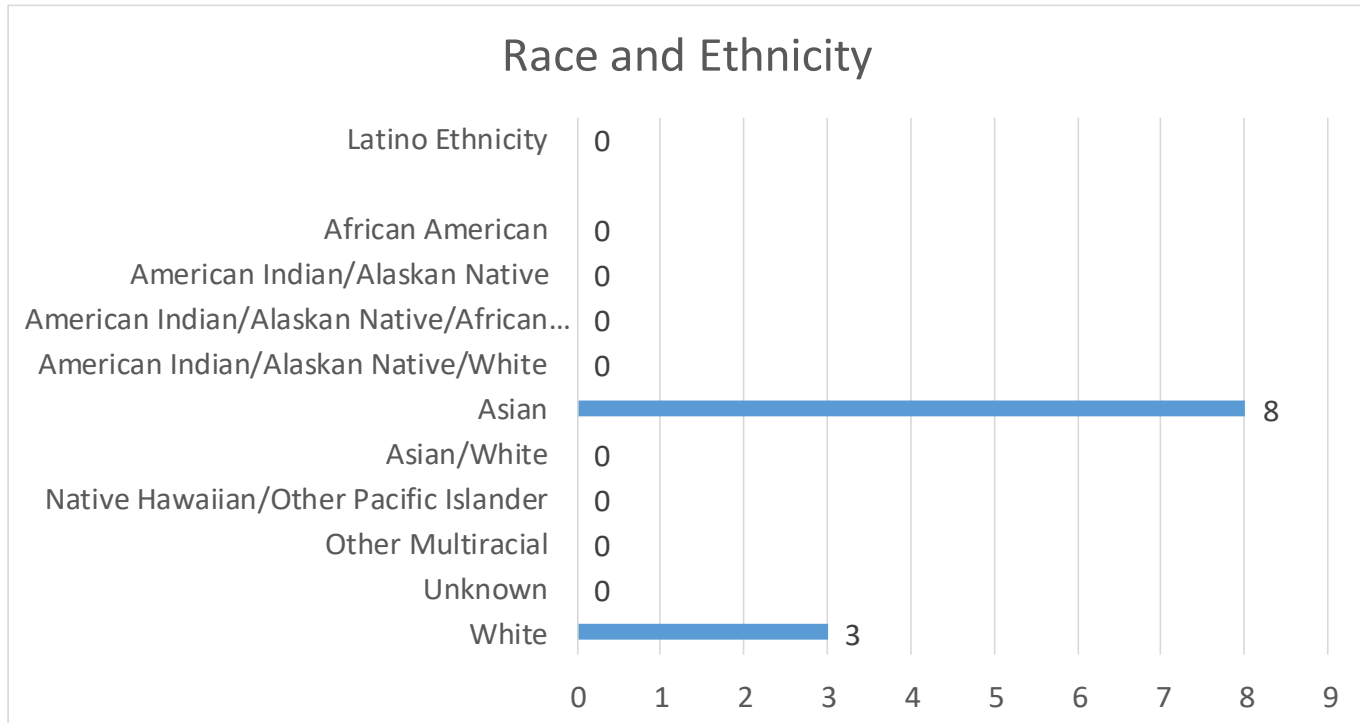
Marketing Outcomes Project Report – May 8, 2020

Project name	HPS 1, The San Francisco Shipyard
Project location	Landing at the San Francisco Shipyard: • 10 Innes Court, Unit 1 • 10 Innes Court, Unit 103 • 10 Innes Court, Unit 205 • 10 Innes Court, Unit 301 • 10 Kennedy Place, Unit 105 • 10 Kennedy Place, Unit 109 • 10 Kennedy Place, Unit 204 • 10 Kennedy Place, Unit 303 Palisades at the San Francisco Shipyard: • 528 Hudson Avenue • 23 Kirkwood Avenue • 33 Kirkwood Avenue
Project sponsor	Lennar
Project tenure	Ownership
Population type	First Time Homebuyers
Total number of units	82 60 - Landing 22 - Palisades

Total number of affordable units	11 8 - Landing 3 - Palisades
Total number of applicants for affordable units	84 47 – Landing 37 - Palisades
Affordability level(s)	75% of Area Median Income (AMI) – 80% AMI Qualifying Income
Sales Price Range:	Affordable Price at Landing: \$213,765 - \$319,115 Market Rate Price at Landing: \$650,000 - \$1,300,000 Affordable Price at Palisades: \$377,190 - \$381,801 Market Rate Price at Palisades: \$925,000 - \$1,350,000
Marketing start date	Landing: 09/17/2018 Palisades: 06/03/2019
Construction completion date	Landing: 11/13/2018 Palisades: 12/27/2019
Final Sale Date	Landing: 08/21/2019 Palisades: 2/3/2020
Occupancy preferences	Landing: 1. Certificate of Preference Holders 2. Rent Burdened or Assisted Housing Residents 3. Displaced Tenant Housing Preference Holders 4. Live/Work or San Francisco Residents 5. Members of the General Public Palisades: 1. Certificate of Preference Holders 2. Rent Burdened or Assisted Housing Residents 3. Live/Work or San Francisco Residents 4. Members of the General Public
How many COP holders applied	0
How many DTHP holders applied	1
Total Number of People Housed in 11 affordable units	34 Landing - 20 Palisades - 14

Hunters Point Shipyard Sales Demographics of Occupants

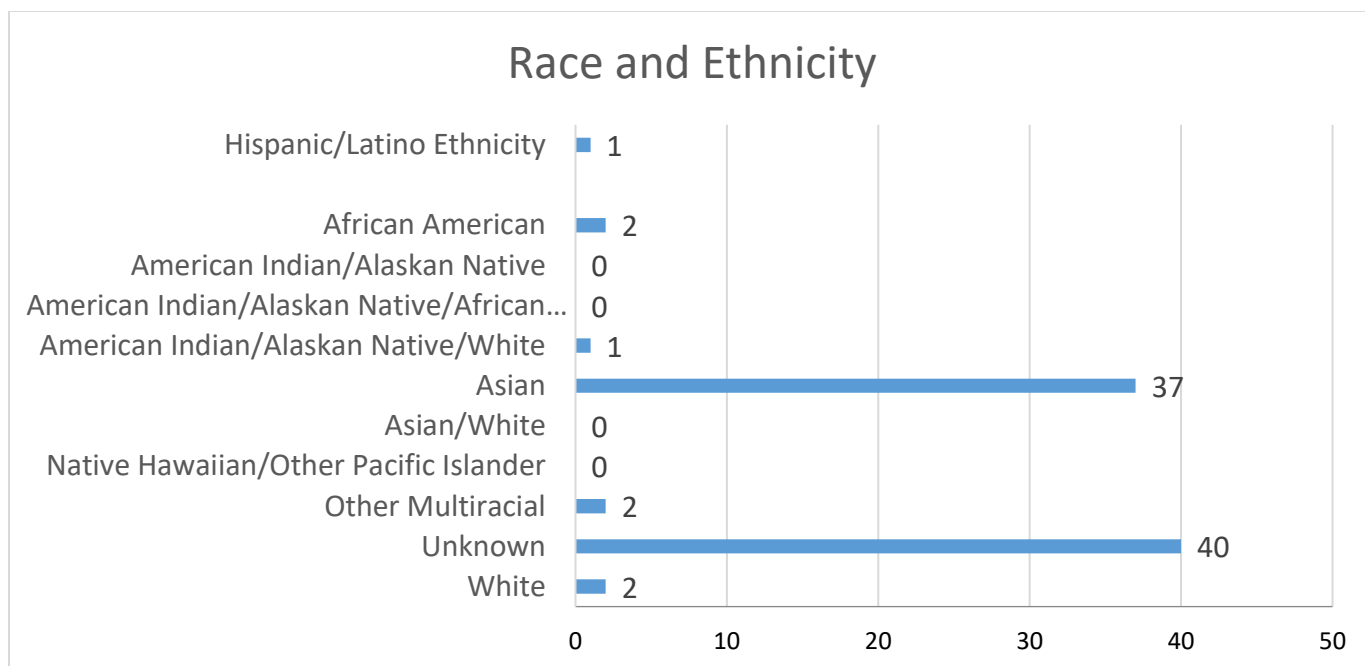
MOHCD uses the same categories as HUD to identify race and ethnicity demographics among 11 head of households. Each applicant is asked to identify a race and they are also asked if they are of Latino ethnicity. Eight (73%) of successful households identified their race as Asian, and three (27%) as White. With regard to ethnicity, no household self-identified as being Latino.



The average household income of the homebuyers purchasing at the Shipyard is 75% AMI or \$78,670. The average household size of the 11 households is 3.1. Five of the 11 households have children and one of the 11 households includes a senior.

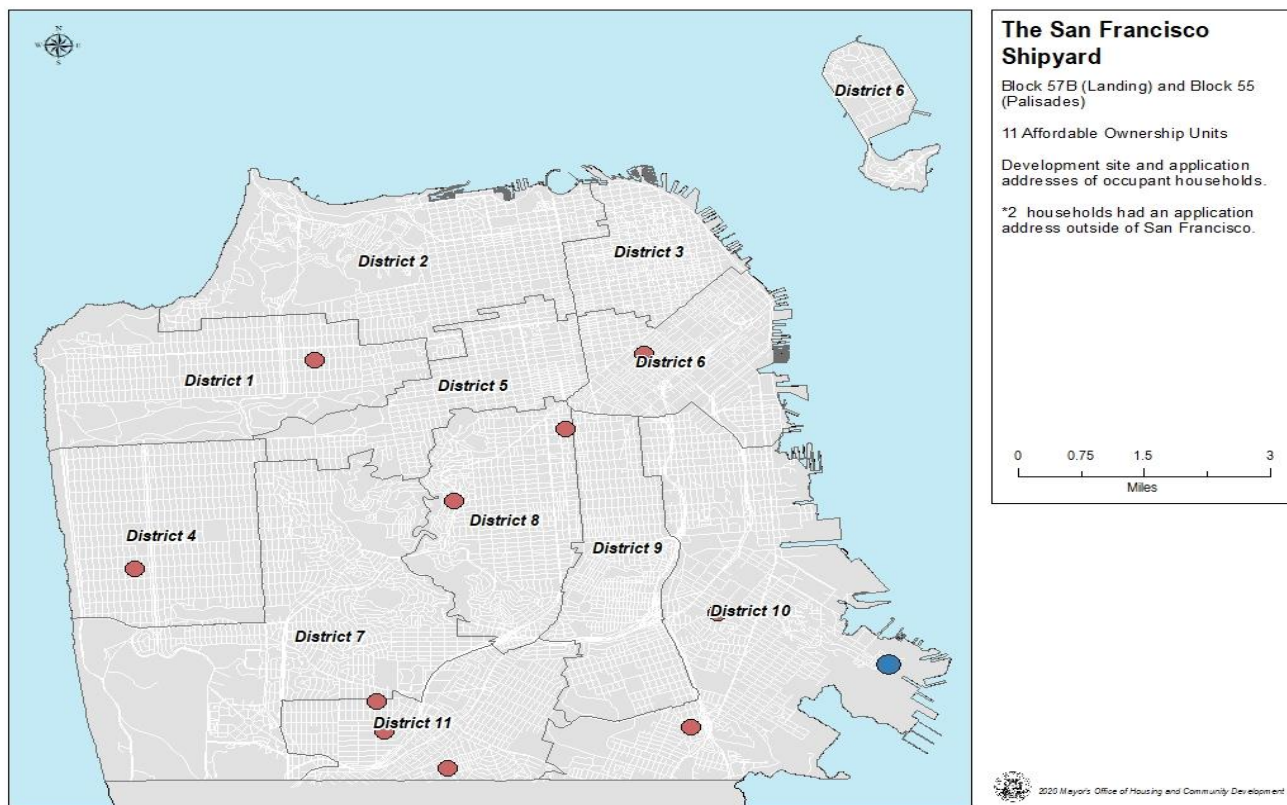
Hunters Point Shipyard Sales Demographics of Applicants

Forty-four of the 84 applicants included their race and ethnicity when applying for the Palisades and Landing units. Each applicant was asked to identify a race and if they are of Latino ethnicity. 37 (84%) households identified their race as Asian, 2 (5%) as African American, 2 (5%) as White, 2 (5%) as Other Multiracial, and 1 (1%) as American Indian/Alaskan Native/White. With regard to ethnicity, no household self-identified as being Latino. The remaining 40 applicants did not respond to the race and ethnicity questions.



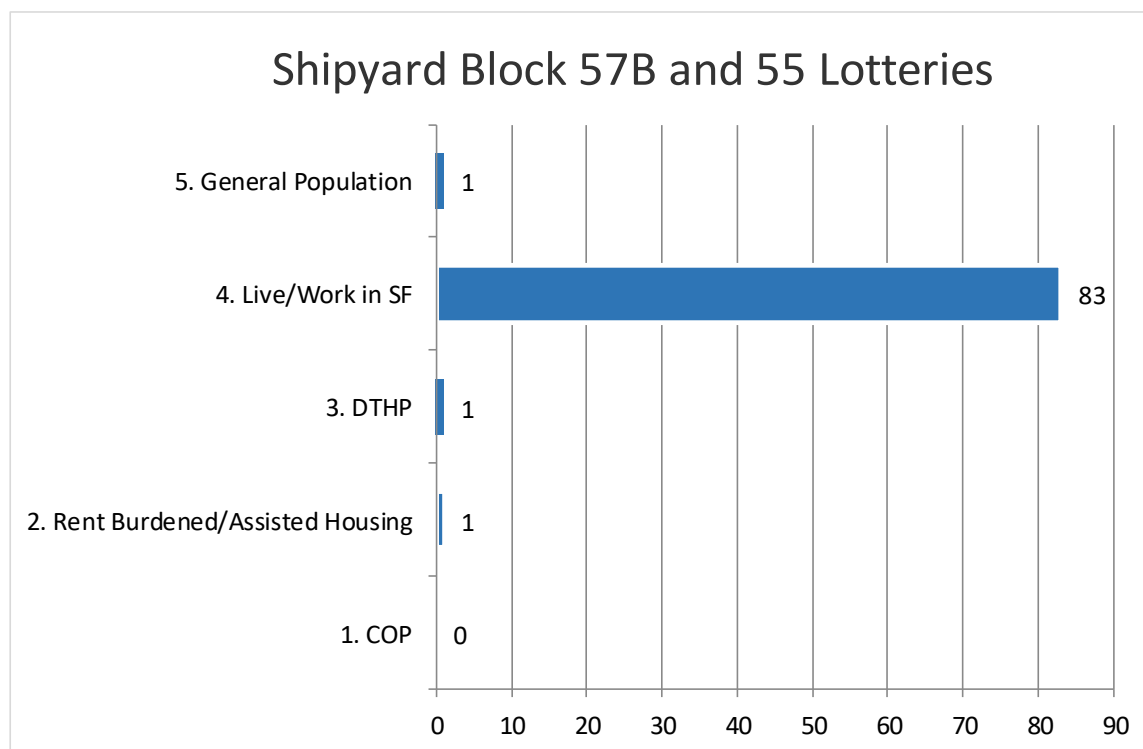
Location of Origin of Applicants that Purchased

The 11 homeowners came from several locations throughout the City however two households lived outside of San Francisco.



Affordable Housing Lottery Preferences and Sales

84 households applied for 11 BMR units at the Landing and Palisades. Of the 84 applicant households, 14 applications were reviewed, 11 applications approved, and 3 disqualified. The disqualified applicants were Live/Work households: 2 disqualified due to being over income, and 1 for insufficient documentation of the lottery preference they claimed on their application (Rent Burdened or Assisted Housing Resident). The DTHP household and the one qualified applicant using the Assisted Housing Resident preference successfully purchased their first home. The remaining 9 households were selected from the Live/Work in San Francisco preference pool.



Construction Delays

The 11 units, located in two separate buildings, were originally submitted for marketing as one project because, according to the developer, they were expected to be ready for occupancy at the same time. However, due to construction delays on the two townhomes at Palisades during the marketing plan review, they were removed from the original marketing plan and marketed and sold separately. Therefore, two lotteries occurred: one held on 3/6/2019 for 9 units (8 units at Landing and 1 unit at Palisades) and the other on 8/9/2019 for the remaining 2 units at Palisades.

Success Stories

The Green family was displaced in 2016 from their long-time rent-controlled home because of a three-alarm fire. The family used their DTHP certificate and purchased a 3-bedroom townhome unit at the Palisades. Mr. Green is an Art Preparator for the Fine Arts Museum and his spouse is self-employed as a Transcriptionist and works from home to care for their teenage children. For many years, they worked hard to save money to purchase a home. With the help of their housing counseling agency, San Francisco Housing Development Corporation, they were able to secure financing to purchase an affordable dream home in the Shipyard.

The Brown family used the Assisted Housing resident lottery preference to purchase a 3-bedroom townhome unit at the Palisades. The family of 5 moved to their new home from Valencia Gardens, public housing owned by Mission Housing Development Corporation. The family has 3 children aged 14, 16 and 18 who were eager to move from their apartment to their new home. Mr. Brown is a custodian for SFO and his spouse is a waitress at a local restaurant. The housing opportunity at Valencia Gardens helped the family reach their financial goals to pursue affordable homeownership and the Assisted Housing Resident lottery preference allowed them to realize their homeownership dream in San Francisco where they live, work, and go to school. They were extremely excited for the opportunity.