



office of

COMMUNITY INVESTMENT
and INFRASTRUCTURE

118-0192018-002

Agenda Item **No. 8(c)**
Meeting of September 18, 2018

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: 51-52 Innes Avenue (Hunters Point Shipyard Phase 1, Blocks 56 and 57) Marketing Outcomes Report; seven 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.

London N. Breed
MAYOR

Nadia Sesay
EXECUTIVE DIRECTOR

Marilyn Mondejar
CHAIR

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

Attached is the Marketing Outcomes Report for the sale of seven inclusionary units at Blocks 56 and 57 which are located in Phase 1 of the Hunters Point Shipyard Project Area, and is 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. MOHCD and OCII worked with Lennar staff to complete early outreach to COP holders in the Fall of 2016. Three Informational Sessions were provided by the San Francisco Housing Development Corporation (SFHDC) in September, October and November 2016 to provide information about the units and financial workshops offered by SFHDC. The goal of these workshops is to prepare COP holders so they can successfully apply for a unit during the application phase. MOHCD and OCII then had a kick-off meeting with Lennar to discuss the upcoming sales of Shipyard Below Market Rate (BMR) units,

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including Blocks 56 and 57. The units became available for sale in July 2017, when the application process was launched. Blocks 56 and 57 are comprised of 79 units, of which seven are inclusionary units targeted to households earning 80% Area Median Income ("AMI"), which in 2017 equated to \$92,250 for a family of four.

A total of 81 households applied, and none of the applicants were Certificate of Preference ("COP") Holders. Of the two households who applied under the Rent Burdened/Assisted Housing preference, one was successful in purchasing a unit and the other withdrew for an unspecified reason. The remaining six 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 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 sale of each OCII affordable housing development. The report for the Hunters Point Shipyard, Blocks 56 and 57 follows.

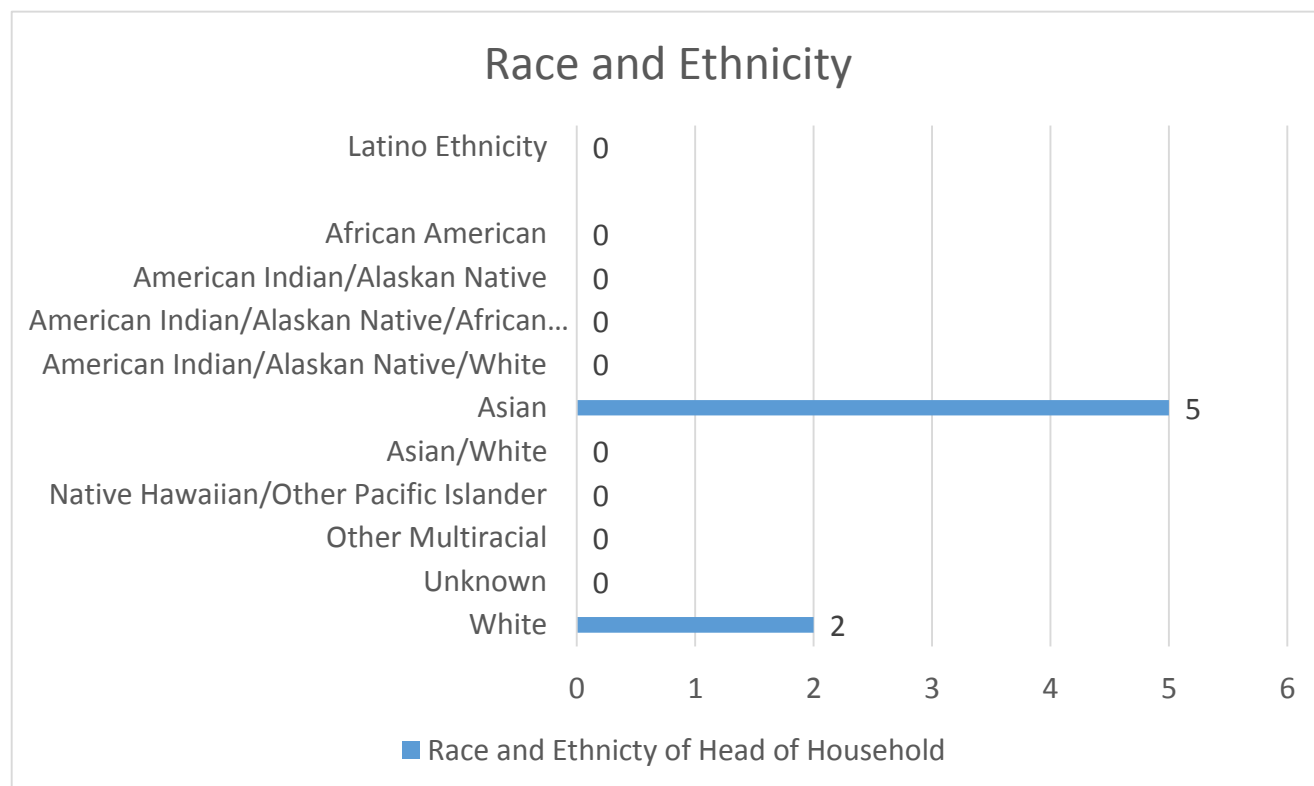
Marketing Outcomes Project Report – August 8, 2018

Project name	HPS I, the San Francisco Shipyard
Project location	Monarch at the San Francisco Shipyard Building 3: 52 Innes Court Building 4: 51 Innes Court
Project sponsor	Lennar
Project tenure	Ownership
Population type	First Time Homebuyers
Total number of units	Affordable units: 7 Market rate units: 72
Total number of affordable units	7 3 – one bedroom 4 – two bedroom
Total number of applicants	81
Affordability level(s)	75% of Area Median Income (AMI) Sales Price 80% AMI Maximum Qualifying Income
Sales Price Range:	Affordable Price: \$192,412 - \$259,451 Market Rate Price: \$650,000 - \$1.5M

Marketing start date	July 10, 2017
Construction completion date	2018
Final Sale Date	April 17, 2018
Occupancy preferences	1. Certificate of Preference 2. Ellis Act/Displaced Tenant Housing Preference 3. Rent Burden 4. Live/Work in San Francisco Preference 5. General Population
How many COP holders applied	0
Total Number of People Housed in 7 affordable units	17

SF Shipyard Block 56/57 Sales Demographics

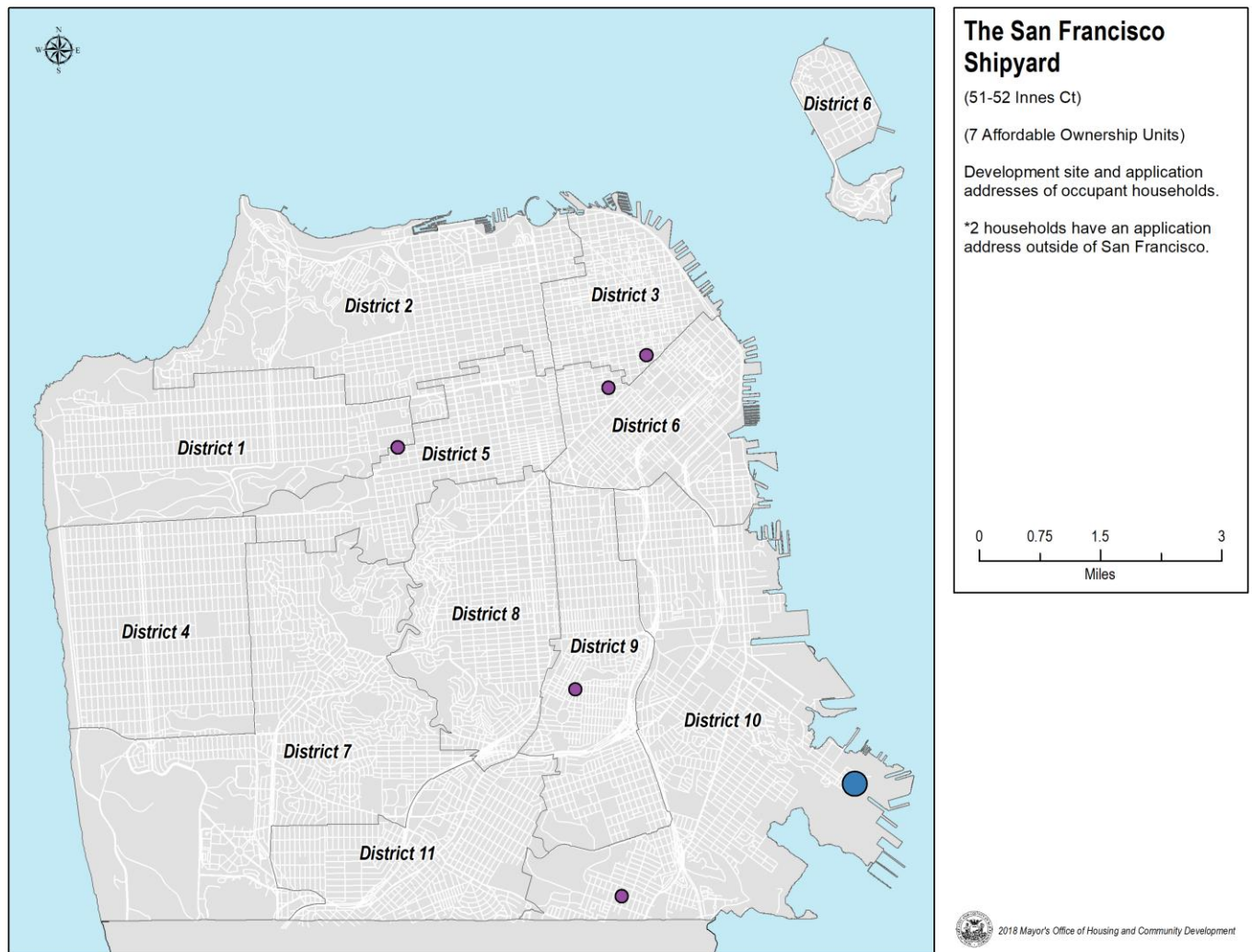
MOHCD uses the same categories as HUD to identify race and ethnicity demographics among 7 head of households. Each applicant is asked to identify a race and they are also asked if they are of Latino ethnicity. Five (71%) of successful households identified their race as Asian, and two (29%) as White. With regard to ethnicity, there is no household identified as having Latino ethnicity.



The average household income of the successful homeowners is 72% AMI or \$62,397. The average household size of the 7 households is 2.4%. Three of the 7 households have children and one of the 7 households is senior.

Location of Origin of Successful Applicants

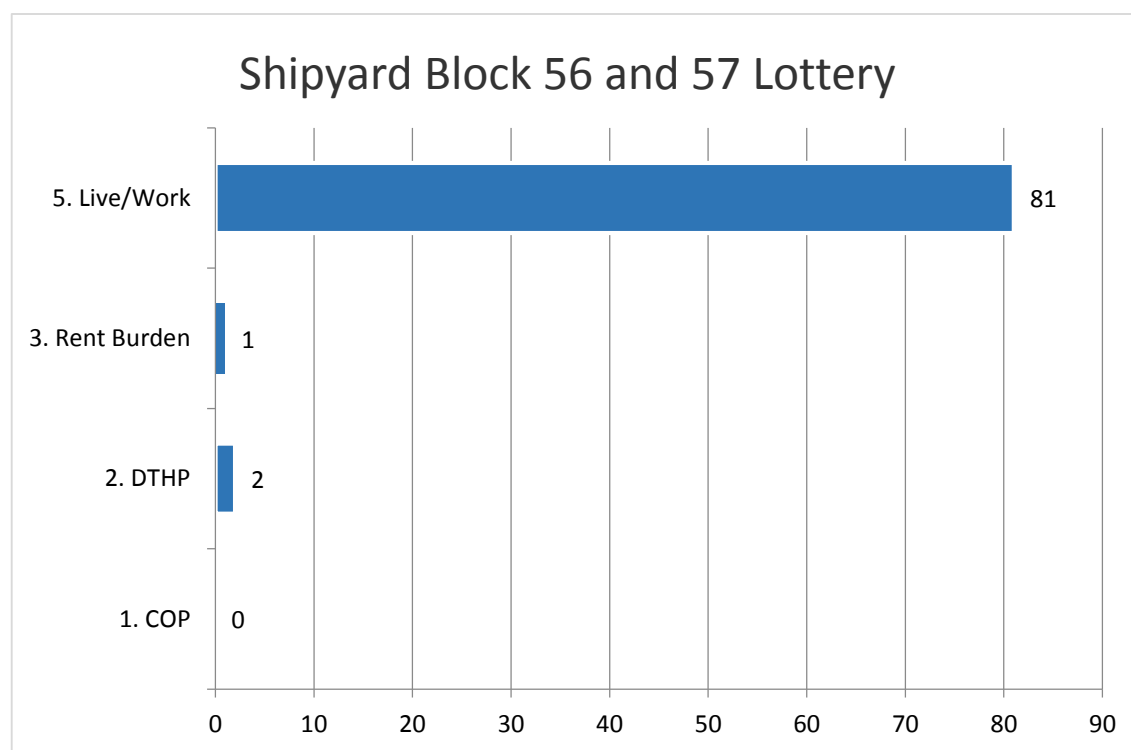
The 7 households who successfully purchased the BMRs came from several locations throughout the City. District 5 has two, and District 3, 9 and 10 has one each. Two households lived outside of San Francisco. No COP households applied for the BMR units in this project.



Affordable Housing Lottery Preferences and Sales

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81 households applied for 7 BMR units at Shipyard Block 56 and 57. Of the 81 applicant households, 16 applications were reviewed, 7 applications approved, 7 withdrawn and 2 disqualified. Two Displaced Tenant Housing Preference holders applied: one purchased a home, and the other withdrew with no reason given. One Rent Burden household applied but withdrew seeking a different bedroom sized unit. The remaining six homeowners were selected from the Live/Work in San Francisco preference pool.



There were minor construction delays at Block 56/57. Targeted closing date was November 2017 and closings began in December 2017 with the final home sale in April 2018.

Success Stories

Mr. Green is a Displaced Tenants Housing Preference holder. He and his partner attended the lottery on September 19, 2017. Mr. Green had his rosary beads in his hands reciting the Rosary prayer during the lottery. After they were handed their lottery ranking, he shared his belief that praying is what answered their wish. They were on an emotional roller coaster ride during their displacement from their rent controlled apartment and winning first place in the Block 56/57 lottery filled their life with joy and gratitude in being able to live as homeowners in San Francisco.