OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

118-2362024-002

Agenda Item **No. 5(c)**
Meeting of October 1, 2024

INFORMATIONAL MEMORANDUM

TO: Commission on Community Investment and Infrastructure

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Update from McCormack Baron Salazar and the John Stewart Company on Alice Griffith Development

EXECUTIVE SUMMARY

On June 3, 2010, the former San Francisco Redevelopment Agency (the "Former Agency" now the Office of Community Investment and Infrastructure or "OCII") executed a Disposition and Development Agreement ("DDA") with CP Development Co, LP ("CP Dev Co") that includes a Below Market-Rate ("BMR") Housing Plan ("Housing Plan"). CP Dev Co is a partnership including Five Point Communities Inc. ("Five Point") which was created for the purpose of redeveloping Hunters Point Shipyard Phase 2 ("HPS2 Project") and Candlestick Point ("CP Project"). The Housing Plan includes the obligation to revitalize the Alice Griffith public housing development as a mixed-income, service-enriched community ("AG"), developed according to the principles of HOPE SF. HOPE SF is a city-wide initiative that is being implemented by the Mayor's Office of Housing and Community Development ("MOHCD") to re-envision and redevelop the City's most distressed public housing sites. The Alice Griffith revitalization includes, the reconstruction of the 256 Alice Griffith public housing units ("Replacement Units") and 248 new affordable units ("OCII Units") across 5-6 phases (see Candlestick Point Housing Map, Attachment 1).

AG Phases 1-4 between 2015 and 2019 and include Replacement Units and OCII Units. With the completion of Phase 4 in 2019, all residents that were living at the former AG public housing site (the "Former AG Site") were moved into the new housing. In 2021, OCII transferred all assets related to constructed phases of AG to MOHCD which is the designated Housing Successor Agency under Redevelopment Dissolution Law.

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OCII does not have any official oversight of the constructed phases of AG and does not have any formal role in property management, however OCII continues to collaborate with MOHCD and provide support where appropriate. OCII is responsible for the development of AG Phases 5 and 6. The complete unit breakdown and development status for the AG site is shown on page 3.

Since 2020, most affordable properties across the City, including AG, have been struggling with project operations due to reduced operating income and increased operating costs. As a result, AG properties are not generating enough cash to cover operating expenses, which has resulted in maintenance and operational challenges that MOHCD/HOPE SF have been working with the on-site team to address.

BACKGROUND

McCormack Baron Salazar ("MBS") was selected by CP Dev Co to be the Alice Griffith Developer based upon their extensive experience revitalizing public housing across the country. Additional development team members include the San Francisco Housing Authority ("SFHA"), who owns of the land at the new Alice Griffith site and provides project based rental subsidies for the public housing replacement units included in the development. MBS also partnered with local Bayview nonprofit developer San Francisco Housing Development Corporation on Phases 1 and 3 of AG, and with Tabernacle Community Development Corporation on Phases 2 and 4 of AG.

In 2019, CP Dev Co demolished the buildings in the Former AG Site, to prevent unauthorized access and other nuisances. CP Dev Co also took over ownership and management of that site, except for a small portion of the site where the old AG Opportunity Center was located, which remained under SFHA ownership and management. In 2022, MOHCD funded the demolition of the AG Opportunity Center and began working to develop an interim playground with Kaboom!, a national nonprofit that builds and transforms playgrounds in underserved communities, to develop an interim use playground on the site of and around the old Opportunity Center.

Each phase of AG includes a mix of Replacement Units and OCII Units that are affordable to households up to 60% of Area Median Income ("AMI"). The AG site will also include market rate, inclusionary affordable to households between 80 and 120% AMI ("Inclusionary Units"), and workforce units affordable to households between 140% and 160% AMI ("Workforce Units"). To date 226 of a total of 256 Replacement Units (as mentioned above all residents that were living in the old AG site in 2019 have moved to the new site) have been built as well as 111 of 248 new affordable units (including managers' units). The complete unit breakdown and development status for the AG site is shown below:

	Public Housing Replacement	New Affordable Units	Managers' Units	New Inclusionary Units (80-120% AMI)	New Workforce Units (140-160% AMI)	New Market Rate Units	Total Units	Completion Date
Built and Occupied								
Alice Griffith Phase 1 AG Block 2	58	34	1				**93**	May-17
Alice Griffith Phase 2 AG Block 4	56	34	1				**91**	May-17
Alice Griffith Phase 3 AG Block 1	93	28	1				**122**	Nov-17
Alice Griffith Phase 4 AG Block 5	19	11	1				**31**	Feb-19
Total Built and Occupied	***226***	***107***	***4***				***337***	
Future Phases								
Alice Griffith Phases 5 & 6 AG Blocks 8, 14, & 15	30	135	2				**167**	TBD
AG Blocks 11-13 and 18-20				38	237	347	**622**	TBD
Total Future Phases	***30***	***135***	***2***	***38***	***237***	***347***	***789***	
Total	***256***	***242***	***6***	***38***	***237***	***347***	***1126***	

Initially, McCormack Baron Management ("MBM") was the property manager for the new AG, and Urban Strategies was the services provider. In 2019, due to management issues with MBM, MBS engaged the John Stewart Company ("JSCo") to take over property management at AG. When JSCo began managing the site they reevaluated onsite staffing and added additional management, janitorial and maintenance staff. The MOHCD/HOPE SF team worked with MBS to increase their services budget (initially with some excess development funds) and to hire Bayview Senior Services ("BSS") as the new on-site services coordinator to increase housing stability and stabilization services available to residents.

DISCUSSION

In 2020, the on-site property management and services teams along with the MOHCD/HOPE SF team worked to address the effects of the COVID-19 pandemic on AG residents and operations, providing additional resources including COVID testing, food provision, an academic hub, vaccine clinics, enhanced internet access (including computers for children). Rental assistance was also provided through state-funded programs and the MOHCD-funded San Francisco Emergency Rental Assistance Program ("ERAP"). At this time the rate of rent payment delinquencies increased significantly, and it has not recovered. There were no evictions for nonpayment of rent during the COVID pandemic.

MOHCD/HOPE SF staff have convened regular meetings for over a year with MBS and JSCo to review the finances of each building and the status of maintenance requests. In the last year some progress has been made with on-site issues:

- BSS, JSCo, and MOHCD/HOPE SF worked to assist AG residents in obtaining nearly $500,000 in ERAP assistance.

- MOHCD has permitted MBS to retain $2.3M in excess development proceeds, and use them for the benefit of AG, including WiFi upgrades, fire/life safety enhancements, supportive services and property insurance.
- In July 2024, JSCo made structural changes to the property management at AG to reflect the management structure at the nearby Hunter's View communities with two separate management teams that operate independently of one another. This model of two separate teams, each dedicated to a smaller number of housing units and two managers reporting directly to the regional manager has proven more resilient in the aftermath of the COVID-19 pandemic. There will continue to be shared office space and many community-wide events and activities.
- JSCo and BSS have been working with residents to support housing stability and retention for all households including addressing any obstacles towards timely rent payment.
- JSCo and BSS have been working with residents and SFHA to correct any compliance issues for households related to SFHA subsidy requirements.
- JSCo meets with SFHA staff every two weeks to trouble-shoot abatements of subsidy payments and to discuss the status of vacant units and referrals from the SFHA waiting list.
- MBS and JSCo noted higher-than-normal water usage at all four buildings and installed leak detection devices on all toilets. These devices have successfully located leaks resulting in significant decreases in water bills in the last year.

While the properties are not yet financially stable, there has been progress. MOHCD/HOPE SF staff will continue to work with MBS, JSCo, BSS and SFHA to improve the rate of rent and subsidy payment and will continue to monitor any maintenance or other issues at the sites.

(Originated by Elizabeth Colomello, Housing Program Manager)

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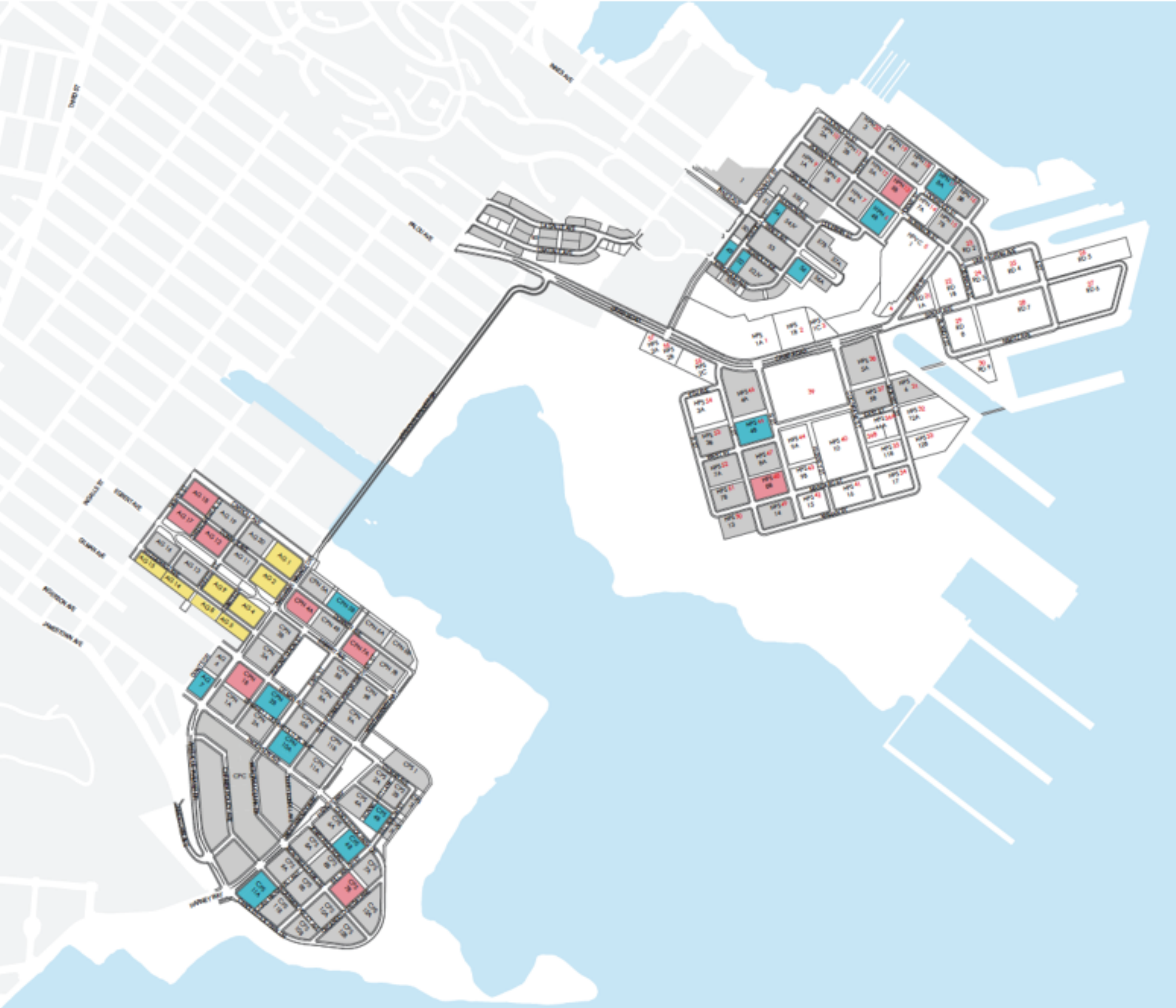
Thor Kaslofsky
Executive Director

Attachment 1: Candlestick Point Housing Map

HOUSING MAP - EXHIBIT F-B

NON-STADIUM ALTERNATIVE



Lot	Subsidized Agency Affordable Units	Alice Grifith Replace-ment Units	Workforce Units
Hunters Point North			
6	130	0	0
13	0	0	10[illegible]
Hunters Point South			
46	135	0	0
48	0	0	10[illegible]
Alice Griffith			
1	29	93	0
2	35	58	0
4	35	56	0
5	12	19	0
7	60	0	0
8			
9	115	5	0
12	0	0	86
14	12	12	0
15	10	13	0
17	0	0	90
18	0	0	51
Candlestick Point North			
1b	0	0	110
2b	130	0	0
4a	0	0	100
5b	68	0	0
7a	0	0	120
10a	156	0	0
Candlestick Point South			
4b	90	0	0
6b	105	0	0
7b	0	0	120
11a	176	0	0

Alice Griffith Lots
Agency Lots
Stand-Alone Workforce Lots
Market Rate Lots

Note: The unit counts per block may be adjusted at the time of development, but the total number of Subsidized Agency Units and Workforce Units will not change all as more particularly described in (and governed by) the Below-Market Rate Housing Plan