INFORMATIONAL MEMORANDUM

TO: Agency Commissioners

FROM: Fred Blackwell
Executive Director

SUBJECT: Submission by the Agency, as a co-applicant, of a preliminary application to the U.S. Department of Housing and Urban Development for Choice Neighborhoods Initiative Grant Funds to redevelop 256 units of very low income rental housing, Alice Griffith Public Housing; Bayview Hunters Point Redevelopment Project Area.

EXECUTIVE SUMMARY

The purpose of this Informational Memorandum is to advise the Commission of staff’s intention to collaborate with the San Francisco Housing Authority, Mayor’s Office of Housing, the San Francisco Inter-Agency Council, San Francisco Unified School District, Lennar Urban, McCormack Baron Salazar, and Urban Strategies on a preliminary application to the U.S. Department of Housing and Urban Development (HUD) for Choice Neighborhoods Initiative Grant funding in the approximate amount of $30 million to assist in the redevelopment of Alice Griffith Public Housing. Alice Griffith, 256 units within the Bayview Hunters Point Redevelopment Project Area, is designated as a severely distressed public housing development in need of replacement.

The application deadline is October 26, 2010. HUD expects to select approximately 10 applications in the “Round 1” competition as finalists, and will forward these applications to a “Round Two” review. The process will culminate in HUD’s award of funds to approximately 2-4 applicants. Should the Agency’s application advance to the next round, Agency staff will return to the Commission with a request for approval to submit the Round 2 application and accept Choice Neighborhoods Funds. Staff will again return to the Commission for authorization to use the Choice Neighborhood Funds as gap financing in two of the first four projects of the Alice Griffith Revitalization.

DISCUSSION

HUD recently released a Notice of Funding Availability (NOFA) for its Choice Neighborhoods Initiative Grant (Choice Neighborhoods). Authorized by the HUD Appropriations Act of 2010 as an adjunct program to HUD’s HOPE VI efforts, Choice Neighborhoods seeks to build upon the achievements of and lessons learned from HOPE VI by employing a comprehensive approach to community change. The program’s goal is the transformation of impoverished neighborhoods into viable, mixed-income communities with access to economic opportunities. The centerpiece of this effort will be the revitalization of severely distressed public and assisted housing and the
concomitant investment and leveraging of investments in well-functioning services, effective schools and education programs, public assets, public transportation and improved access to jobs.

The pending renovation of Alice Griffith Public Housing, as part of the larger mixed-use Candlestick Point-Hunters Point Shipyard Phase 2 development (CP-HPS2), fits squarely within the goals of Choice Neighborhoods. Staff and representatives from the Agency, Mayor’s Office of Housing, San Francisco Housing Authority, San Francisco Inter-Agency Council, San Francisco Unified School District, Lennar Urban, McCormack Baron Salazar, and Urban Strategies have conferred and agreed to submit an application in Round 1 of Choice Neighborhoods’ selection process that focuses on the rebuilding of Alice Griffith and the transformation of the larger Candlestick Point neighborhood. Any funds awarded under this program would be used directly for the redevelopment of Alice Griffith, thus accelerating the construction timeline for Alice Griffith’s reconstruction and augmenting the Agency’s overall funding for affordable housing at Candlestick Point/Hunters Point Shipyard.

PROGRAM DESCRIPTION

As HUD states in its NOFA description, “the spatial concentration of poverty remains a serious and often unrecognized challenge to the ability of poor families and children to access opportunities and move up the economic ladder. Moreover, many neighborhoods of poverty contain a significant presence of distressed public and/or HUD-assisted housing in need of repair and replacement.” While HUD’s HOPE VI program has had significant positive impacts in some locales – North Beach Place and Valencia Gardens are two excellent examples – HUD and community advocates recognize that housing repair alone is often not enough to address the far-reaching consequences of poverty. Choice Neighborhoods, as a demonstration program, seeks to move beyond housing and reach other elements of poor neighborhoods that create roadblocks to opportunity, such as low-performing schools, lack of quality early-childhood education, limited public transportation options, poorly functioning public services, and lack of access to jobs.

HUD seeks to assist Choice Neighborhoods target communities in three core ways:

1) **Housing**: by transforming distressed public and assisted housing into energy-efficient, mixed-income housing that is physically and financially viable over the long-term.

2) **People**: by supporting positive outcomes for families living in the target development and the surrounding neighborhood, particularly outcomes related to residents’ health, safety, employment, and education;

3) **Neighborhood**: by transforming neighborhoods of poverty into viable, mixed-income neighborhoods with access to well-functioning services, effective schools
and education programs, public assets, public transportation, and improved access to jobs.

ALICE GRIFFITH PUBLIC HOUSING DEVELOPMENT/CANDLESTICK POINT-HUNTERS POINT SHIPYARD PHASE 2

With its antiquated design, severely stressed infrastructure, and extensive deferred maintenance issues, Alice Griffith Public Housing is exactly the type of distressed public housing Choice Neighborhoods seeks to improve. Moreover, the goal of Alice Griffith’s HOPE SF rebuilding program, which is the location of new, high-quality Alice Griffith replacement units within a larger, mixed-income community, is exactly the “Housing” goal of Choice Neighborhoods.

Alice Griffith’s inclusion in the broader CP-HPS2 project will also directly match the “People” and “Neighborhood” goals of Choice Neighborhoods. CP-HPS2 will provide economic opportunity through job development; transportation improvements; new community facilities for expanded services; and regional and neighborhood-serving retail. More specifically, the plan provides, among other things:

- Construction jobs over 20 years;
- Permanent jobs in retail, open space management, and commercial ventures;
- $82 million in community benefits directed at San Francisco’s District 10 community, including pediatric health and wellness funding, scholarship and educational improvement funds; affordable housing investments; and job development assistance funding;
- Significant extensions of existing bus lines to better serve the community (e.g., the 24-Divisadero, 44-O'Shaughnessy, 48-Quintara-24th, 29-Sunset, and 28L-19th Avenue Limited), along with improvements in speed, frequency and reliability of bus travel;
- 4.8 acres of improved land for community facilities to be determined by a local community development process;
- 65,000 square feet of built space for additional community facilities, including an indoor African marketplace and library reading rooms.

APPLICANTS

Choice Neighborhood’s broad approach to the problems of poverty necessarily involves, in addition to housing authorities, local governments, non-profits, and for-profit developers working together in complementary and cooperative ways. The rebuilding of Alice Griffith within the context of the CP-HPS2 project has brought together such an array of parties. The Choice Neighborhoods application team will include the San Francisco Housing Authority, the Agency, San Francisco Unified School District, Lennar Urban, McCormack Baron Salazar, Urban Strategies, and San Francisco Interagency Council, among others.
The application deadline is October 26, 2010, and HUD expects to select approximately 10 applications in the Round 1 competition as finalists. Pursuant to this rapidly approaching deadline and the competitiveness of the program, the Agency plans to engage a grant writer with demonstrated success in HUD applications. The fee for this service is budgeted between $20,000 and $40,000, and his or her selection will proceed according to the Agency’s Purchasing Policy Sec. IX.A. (1-4), which provides for procurement under the Executive Director’s authority. Outreach to SBE and woman-owned grant-writing firms is underway.

Should HUD advance San Francisco’s Round 1 entry to Round 2, Agency staff will return to the Commission with a request for approval to submit the Round 2 application and accept Choice Neighborhoods Funds.

If the Alice Griffith application is successful, the Choice Neighborhoods funding would go directly to the rebuilding of Alice Griffith replacement units, as an augmentation to the Agency’s commitment of tax increment financing for both Alice Griffith and its additional affordable housing planned for CP-HPS2. A portion of the grant would also go toward support services directly benefitting Alice Griffith tenants.

With its cap of $65 million, spread between 2-4 awardees, the Choice Neighborhoods Initiative is obviously extremely competitive. However, as discussed above, staff believes that the Alice Griffith rebuilding program directly achieves the goals of Choice Neighborhoods and thus has an excellent chance of winning an award. Staff hopes to return to the Commission with good news about advancing to Round 2 in early 2011.

(Originated by Kate Hartley, Development Specialist)

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