INFORMATIONAL MEMORANDUM

TO: Agency Commissioners
FROM: Fred Blackwell, Executive Director
SUBJECT: Report on the completion, marketing and lease-up of 136 very low income family rental units, Tenth and Mission Family Housing, 1390 Mission Street; Mid-Market Redevelopment Survey Area, Agency Citywide Tax Increment Housing Program.

EXECUTIVE SUMMARY
Tenth and Mission Family Housing is an Agency sponsored affordable rental development at 1390 Mission Street. This project consists of 136 units of affordable family rental housing plus one manager’s unit, including 44 units set aside for formerly chronically homeless families (the “Project”). On the ground floor is a youth center and retail space. The Project began construction in August 2007 and completed construction August 2009. The Project is fully operational. This informational memorandum is intended to provide the Commission with an update on the marketing and lease-up of the Project.

DISCUSSION
Background
On March 16, 2004, the Agency approved a predevelopment and acquisition grant and loan for the Project and an adjacent senior project (the “Projects”), respectively. On March 31, 2005, pursuant to Commission authorization on March 15, 2005, the Agency acquired the sites for the Projects and entered into Options to Ground Lease these sites with Mercy Housing California XIV, a California limited partnership (“MHC XIV”), an affiliate of Mercy Housing California (“MHC”) and MHC for an adjacent senior project, a 107 unit very low income senior rental development (the “Senior Project”). On October 4, 2005, Commission approved the schematic designs of the Project and the Senior Project as well as a tax increment loan to MHC XIV in an amount not to exceed $25,258,383 (for a total aggregate amount not to exceed $26,824,338) needed for development of the Project. On October 3, 2006 Commission approved resolutions expressing its intent to issue bonds for both the Project and the Senior Project. On April 3, 2007, Commission approved a resolution authorizing the issuance, sale and delivery of multifamily housing mortgage revenue bonds in an amount not to exceed $37,650,000 for the development of the Project.

The Project completed construction in August 2009 on schedule and under budget. It opened to residents in September 2009. It was fully occupied by December 2009. The youth center has been fully funded and is operational, and two of the three retail spaces are leased. The Project is
the first affordable housing development to be completed within the Mid-Market Redevelopment Survey Area.

**Project Description**

10th and Mission Family Housing is a twelve story building with 136 units; 34 one bedroom units, 42 two bedroom units, 59 three bedroom units, and one manager’s unit. As mentioned above, 44 of the units are set aside for homeless families referred by the San Francisco Human Services Agency (“HSA”). On the second floor is a large multipurpose room where group, community building, and recreational activities for building residents will be facilitated. This room includes a full kitchen. Adjacent to that room is a large outdoor courtyard and playground.

There are three ground floor retail spaces, a large corner space and two smaller spaces along 10th Street totaling approximately 3,000 square feet. The retail spaces are also contributing to the Project and the neighborhood. The largest retail space at the corner of 10th and Mission Streets is leased to Martha and Brothers Coffee, a local café operator, and has become a popular neighborhood coffee spot. One of the two smaller spaces is leased to Back to the Picture, a local frame store, which will also host small art shows. Tenant improvements on this space are expected to begin this month. Mercy staff has several candidates for the third retail space, including a sushi bar and a barbershop, and anticipates that it will be leased by December.

Within the Project, there is a 5,752 square foot Children and Family Youth Center (the “Youth Center”) on the ground floor. The Youth Center includes four private offices for individual, family or small group counseling, a teen area and a homework room for assistance working on homework after school, and a 20 person/10 computer capacity computer room. The Youth Center also includes a large arts and craft area, a courtyard/play area, and a full kitchen. CCCYO operates the Youth Center which serves both residents of 10th and Mission and other neighborhood and San Francisco residents. The Youth Center has been operational since September 2009 and is licensed by the State of California’s Community Care Licensing program as a “School Age Daycare Center”. Activities are designed to build individual and interpersonal skills, and include daily focus areas on art, outdoor recreation, computer lab, and homework support. The Youth Center receives funding from HSA and the City of San Francisco’s Department of Children Youth and Their Families. This past spring and summer a teen program and summer day camp were added to the roster of available programs. CCCYO provides bus transportation from several local schools to the Youth Center for children who participate in the center’s programs. On business days when schools are closed, including State furlough days, the Youth Center provides full-day programming. These programs are successfully enhancing children’s academic, practical, and social skills while alleviating childcare burdens for participating families. The Youth Center serves 40 to 50 children ages 5 to 17 on a typical day. Approximately half of those participants are residents of the Project. A large portion of resident families whose children participate in Youth Center programming are formerly homeless families referred by HSA. CCCYO also offers supportive services including case management and community building to all residents at the Project.

**Marketing and Lease-Up**

MHC staff circulated a marketing flyer for the Project to local community based organizations and advertised the available units in 9 local papers for 2 to 3 publishing cycles. MHC staff also
facilitated several community meetings to provide Project information during the construction of the Project. Agency staff mailed the marketing flyer to Certificate of Preference Holders to alert them of this opportunity and inform them of their preferential consideration if they met the eligibility requirements for the Project. The Project received approximately 2,400 applicants for the 91 units that were subject to the lottery. Applicants for the 44 units set aside for formerly homeless families were referred by HSA, which went through its own process for outreach and identifying eligible families. These 44 units receive an annual operating subsidy from the City’s Local Operating Subsidy Program, which allows residents of these units to pay 30% of their income to rent without jeopardizing the Project’s financial viability.

The Project is fully leased up and there are 273 adults and 170 children currently living at the Project; 69 of the children are between 0 and 5 years old, 58 are between 6 and 12 years old, and 43 are between 13 and 17 years old. The resident population is 39% Asian or Pacific Islander, 29% Latino, 18% African American, 12% Caucasian, and 2% American Indian. All residents are required to have annual incomes that are less than 50% of area median income, which is currently $59,650 per year for a family of four. The annual median income for the current resident households is $28,447. The highest annual resident income is just over $52,000 and the lowest is zero. There are 4 families at the Project whose heads of household are Agency Certificate of Preference holders. One of those families is formerly homeless and was referred by HSA to one of the units set aside for formerly homeless families.

**Awards and Recognition**

Recently, 10th and Mission Family Housing has won national recognition. It has been chosen as the winner in the Urban category and the Overall Project category in Affordable Housing Finance magazine’s 2010 Readers’ Choice Awards for the Nation’s Best Affordable Housing Developments. The Project was envisioned as an important addition to the continuum of housing and services available to San Francisco’s very low-income families, as well as a benefit to the Mid-Market and South of Market community as a whole. After completing its first full year of operations, 10th and Mission Family Housing has fulfilled the high expectations of Developer and Agency staff, along with many other Project stakeholders who participated in its development.

*(Originated by Elizabeth Colomello, Development Specialist)*

Fred Blackwell
Executive Director