

HOUSING

Hope SF starts massive 6,000-unit buildout

Mix of public, affordable and market-rate units

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Hope SF, the ambitious initiative to turn the city's worst public housing projects into thriving mixed-income communities, is breaking new ground despite infrastructure and financing challenges. Over the next few decades, the city plans to tear down 2,500 units of public housing and replace them with 6,000 units that intersperse public housing with affordable and market-rate housing.

Already, the lead Hope SF project — Hunters View — has completed its initial demolition in the redevelopment's first phase. After relocating residents to other apartments within the project, the developer has bulldozed the first 113 of 267 public housing units on a 22-acre site with sweeping San Francisco Bay views.

Slated to start in late summer or early fall is \$14 million in new infrastructure construction, including new streets, sidewalks, streetlights, fire hydrants and sewer, water and gas lines. The \$75.5 million first phase of 107 units — including 80 units of public housing and 27 units of new affordable housing — could be complete by early to mid-2012. If all the pieces fall into place, Hunters View will replace the existing run-down project with a 700- to 750-unit mixed-income community by 2015, with parks, playgrounds, a senior center and an expanded child care center.

"We're creating a new neighborhood — a denser, vibrant, green neighborhood that is interconnected with the rest of the city," said Jack Gardner, president and CEO of the John Stewart Co., the lead developer of Hunters View along with partners Devine & Gong Inc. and Ridge Point Non-Profit Housing Corp.

Cut off from city

Housing projects like Hunters View were originally designed as postwar worker housing in the 1940s and 1950s, with little thought to how they fit into San Francisco's long-term urban plan. Built on steep hillsides and ill-served by public transportation, they have been effectively cut off from the rest of the city for decades — physically, socially and economically.

"We want to address and reverse the physical isolation of Hunters View, reintegrating it with the social fabric of San Francisco as well as the physical fabric," Gardner said. "It's not just bricks and mortar that turn people's lives around — or even a job opportunity or two. It's really a hand up to people, some of whom are multi-generational residents of public housing."

A lot is riding on Hope SF and its initial Hunters View project. San Francisco Mayor Gavin Newsom has championed the program, a creative attempt to rebuild distressed public housing owned by the San Francisco Housing Authority in the face of dwindling funding from the U.S. Department of Housing and Urban Development. The goal: replacing all public housing units while creating a diverse, economically integrated community similar to many other San Francisco neighborhoods.

Although projects will vary, as a whole Hope SF will include 40 percent public housing, 40 percent market-rate housing and 20 percent affordable rental and for-sale housing, according to Douglas Shoemaker, the director of the San Francisco Mayor's Office of Housing.

"Hope SF may be one of the most important legacies of my time as mayor because it brings together the three core issues that we've focused on over the last six years: economic opportunity, environmental justice, and quality of life in our neighborhoods," Newsom said in a statement.

Big vision for tough times

Hope SF is being touted as a national model for future public housing revitalization projects. It's a big vision at any time — and especially now. Add in the collapse of the financial markets, a painfully slow-growth recovery from the recession, a cash-strapped state and a virtual standstill in the development of market-rate housing, and Hope SF's goals seem difficult to achieve.



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THE LINEUP

Key Hope SF Projects	Development Team ¹	Current Public Housing Units	Total Planned Units ²
Sunnydale	Mercy Housing California and the Related Cos. of California	785	1,685
Potrero Terrace and Annex	Bridge Housing Corp. and Build LLC	606	1,400 to 1,700
Alice Griffith	Lennar Corp.	256	Up to 1,000 units
Hunters View	The John Stewart Co., Devine & Gong, Inc. and Ridge Point Non-Profit Housing Corp.	267	700 to 750
Westside Courts	Em Johnson Interest and TMG Partners	136	200

¹Working with the Mayor's Office of Housing and San Francisco Housing Authority. ²Public housing, affordable and market rate.

SOURCES: www.Hope-sf.org; BRIDGE Housing Corp.

The Hunters View timeline was delayed when a \$30 million infill grant from the state was frozen last year. The grant has once again become available, but the developer is still waiting for the funds — which will cover the infrastructure costs — to be released. Building on steep hillsides is proving costly and logistically challenging, and the developer needs a final agreement from the Department of Public Works, which Gardner expects to get within two months.

Beyond that, the development team likely will partner with others to develop the market-rate housing. While the initial strategy called for condo sales to "cross-subsidize" and support the overall Hunters View project, the economy put the brakes on that plan. While financing is becoming more available, the terms don't look as favorable as they once did.

The good news for Hope SF developers? Infrastructure costs may come in lower than projected as subcontractors bid aggressively to get their crews on the job. At the same time, the Obama administration is pushing for \$250 million for its "Choice Neighborhoods" program. If approved by Congress, the legislation would fund grants

to transform public housing. Whether any Hope SF projects would qualify remains to be seen.

Market-rate housing development is in limbo for now, but the timing may actually benefit some Hope SF developers, who are working to get their projects' entitlements while the real estate market recovers.

The market is stabilizing, said Michael Johnson, president and CEO of Em Johnson Interest, which plans to redevelop Westside Courts with TMG Partners in the Western Addition, now home to 136 public housing units.

"Hope SF is special because it is a local government initiative that leverages our ability as private developers to build market-rate housing that subsidizes the redevelopment of affordable public housing," Johnson said.

While it's too early to predict pricing for the market-rate units, Hope SF's market-rate housing could go for as little as \$450,000, according to Shoemaker. "While these prices are not necessarily affordable by a HUD definition, they are the closest thing that we get in San Francisco to somebody building entry-level homes," he said.