



PROJECT: Workforce Shared Equity For-Sale Housing Casa Adelante 2205 Mission



Mission Economic Development Agency's (MEDA) Community Real Estate Program is submitting a proposal for "Shared Equity Worker Housing at Casa Adelante-2205 Mission" to the Housing Stability Fund Oversight Board for recommendation to the Mayor's Office and Board of Supervisors' consideration. We are requesting a \$12,000,000 allocation from Proposition I. These funds will be part of a shovel-ready, Net-Zero Energy building, pilot project of shared equity Teacher Workforce Housing in the Mission District.

Project Goals

- To provide intergenerational wealth building opportunities for San Francisco workers.
- To develop a model for workforce housing in the City of San Francisco in order to address the needs of the "Missing-Middle" income families that earn just above the maximum to qualify for Low-Income tax credit programs, yet earn too little to pay for market rate housing.
- To support San Francisco's education system by increasing teacher's ability to live in the city.

Project Description

Casa Adelante 2205 Mission is an affordable homeownership project, targeted at teachers to stabilize SFUSD's education system and will leverage MEDA's expertise in homeownership counseling since 2004. The proposed project for 2205 Mission St. is a (9) nine-story midrise mixed-use building containing 63 condos with 2,500 sq. ft. commercial community arts facility, lobbies, mechanical rooms, and a childcare space on the ground floor.

Square feet (total):	66,569	Total costs per square foot:	\$1,038
Square feet (residential):	63,287	Residential costs per sq. ft.:	\$1,075
Number of units (residential):	63	Residential costs per unit:	\$1,079,977
Sq feet (commercial):	2,570	Commercial costs per sq. ft.:	\$437.74
		Total Devt Costs	\$69,163,528

Project Milestones

- Received entitlements and project is under review for building and site permit approval in May 2022
- Finalized design and started the final construction bidding process



- Permanent financing
 - The development team is in discussions with CDEs for NMTC funding and working through the financials of NMTC funding with Novogradac accountants.
 - Are having strong conversations with UESF Teachers Union in search of Prop A funding to make this project 100% Educator housing
 - Awaiting CalHOME funding award. Will apply for IIG and AHP in February 22 Super NOFA.

Shared Equity Housing as Social Housing

Developed by a non-profit in response to economic need. In the experience of MEDA, as a 45 year-old organization working with a diverse range of community stakeholders including, but not limited to, immigrants, families with children, schools, low-income tenants, first-time homebuyers and small business entrepreneurs, wealth building is a key anti-poverty strategy. Leveraging MEDA's expertise and community rapport, MEDA is proposing this workforce housing project to respond to our BIPOC families' need to access homeownership opportunities in the Mission District.

CCHO's October 2021 report titled, *Housing our Workers - Getting to a Jobs Housing Fit*, found that the Missing-Middle has a larger unit count need than any income group, including the very low-income under 60% AMI, as over 40% of these workers live outside the city.¹ In addition, the San Francisco Unified School District (SFUSD) has shown that teachers are significantly impacted by the lack of housing affordability in the City of San Francisco. This has a direct impact on the quality of school education.² "Most teachers earn less than 120% AMI, with some paraprofessionals making 44% AMI."³ Consequently, SF Teachers Union suffers from over 10% yearly job loss resignations (See Resolution 1911-12A1).⁴ The overwhelming reason stated for leaving their jobs are housing costs. BIPOC Teachers are hit doubly hard by the lack of intergenerational wealth transfer and lack of any middle income housing being built. Shared equity housing ensures that housing remains affordable in the Mission District, and this proposal seeks to remedy housing inequity for our target 60-80% AMI households and teacher workforce.

The United Educators for San Francisco (UESF) has expressed interest in the model for Casa Adelante-2205 Mission, and securing financing sources to deepen the level of affordability to teacher households earning an average of 80% AMI. This project will secure teachers an opportunity to buy their first home, at no more than 35% percent of their income towards their monthly mortgage payment.

Affordability Targeting average 80% AMI. As a program focused on homeownership opportunities, the income qualifications are higher than typical affordable rental housing. For the pilot, MEDA will outreach to teachers in San Francisco Unified School District, develop a cohort of potential interested applicants whose income will likely be 60% AMI to 120% AMI, rank order them according to a lottery, and prepare them during the two year construction period to be ready to purchase when the homes are built. The proposed unit mix will be regulated by SB35 and the 2019 Proposition E for teacher housing requirements. Teacher Housing Proposition E (2019) mandates that the AMIs are between 80-160 % of the AMI.

¹ <https://www.sfccho.org/housing-our-workers>

² Ibid

³ <https://www.sfchronicle.com/local-politics/article/After-20-year-saga-S-F-teachers-are-closer-to-a-16275816.php>

⁴ <https://go.boarddocs.com/ca/sfusd/Board.nsf/files/BKNNPB5CF304/%24file/1911-12A1%20Educator%20Affordable%20Housing.pdf>



Unit Type	Unit Mix & AMI				
	80% AMI	120 % AMI	140 % AMI	160% AMI	
2 Bedroom	30	15	1	-	
3 Bedroom	-	0	5	12	
Total # Units	30	15	6	12	63

Geographic, Racial and Social Equity. The program can be used across San Francisco with the success of the pilot. The proposed pilot offers affordable for-sale homes in one of the most expensive neighborhoods in San Francisco, and for one of the populations hardest-hit by gentrification and displacement, Latino/x and BIPOC households. As a shared equity for-sale program, this program also ensures wealth-building opportunities for workers while ensuring affordability of the homes upon re-sale for future 60-80% AMI target homebuyers to be able to afford to stay in San Francisco.

Key Agencies to advance the project goals

The project can be advanced as a pilot within Fiscal Year 2022-23 by:

- Office of Economic and Workforce Development as part of a workforce enhancement strategy. The project team is additionally looking at a New Markets Tax Credit allocation to the pilot project.
- Mayor's Office of Housing and Community Development (MOHCD) as an alternative. Their current programs in homeownership are in counseling and down-payment assistance. This would revive pre-2009 investments by the City in permanently affordable for-sale housing.
- MOHCD Gap Funding: Our capital stack is varied and resourceful. Still, the timing of the funds plays a large role in the success of the project. MOHCD can bridge the gap between awarded and to be awarded funds, thereby shortening the construction period and holding costs timeline.

Project Financing:

This project does not require an ongoing operating or maintenance budget given that it is a for-sale building. The current allocation amount is a **one-time only** request. In order to subsidize the sales prices, MEDA is pursuing additional funding sources.

Total Permanent Sources		Total Permanent Uses	
<i>Sales Proceeds</i>	\$ 39,756,999	<i>Total Acquisition Costs</i>	\$ 6,209,184
<i>NMTC</i>	\$ 5,000,000	<i>Total Construction Hard Costs</i>	\$ 44,921,579
<i>Prop A Funds: Educator Housing</i>	\$ 9,298,779	<i>Total Soft Costs</i>	\$ 24,032
<i>Calhome Development Grant</i>	\$3,107,750		
<i>Prop I Worker Housing Funds</i>	\$12,000,000		
Total Sources	\$69,163,528	Total Uses	\$69,913,528

Project team

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