

# What's Next for In-Fill Housing in

## San Francisco?

June 21<sup>st</sup>, 2010





Over 225 communities in the Bay Area since 1979, we've seen changes in urban housing in the last 3 decades

#### MUSEUM PARC

San Francisco, CA



#### HARBOR LOFTS

San Francisco, CA



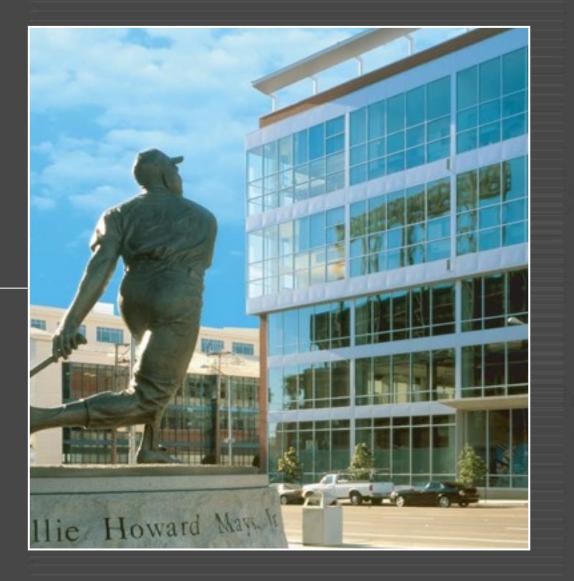
#### PORTSIDE

San Francisco, CA



#### GLASSWORKS

San Francisco, CA



#### ONE RINCON HILL

San Francisco, CA

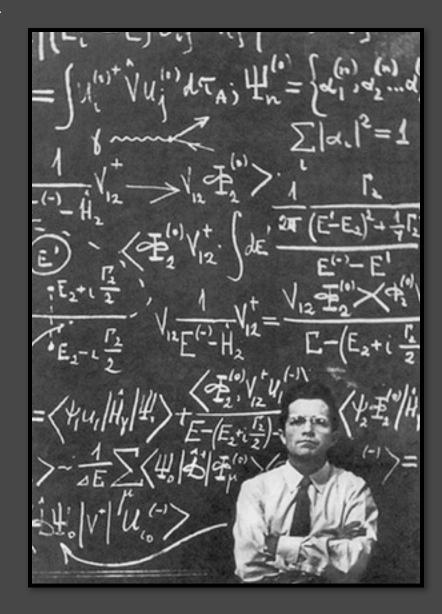


#### Overview

- > Housing Formula
- > Where We Are Today
- > What It Means For The Future



### Formula for Housing Can be complicated



The essentials:

The essentials:

#### **Demand**

The essentials:

#### **Demand**

**Supply** 

The essentials:

#### <u>Demand</u>

#### **Supply**



#### Attractive climate and



#### Attractive climate and



#### Innovative



#### Attractive climate and



#### Innovative



High quality of





Source: City-Data

#### Income to Qualify for a Home

#### Income to Qualify for a Home

SF Median Household Income: \$87,127

> Historically Low Interest Rates

### Where We Are Today

### Where We Are Today

# **Marketing Strategy**

#### Executive**Suites**



- Age: 35-54
- Education: College Graduate
- Kids: HH w/o Kids
- Ethnicity: White, Asian, Mix
- Marital Status: Singles/Couples
- Social Group: The Affluentials
- Media: Shape Magazine, The Amazing Race
- Lifestyle: Shop at Express





# Marketing Strategy

#### Movers&Shaker



- Age: 35-54
- Education: Graduate plus
- Kids: HH w/o Kids
- Ethnicity: White, Asian, Mix
- Marital Status: Couples
- Social Group: Elite Suburbs
- Media: Inc. Magazine, internet
- Lifestyle: Scuba diving, snorkeling





# Marketing Strategy

#### Money&Brains



- Age: 45-64
- Education: Graduate plus
- Kids: Family mix
- Ethnicity: White, Asian, Hispanic, Mix
- Marital Status: Married
- Social Group: Urban Uptown
- Media: Sunday newspaper, Wall Street Week TV
- Lifestyle: Shop at Nordstrom





#### Where We Are Today

Source: SF Planning

### Formula for Housing – Supply

> Supply constrained Market....

### Formula for Housing – Supply

- > Supply constrained Market....
  - Geography

### Formula for Housing - Supply

- > Supply constrained Market....
  - Geography
  - City government

### Formula for Housing – Supply

- > Supply constrained Market....
  - Geography
  - City government
  - Labor and Construction Cost
  - Available Financing

### "D" Day... New Financing Stopped - Sept. 2008

A ROVMOUND



ly Duncas Economics Editor

THE

rs of a global financial meltdown. yesterday as the world's biggest uptcy plunged markets into

ration were left rowling as the densise of the Lehman Brothrestment bank sparked the st shake-up on Wall Street in

other of US capitalism's higgest those, Merrill Janch, is to be meet by Back of America in a lice takeover to save it from

as fell as fear spread through encial system, Central backs uprigent measures amid concerns world economy was entering rous new phase. The Bank of injected 15 billion of emerding into money markets. 1000 Lohman staff in Britain

are now estionably in orst financial since the Depression' Netsky, page 24 the page 2 of pages 5

Dow Jones industrial average war closes 300 points, or 2.6 per cest, Sentiment was also boblished by sheep fails in of prices, which dropped by more than \$5 a barrel to \$96, closing under \$100 for the first time in six months and raising hopes that chraper fuel would rate economic stresses on Western nations.

However, by close of trading the Daw had fallen by more than 500 points - its biggest coe-day drop the respensing after the September II attacks --- as concerns mounted over the world's largest insurer. Shares in American International Group (AIG), which sponsors Manchester United, fell by 45 per cent after it made an unprecedented approach to the US Federal Reserve for \$40 billion

in emergency funding. Last night the Fed asked Goldman Sachs and J.P. Morgan Chase, two of Wall Street's remaining big hanks, to head a \$75 billion emergency package to keep AIG affoat.

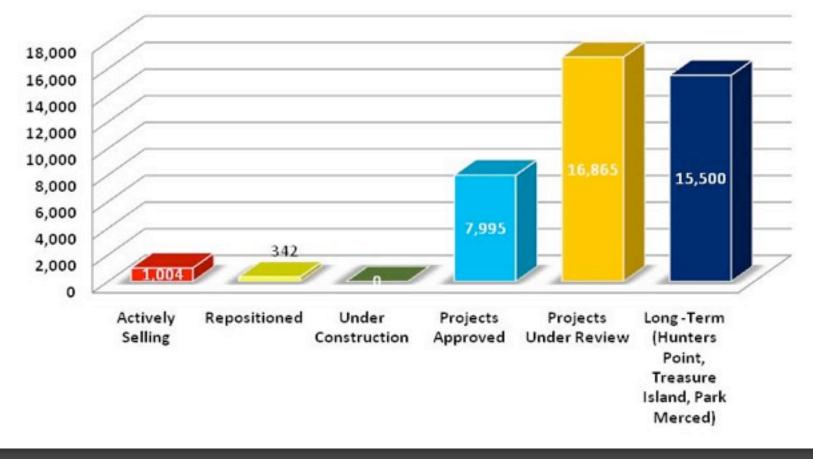
As central banks battled to stabilize the system, the Fed cased its rules for emergency lending further. It announced that it would accept company shares in retarn for crisis loans for the first time. In Frankfort, the European Central Bank injected C0 billon in emergency funds into eurosone markets. A group of ten global banks



#### Where We Are

#### San Francisco Pipeline Summary

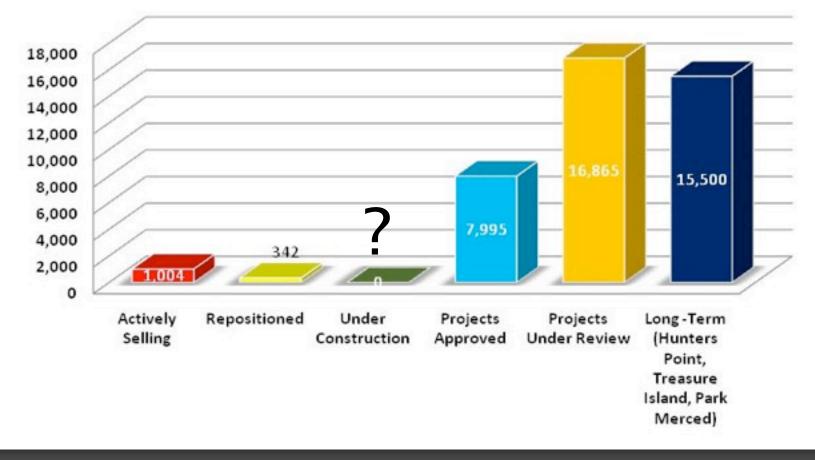
\*Totals Include Market Rate Condominium Projects of 30 homes or Greater



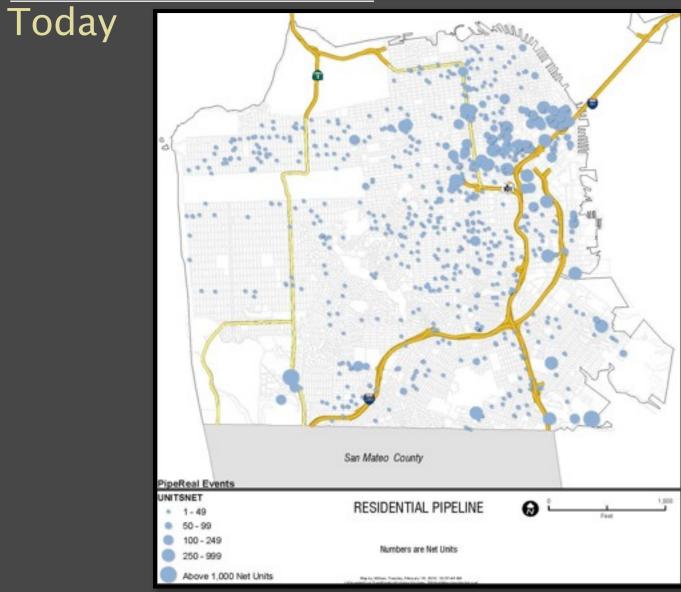
#### Where We Are

#### San Francisco Pipeline Summary

\*Totals Include Market Rate Condominium Projects of 30 homes or Greater



### Where We Are



Source: SF Planning Dept, "Pipeline Report Q4 2009"

## Formula for Housing - Capital

> Who Will Provide Construction Financing

- > When Will Capital Markets Returning to Lending
- Personal Guarantees-will they be required
- >Is the Traditional Financing Structure Available
  - •Equity
  - Mezzanine Debt
  - Construction Loan
- >Where does this leave us?

## How Do We Move Forward?





## > Anticipated Sequence of New Projects

• Stick build



- Stick build
- High density



- Stick build
- High density
- Phase-able/Finance-able



- Stick build
- High density
- Phase-able/Finance-able
- Podium product



- Stick build
- High density
- Phase-able/Finance-able
- Podium product
- Mid-rise



- Stick build
- High density
- Phase-able/Finance-able
- Podium product
- Mid-rise
- High-rise



#### >New locations vs. existing ones



#### >New locations vs. existing ones



#### Museum Parc

#### >New locations vs. existing ones



#### Museum Parc

**Mission Bay** 

#### >New locations vs. existing ones



#### >New locations vs. existing ones



#### Treasure Island

#### >New locations vs. existing ones





#### Treasure Island

#### Hunter's Points

#### Low-rise vs high-rise



#### 900 Folsom



#### 555 Washington

#### Low-rise vs high-rise



## 900 Folsom



#### 555 Washington

#### Low-rise vs high-rise



## 900 Folsom



#### 555 Washington

Transit oriented design

#### Transit oriented design



## Ocean View Village

#### Transit oriented design



5800 3<sup>rd</sup> Street

#### Transit oriented design



#### **Transbay Terminal**

- •12 Block Parcels
- •1,750 for sale homes entitled by SF

>Living small and green



#### >Living small and green





## >Living small and green







>New ways to finance construction

- Pre-Sale Online
- Standardized Shell Modules
- Customized Areas, Floorplans

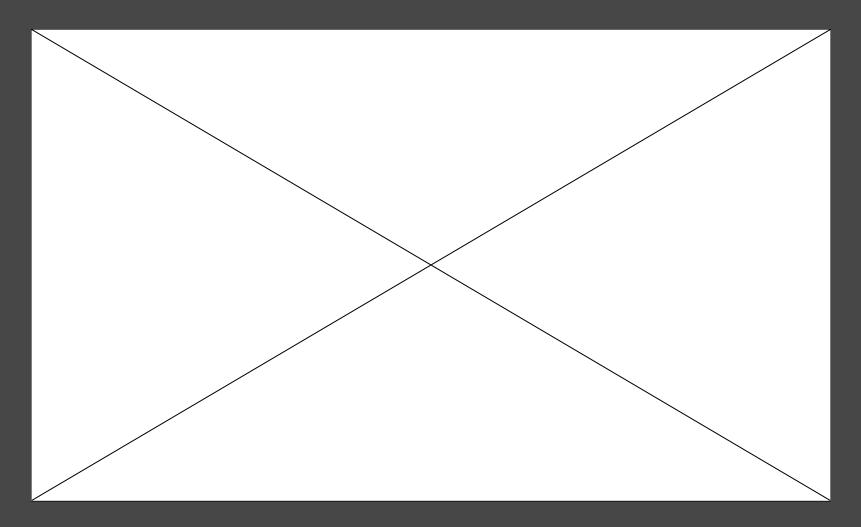
>New ways to finance construction

- Pre-Sale Online
- Standardized Shell Modules
- Customized Areas, Floorplans

# Satisfy Pre-Sale Hurdles Prior Tc Construction



#### ≻Modular design



## Housing Needs

## Housing Needs

> 1.6 million new residents in Bay Area by 2035 (64,700 per year)

1.6 million new jobs to be added to the Bay Area by 2035

1.6 million new jobs to be added to the Bay Area by 2035

> Bay Area: 214,500 units needed by 2014

1.6 million new jobs to be added to the Bay Area by 2035

> Bay Area: 214,500 units needed by 2014

> San Francisco: 31,193 units needed by 2014

1.6 million new jobs to be added to the Bay Area by 2035

> Bay Area: 214,500 units needed by 2014

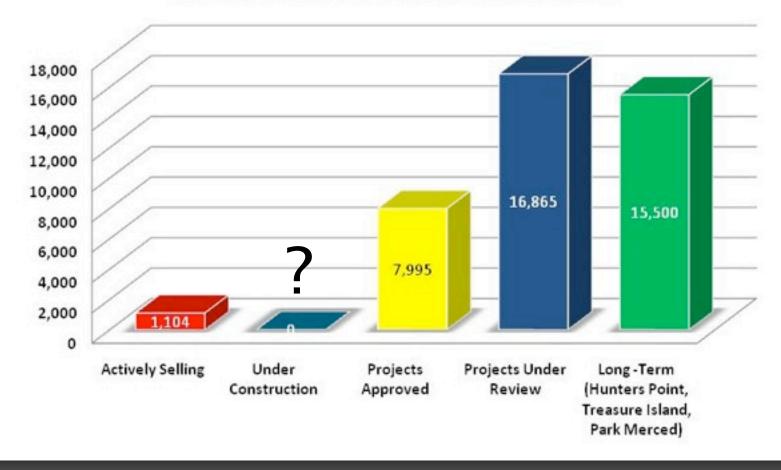
> San Francisco: 31,193 units needed by 2014

# Where We Are

## Todav

#### San Francisco Pipeline Summary

\*Totals Include Market Rate Condominium Projects of 30 homes or Greater







> Capital is the missing ingredient



# Capital is the missing ingredient Supply Pipeline...when will it restart?

> Capital is the missing ingredient

- >Supply Pipeline...when will it restart?
- >Using Innovation to open market and lower risk

Capital is the missing ingredient
 Supply Pipeline...when will it restart?
 Using Innovation to open market and lower risk
 Engaging Policy makers to provide Support







>Smaller sized homes, multi-family is the answer

- >Smaller sized homes, multi-family is the answer
- >Transit orientation and shared common area amenities

Alternative locations...look to the South.
 Smaller sized homes, multi-family is the answer
 Transit orientation and shared common area amenities
 Standardized systems and designs

- >Smaller sized homes, multi-family is the answer
- >Transit orientation and shared common area amenities
- >Standardized systems and designs
- >Presale programming

- >Smaller sized homes, multi-family is the answer
- >Transit orientation and shared common area amenities
- >Standardized systems and designs
- >Presale programming
- >Joint Ventures with Public agencies