

Capital Markets: How do developers (and agencies) raise equity?

Case Study:
Hunters Point Shipyard,
San Francisco

Panelist Introductions

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Presentation Outline

- Case Study: Hunters Point Shipyard
- Shipyard Redevelopment Opportunity
- Phase 1 Development Program
- Real Estate Transaction Structure: Conceptual Framework for Development/Term Sheet
- Public Sources of Capital
- Private Sources of Capital
- Rates of return for equity and financing

Tax Increment (TI) from Growth in Assessed Value (AV)

- TI generated as Phase 1 development progresses during 5 to 7 year build-out.
- Developer will purchase land from Agency, creating initial growth in AV.
- Sales of homes will generate most of incremental growth in AV in early years.
- Agency sites for affordable housing and community facilities assumed tax exempt.

Residential Development

- Market rate ownership product types ranging from flats to townhouses, with sales prices from about \$300,000 to \$560,000.
- Market rate apartments renting for about \$1500-\$2500 per month.
- Absorption of 1280 developer units (of which 15% are affordable) at about 180 to 250 units/year.

Non-Residential Development

- 80,000 SF of support retail, as both neighborhood shopping center at Shipyard entrance and ground floor retail. Retail demand generated from Shipyard and nearby Bayview residents/employees. Absorption will occur as build out occurs.
- 220,000 SF of Office/R&D projected to absorb after residential underway.

Tax Increment Potential

- AV projected to grow from \$6.5 million base to over \$500,000,000 at the end of Phase 1.
- Tax increment projected to reach over \$5,000,000 per year at build-out and then continue to grow with inflation & turnover.
- Tax increment stream can be pledged to Mello Roos and Tax Allocation Bonds.

Equity and Financing Sources for Affordable Housing

- Dedicated Land Sites
- Housing Set-Aside Funds/TABs
- Tax Exempt Mortgage Revenue Bonds
- Low Income Housing Tax Credits
- CDBG, HOME, Section 8, 202 and 811 Funds etc.
- Private Mortgages (Fannie Mae etc.)
- Sweat Equity by Residents