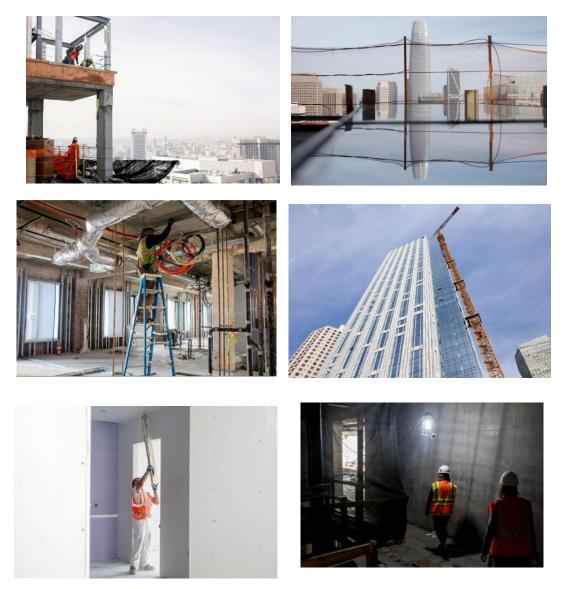
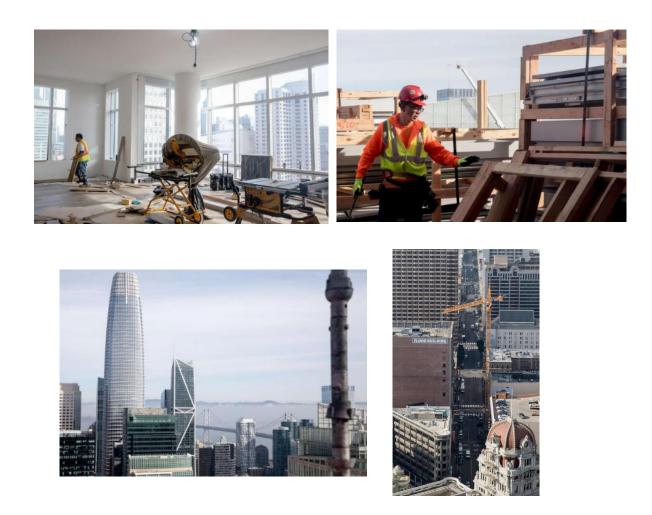
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What's in store for SF housing in 2020? More new homes, but not nearly enough

J.K. Dineen



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While Westbrook is catering to the ultrarich, just 1.8 miles to the south, Mission Housing and Bridge Housing are building 157 homes for those at the bottom of the economic ladder.

Less than 2 miles separate 706 Mission St. and 1950 Mission St.

But in the lopsided world of San Francisco housing, the two locations, both bustling with construction workers, could not be further apart.

At 706 Mission St., developer Westbrook Partners is closing in on completing its Four Seasons Private Residences, a 43-story condo tower that includes a sprawling penthouse on the market for \$49 million. While Westbrook is catering to the ultrarich, just 1.8 miles to the south, Mission Housing and Bridge Housing are building 157 homes for those at the bottom of the economic ladder.

The rentals at 1950 Mission will be affordable to families earning between 45% and 60% of area median income, \$49,000 to \$73,000 for a family of four, and 20% of its residents will be formerly homeless families. The project cost \$80 million — just 39% more than Westbrook is hoping to get for its grand penthouse.

The tale of two Mission Street developments is a good illustration of the breadth of new housing San Francisco will see in 2020. New developments include student housing, senior homes (both market rate and affordable) and subsidized family complexes.

The city's staggering wealth and the high cost of construction have fueled a boom in ultra luxury homes while its progressive voters have approved nearly \$1 billion in bonds for affordable housing over the past few years, jump-starting subsidized development. In 2019, nonprofit builders broke ground on 767 affordable housing units and completed another 680.

The city, still in the grips of an unrelenting housing crisis, is on track to see slightly more than 4,000 new housing units completed in 2020. In terms of production it will be similar to 2019 (4,360 units) and well above 2018 (2,632 units). But it will not reach the production levels seen in 2016 and 2017, which over the two-year period saw close to 10,000 new units built.

While the 2019 production beat 2018 by 60%, "it's nowhere near enough," said Mayor London Breed, who has made streamlining housing production a key priority of her first 18 months in office. Just to keep up with 1% population growth, San Francisco would need to build more than 8,000 units a year, a number that remains a distant goal. "We can't be a city where our Muni drivers, our social workers, our nurses and our teachers can't afford to live where they work every day." she said. "We need to fundamentally change how we approve and permit new housing to ensure that everyone in this city can afford to live here."

While the vast majority of the housing produced in 2016 and 2017 was luxury rental apartments in Mission Bay, South of Market and the Transbay and Rincon Hill areas, the housing set for a 2020 completion is much more diverse, with condos, senior housing, student housing and affordable units **for** both families and seniors.

New buildings will open in Dogpatch, the Mission, Potrero Hill, Mission **B**ay, the Marina, the Tenderloin, South of Market, the Sunset District and North of the Panhandle.

A total of 592 units of student housing will be delivered in 2020, with new dorms at San Francisco Conservatory of Music, the California College of the Arts and San Francisco State University.

After a five-year stretch dominated by rental units, San Francisco will see a mini condo boom in 2020, with 1,000 new condos, four times the number delivered in 2019.

"It's pretty spread out, which is positive," said Miles Garber, research director at brokerage Polaris Pacific. "It's going to be a year of more diverse offerings than we have seen in a few years."

The new condos could help drive down prices in older condo buildings, Garber added.

"I don't think the tides will lift all boats," he said. "It's like the microclimates we get in San Francisco — we are going to have different dynamics in different neighborhoods and different buildings." The year will bring the first condos in decades to the Marina, the 41-unit Union House at 2465 Van Ness Ave. The developer, Mark MacDonald of DM Development, said that 1,200 people are on the interest list "and we have not started our sales process." One-bedroom units will be priced around \$1.3 million and three-bedrooms around \$2.5 million.

"The demand has been overwhelming," he said. "There is a huge pent-up demand from buyers who have a preference for the northern neighborhoods where there are so few opportunities, as opposed to buyers who might want to be downtown."

Despite the fact that the wave of 2019 initial public offerings at tech companies — several of which flopped — did not fuel the sort of condo boom that some predicted, the high-end part of the market is alive and well.

At the Four Seasons Residences, opening in June, about 20% of the units have been sold. In addition to the \$49 million condo, there are 11 other penthouses ranging from \$15 million to \$25 million, said Rich Baumert, a partner with the developer.

The units average about \$2,800 a square foot.

"We have had surprisingly strong interest in the top part of the building," he said. "People have been back for multiple visits."

After several years of double-digit appreciation, San Francisco's for-sale market mellowed in 2019, rising just 3%, said Daryl Fairweather, chief economist for Redfin.

"Bidding wars became a lot less frequent," he said. "It's still the most competitive place in the whole country, but not as much as it was in previous years." But the respite from hyper-appreciation will probably be brief, Fairweather added, because low interest rates and continued job growth will drive up prices.

"It's going to get competitive again," she said.

Developer Nick Podell, who is finishing a 203-unit apartment complex on Bryant Street in the Mission, said the rents in his new building — \$5,000 for a two-bedroom, two-bathroom unit — would be the highest he's ever charged. But it was so expensive to develop the property that the deal will have lower-than-usual returns.

"The whole system is broken," he said. "I don't think the project would work with today's costs, even with those obscene rents."