

Lennar's Shipyard docks first homes

Sales kick off for 88 units, first of 12,000 homes to transform former naval base

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Blanca Torres

Reporter
*San Francisco
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On a stretch of bayfront property few San Franciscans have ever visited, prospective buyers are touring the first 88 units in a development slated to bring 12,000 new homes.

It took more than a decade to secure approvals, negotiate complicated land deals, fight lawsuits and weather the recession before developer **Lennar Urban** could begin selling its first homes at the San Francisco Shipyard. The project will ultimately transform close to 800 acres on the former Hunters Point naval base.



"We can literally connect from scratch the homes, retail and the workplaces right on... [more](#)

SPENCER A BROWN

For **Lennar**, the delays turned out to be opportune. Housing prices have soared in San Francisco in the past few years and inventory has stayed low — especially for brand new units.

With prices ranging from the \$400,000s to the \$700,000s for a market-rate home, the Shipyard offers new homes cheaper than any other condo or housing project in San Francisco.

Years from completion

Still, the Shipyard is years away from becoming a thriving neighborhood. Plans call for more than 3.5 million square feet of commercial space, a new regional shopping center, 300 acres of open space and thousands of new residents. The entire project will likely take at least 15 years and more than \$8 billion to build out.

Considering Lennar’s grand vision for the Shipyard, this first phase may seem tiny, but for Lennar, it marks a significant milestone.

“We are in a very active construction mode and will have a variety of homes coming online for the next 15 years,” said **Kofi Bonner**, head of the Shipyard project for Lennar. “We have the ability to create something. We can literally connect from scratch the homes, retail, and the workplaces right on the water.”

Lennar started signing contracts in June for its first two home releases — 25 townhomes and 63 condo flats at the corner of Innes and Donahue streets.

The developer opened a sales center at the site and in downtown San Francisco. From the corner of Howard and Hawthorne streets downtown, prospective buyers can catch a shuttle to the site.

“The biggest challenge is getting people here,” said **Sheryl McKibben**, vice president of sales and marketing at **Lennar**.

Lennar is now building two more home developments, totaling 159 homes, that will be available next year. The developer plans to build at least 1,600 homes and find other developers to construct the rest.

While the Shipyard offers stunning views of the water, downtown San Francisco and the East Bay, many current San Francisco residents have

never set foot on the property. A former naval base decommissioned in 1994, it was declared a Superfund site, meaning it required extensive environmental clean up.

Right now, the location may feel remote — it's about 1.5 miles from the Third Street corridor and nearly 6 miles from downtown — but that could change in years to come.

The project follows the southern trajectory that development has taken in San Francisco, said Bonner.

“Land is only available in significant quantities in the southeast in San Francisco,” he said.

Development moves south

Within the past couple of decades, several neighborhoods have emerged south of downtown. It started with South of Market in the 1990s, then South Beach and the area near AT&T Park and then Mission Bay, said **Alan Mark**, founder and CEO of the Mark Co., a condo research and marketing firm that is handling sales at the Shipyard. It wasn't that long ago that people wouldn't even consider living in those neighborhoods, but now they command some of the highest prices in the city, Mark said.

“We forget that in just the recent past, all of these neighborhoods have been revitalized,” he said. “New development is now going into the Dogpatch. A few years ago, no one knew where that was.”

So, the real test is whether residents will buy into the process of pioneering an area that doesn't yet have amenities such as shops, restaurants or dry cleaners. The closest stop for the Third Street Muni line, which takes riders to downtown San Francisco, is a 30-minute walk or 10-minute bus ride from Innes and Donahue.

McKibben said Lennar is working with public transit agencies to increase service to the area as residents start moving in. It will offer private shuttles to BART and job centers in the meantime.

For existing Bayview residents, the oncoming influx of thousands of new residents could be a “huge game-changer,” said **Angelo King**, a Bayview resident who previously served as chair of the Project Action Committee for the Bayview Hunters Point Redevelopment Plan.

The Shipyard development lies just west of the Bayview, one of San Francisco’s oldest neighborhoods and home to a large concentration of African American residents. Many come from families that moved to the area decades ago to find work at the naval base.

The area, home to two public housing projects in the middle of reconstruction, also has one of San Francisco’s highest crime rates. In the past year, home prices in the area have begun to pick up at similar rates as the rest of San Francisco.

“I see people out there working and that’s good. I see black contractors getting contracts for the construction, and that’s good,” King said. “(The Shipyard) will help the Bayview reach the type of the local economy the rest of the city enjoys.”

The neighborhood hasn’t seen the the level of investment the Shipyard is bringing in decades, but some residents feel like they are being left out, said **Marie Harrison**, a community activist with Greenaction, a group that advocates for health, environmental and social justice.

Harrison said that Lennar promised more than \$30 million in community benefits to secure approvals for the project, but she has yet to see any of them in terms of job training, hiring or environmental protection.

“Where was the new community benefit for the discomfort people had or for those who were displaced?” she asked. “They’re putting new housing and bringing new folks in to a community that is already overburdened. You’re using (existing residents) as a stepping stool and you’re pushing them aside.”

A Lennar spokesperson said the community benefit programs are underway.

Critical mass draws retail

Near the new housing at the Shipyard, the John Stewart Co. has been working on a rebuild of the Hunter's View public housing project that will replace 267 units with more than 750 units, a mix of low-income and market-rate units.

Affordable units will also make up at least 25 percent of Lennar's project. Developer Amcal is working on the first affordable component of the Shipyard, a 60-unit project that is under construction.

Both the Shipyard and the rebuild of the Hunter's View public housing will transform under-utilized sections of San Francisco into thriving, mixed-income communities, said **Jack Gardner**, CEO of the John Stewart Co. As both developments move forward at the same time, it will help attract more retail and jobs to the area.

"There are some people who will never see benefits no matter how many benefits are created," he said. "Some people want benefits without any change, but it doesn't work that way."

Bonner, of Lennar, expects the Shipyard to benefit from the hot real estate market, but in the longterm, the developer's goal is to set up the Shipyard as a true live-work-play neighborhood once the commercial component is built and fills up with employers.

"We feel pretty good and confident about where we are. We have the right vision and we have the right pieces to create something very special," Bonner said. "It is not too difficult to put the pieces together when you start off with those ingredients. Ultimately, you must have the capital and the perseverance to make the vision a reality."

The San Francisco Shipyard Timeline

1999: City of San Francisco selects Miami-based Lennar Corp. as master developer for former naval shipyard at Hunters Point.

2004: Phase 1 approved for 1,400 homes.

2005: Infrastructure work commences.

2006: Lennar wins RFP from 49ers to become the master developer for

the Candlestick Park site to expand the San Francisco Shipyard development to include Candlestick Point for a total of about 780 acres of land. Plans called for demolishing the former football stadium to make room for a regional retail and entertainment center.

2008: San Francisco voters approved by nearly a 2-to-1 margin a measure to allow Lennar to move ahead on plans for an additional 10,500 new homes, 3.15 million square feet of commercial space, an artists' colony and other elements.

2010: Lennar secures final approval from City of San Francisco on its development proposal.

Summer 2013: Contractor Roberts Obiyashi Corp. begins construction on first 88 homes after years of delays.

Winter 2013: Lennar starts construction of 159 more homes for a total of 247 homes under construction.

Spring 2014: Infrastructure work begins on the replacement of **Alice Griffith** Public Housing Project.

June 2014: Lennar launches sales of first 88 homes at intersection of Innes and Donahue streets.

2014: Lennar begins construction of 98 more market-rate homes and the first 60 affordable homes begin construction in partnership with Amcal, an affordable housing developer.

Fall 2014: First residents move into the San Francisco Shipyard homes.

2015: Lennar demolishes Candlestick Park.

2016: Construction starts on retail and entertainment center.

2018: First phase of commercial office development will be underway.

2028 and beyond: Build out of more than 12,000 homes is expected to be complete at the San Francisco Shipyard.