



# **San Francisco 2015 Affordable Housing General Obligation Bond**

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## **Capital Planning Committee: First Issuance Update**

**August 29, 2016**

CITY AND COUNTY OF  
**SAN FRANCISCO**

<sup>1</sup>  
MAYOR EDWIN M. LEE

# AFFORDABLE HOUSING GO BOND: Today's Request

Approval of the first issuance of the 2015 Affordable Housing General Obligation Bond in an amount not to exceed \$77 million



# AFFORDABLE HOUSING GO BOND: Today's Request

## Proposed Sources and Uses of Funds

<b>Sources</b>	
Bond Proceeds	\$76,025,000
Reserve Proceeds	<u>975,000</u>
<b>Total Not-to-Exceed Sources</b>	<b>\$77,000,000</b>
<b>Uses</b>	
Affordable Housing Project Funds	74,500,000
Controller's Audit Fund	149,000
Projects Subtotal	<u>74,649,000</u>
Costs of Issuance	539,725
Underwriter's Discount	760,250
Citizens' GO Bond Oversight Com	76,025
Costs of Issuance Subtotal	<u>1,376,000</u>
Total Uses	\$76,025,000
Reserve Pending Bond Sale	975,000
<b>Total Uses with Reserve</b>	<b>\$77,000,000</b>



# AFFORDABLE HOUSING GO BOND: 3 Investment Categories

The voter-approved, \$310 Million Housing Bond proposed 3 categories of investments, each supporting a range of incomes:

Program Categories	GO Bond
Public Housing	\$80 Million
Affordable Housing (up to 80% AMI)	\$100 Million
<i>set aside for Mission Area Plan Investments</i>	\$50 Million
Middle Income Housing (121%-175% AMI)	\$80 Million
TOTAL	\$310 Million

# PRIORITY POPULATIONS

**Among all housing categories,** the stated goal of the Housing Bond is to serve the City's vulnerable residents and households at risk of displacement:

- Low-income working families
- Veterans
- Seniors
- Disabled individuals



# LOW-INCOME HOUSING USES

- Accelerate new affordable housing production through quick release of funds.
- Provide acquisition and rehabilitation funding for existing rent-controlled buildings.
- Purchase properties in highly-impacted neighborhoods, e.g., the Mission, for affordable housing development.
- Stabilize buildings at risk of losing affordable units.



# PUBLIC HOUSING USES

- Accelerate the reconstruction and rehabilitation of distressed public housing, including infrastructure replacement.
- Prioritize most urgent capital needs and strive for creation of net new units within reconstruction programs.



# MIDDLE-INCOME HOUSING USES

- Provide new or preserved middle-income rental opportunities.
- Increase the cap on Down Payment Assistance loans and the range of eligible households.
- Expand the Teacher Next Door program to help keep our teachers in SF neighborhoods.





# HOW THIS BOND IS DIFFERENT THAN MOST GO BONDS

- With most General Obligation bonds, the City hires contractors to complete infrastructure improvements.
- For affordable housing, the City does not engage contractors directly or own the improvements directly. Rather, we give loans to developers who then hire contractors and own the improvements through LLCs.
- This approach leverages Federal tax credits.

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# SPECIFIC HOUSING BOND USES, BY ISSUANCE

	First Issuance	Second Issuance	Third Issuance	Total	Units
<b>Public Housing: \$80MM</b>					
Potrero Acceleration	19,900,000	18,800,000		38,700,000	166
Sunnydale Acceleration	20,700,000	18,020,000		38,720,000	226
<i>Share of cost of issuance &amp; incidentals</i>	<i>1,362,416</i>	<i>1,217,584</i>		<i>2,580,000</i>	
<i>Subtotal</i>	<i>41,962,416</i>	<i>38,037,584</i>	<i>-</i>	<i>80,000,000</i>	<i>392</i>
<b>Low-Income Housing: \$100MM</b>	<b>First Issuance</b>	<b>Second Issuance</b>	<b>Third Issuance</b>	<b>Total</b>	
Predev - Three projects	9,000,000			9,000,000	
Small Sites Program	15,000,000	9,235,000		24,235,000	81
Acquisition & Vertical - Three projects			63,540,000	63,540,000	290
<i>Share of cost of issuance &amp; incidentals</i>	<i>805,369</i>	<i>290,356</i>	<i>2,129,275</i>	<i>3,225,000</i>	
<i>Subtotal</i>	<i>24,805,369</i>	<i>9,525,356</i>	<i>65,669,275</i>	<i>100,000,000</i>	<i>371</i>
<b>Mission Neighborhood Housing: \$50MM</b>	<b>First Issuance</b>	<b>Second Issuance</b>	<b>Third Issuance</b>		
Predevelopment Costs	6,000,000			6,000,000	
Acquisition & Vertical Development		20,000,000	22,385,000	42,385,000	110
<i>Share of cost of issuance &amp; incidentals</i>	<i>201,342</i>	<i>706,829</i>	<i>706,829</i>	<i>1,615,000</i>	
<i>Subtotal</i>	<i>6,201,342</i>	<i>20,706,829</i>	<i>23,091,829</i>	<i>50,000,000</i>	<i>110</i>
<b>Middle-Income Housing: \$80MM</b>	<b>First Issuance</b>	<b>Second Issuance</b>	<b>Third Issuance</b>	<b>Total</b>	
DALP Loan Expansion	2,900,000	2,900,000	8,700,000	14,500,000	49
Teacher Next Door	1,000,000	1,000,000	3,000,000	5,000,000	250
Middle-Income Teacher Housing		2,000,000	5,000,000	7,000,000	30
Middle-Income Buy-in and Production		31,000,000	19,920,000	50,920,000	166
<i>Share of cost of issuance &amp; incidentals</i>	<i>130,872</i>	<i>1,224,564</i>	<i>1,224,564</i>	<i>2,580,000</i>	
<i>Subtotal</i>	<i>4,030,872</i>	<i>38,124,564</i>	<i>37,844,564</i>	<i>80,000,000</i>	<i>1495</i>
<b>GRAND TOTAL</b>	<b>77,000,000</b>	<b>106,394,332</b>	<b>126,605,668</b>	<b>310,000,000</b>	<b>1,258</b>

# PROGRESS TO DATE: LOW-INCOME HOUSING

- Notice of Funding Availability issued April 2016 for Low-Income Housing Developments
  - Submissions received July 11, 2016. Currently under review.
  - Proposals located in the Mission, Forest Hills, Western Addition, Marina, Tenderloin, and the Excelsior neighborhoods.
  - Proposals included homeless housing, senior housing, family housing, childcare centers, PDR use, and extensive community-serving spaces.



# PROGRESS TO DATE: PUBLIC HOUSING

- The Sunnydale team acquired a vacant parcel for construction of new relocation housing. Bond funds will pay for master planning, predevelopment, acquisition and construction @ approximately \$21 million.
  - Construction to commence in Q4 2017
- The Potrero team acquired a vacant parcel for construction of new relocation housing. Bond funds will pay for predevelopment and construction @ approximately \$20 million.
  - Construction to commence Q4 2016



# PROGRESS TO DATE: MIDDLE-INCOME HOUSING

- Downpayment Assistance Loans (DALP) available now.  
Implementation of the new down payment assistance loan program rules began July 1, 2016. More households are eligible (those earning up to 175% AMI), and loan amounts are larger (up to \$375,000 per household).
- Teacher Next Door forgivable loans available now. These loans may be used in addition to the above DALP loans.
- 15% of Seawall Lot 3221 devoted to middle-income units
  - Developer selection process complete and architectural work underway.
  - Construction loan closing estimated for FY 17-18, including \$7MM for middle-income units.
- MOHCD and SFUSD pursuing Teacher Rental Housing on SFUSD site. Predevelopment funding issuance anticipated 2017.



# FIRST BOND ISSUANCE: 2016 SCHEDULE

- May 24, 2016: Kick-off
- August 29: Capital Planning Committee
- September 7: Budget & Finance Committee
- September 13: First reading, Board of Supervisors
- October 12: Bond sale
- October 28: Close bonds

MOHCD will use non-bond funds to get programs started and be reimbursed upon bond sale.



# METRICS & ACCOUNTABILITY

- Extensive neighborhood outreach to community groups for every project.
- City-wide Loan Committee approval of all MOHCD-issued multifamily loans.
- BOS approval of all housing revenue bond issuances for individual projects.
- Regular reporting to Citizens' General Obligation Bond Oversight Committee (GOBOC).

*Unlike a traditional GO Bond, the City has minimal control over the timing of construction of units and their occupancy, but that is our primary metric of completion.*

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