

Affordable Housing General Obligation Bonds Update

Capital Planning Committee

March 7, 2022



Mayor's Office of Housing and Community Development
City and County of San Francisco

Agenda

- Affordable Housing GO Bonds Overview
- Risks & Challenges
- 2015 GO Bond Update
- 2019 GO Bond Update
- 2016 PASS Bond Update



Affordable Housing GO Bonds Overview



- Need for the bonds
- Target communities
- Affordable Housing GO Bonds differ from other City GO Bonds
- 2015 and 2019 Bond may be one of several funding sources
 - City loans jump start development

Affordable Housing GO Bonds Risks & Challenges

- Potential inflation and supply chain issues for the developers
- Understaffing/great resignation on both developer and MOHCD sides
- Changes to the affordable housing financing landscape may delay projects and increase City costs

Affordable Housing GO Bonds 2015 Update

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2015 Affordable Housing Bond Update



- \$310M bond passed in November 2015
- First Issuance: **\$75.1M**
 - Issued October 2016
 - 98% spent as of December 2021
- Second issuance: **\$142.1M**
 - Issued May 2018
 - 97% spent as of December 2021
- Third issuance: **\$92.8M**
 - Issued October 2019
 - 28% spent as of December 2021

2015 Affordable Housing Bond Program Summary

(in millions)

	Issuance 1	Issuance 2	Issuance 3	TOTAL
Public Housing	\$ 41.0	\$ 0.4	\$ 38.6	\$ 80.0
Low-Income Housing	\$ 24.2	\$ 68.4	\$ 7.4	\$ 100.0
Low-Income Housing (Mission)	\$ 6.1	\$ 43.1	\$ 0.8	\$ 50.0
Middle-Income Housing	\$ 3.8	\$ 30.2	\$ 46.0	\$ 80.0
TOTAL	\$ 75.1	\$ 142.1	\$ 92.8	\$ 310.0



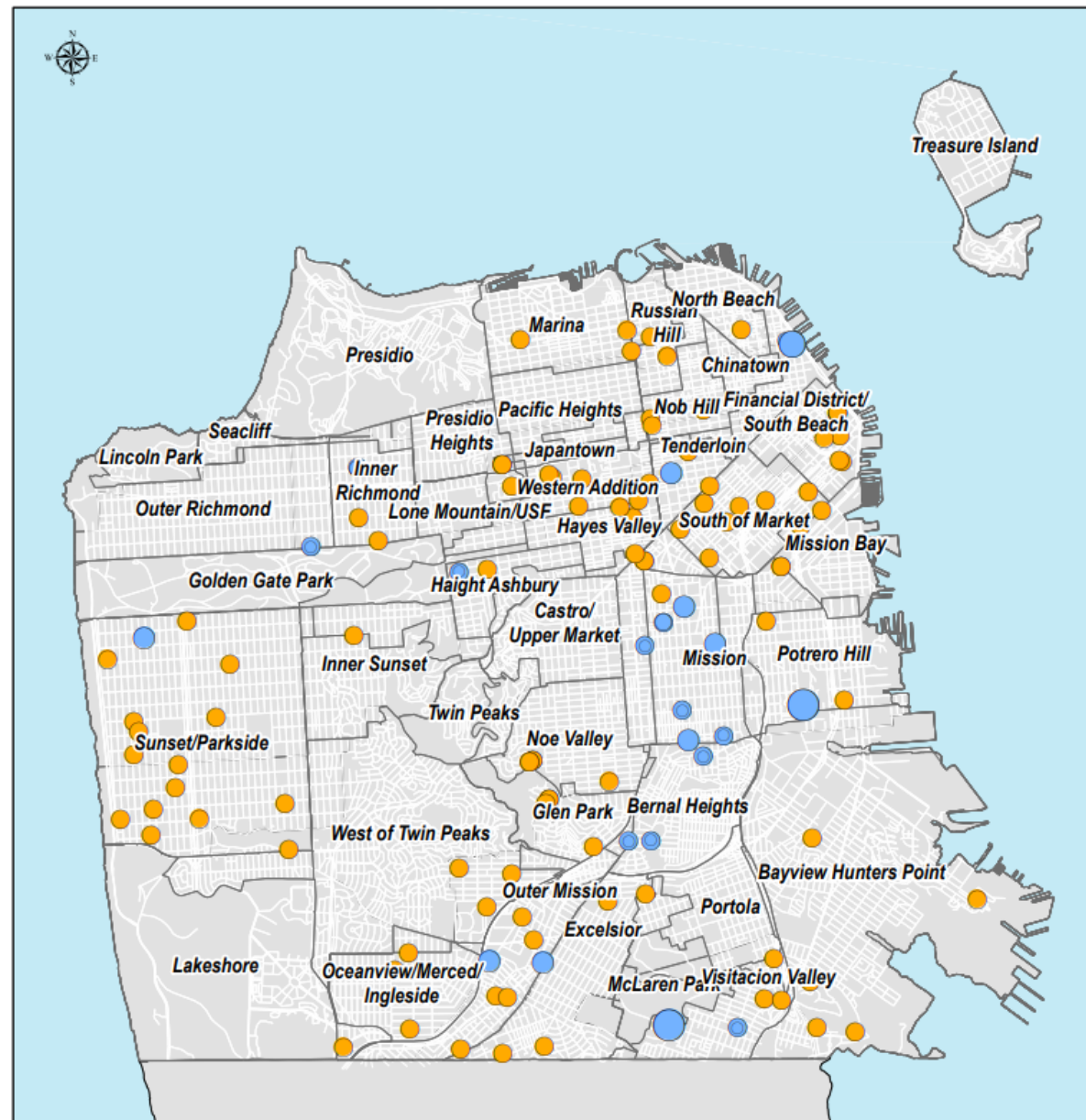
Balboa Park Upper Yard development expected to be completed in mid-2023.

2015 Affordable Housing Bond Spendedown Timeline



- First and Second issuance projected to be fully expended by end of 2022
- Third bond issuance is projected to be fully expended in 2024.
 - Third issuance expenditure schedule is mainly driven by \$25M allocation to educator housing at 43rd and Irving which will start construction in mid-2022.
 - Potrero Block B additionally expected to be completed in mid-2024.

2015 Affordable Housing Bond Project Locations



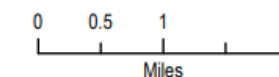
2015 Affordable Housing
Bond Projects
as of December 31, 2021

Housing Type

- Single Family Housing
- Multifamily Housing

Number of Multifamily Units

- 3 - 10
- 11 - 20
- 21 - 150
- 151 - 200
- 201 - 400



2015 Affordable Housing Bond Unit Production Summary

As of December 2021



	Affordable Units in Predevelopment	Affordable Units in Construction	Affordable Units Completed	Projected Total Affordable Units
Public Housing – Potrero Parcel X Vertical	0	0	72	72
Public Housing – Potrero Infra (Affordable)	157	0	0	157
Public Housing – Potrero Infra (Market Rate)	125	0	0	125
Public Housing – Sunnydale Parcel Q Vertical	0	0	55	55
Public Housing – Sunnydale Block 6	0	167	0	167
Low Income Housing – 500 Turk	0	108	0	108
Low Income Housing – 1296 Shotwell	0	0	94	94
Low Income Housing – 88 Broadway/ 735 Davis	0	0	115	115
Low Income Housing – Balboa Park Upper Yard	0	112	0	112
Low Income Housing - Small Sites (Rehab)	0	3	77	80
Low Income - Mission Set Aside 1990 Folsom	0	0	143	143
Middle Income DALP	60	N/A	57	117
Middle Income TND	14	N/A	46	60
Middle Income Teacher Housing – 43 rd & Irving	100	0	0	100
Middle Income Prod – 88 Broadway/ 735 Davis	0	0	10	10
Middle Income Prod – 482 Geneva	18	0	0	18
TOTAL	474	390	669	1,533

1990 Folsom – 143 Units

Projects Funded by
2015 Affordable
Housing Bond



Image by Bruce Damonte

Balboa Park Upper Yard – 112 Low-Income & 18 Middle-Income Units



1296 Shotwell – 94 Units



88 Broadway / 735 Davis – 115 Units



Image by Bruce Damonte

Affordable Housing GO Bonds 2019 Update

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2019 Affordable Housing Bond Update



- \$600M bond passed in November 2019
- First Issuance: **\$254.1M**
 - Issued March 2021
 - 24% spent as of December 2021
 - Majority of spending through December 2021 in projects:
 - 921 Howard (low and middle income)
 - 4840 Mission (low income)
 - 2550 Irving (low income)
 - 4200 Geary (senior housing)

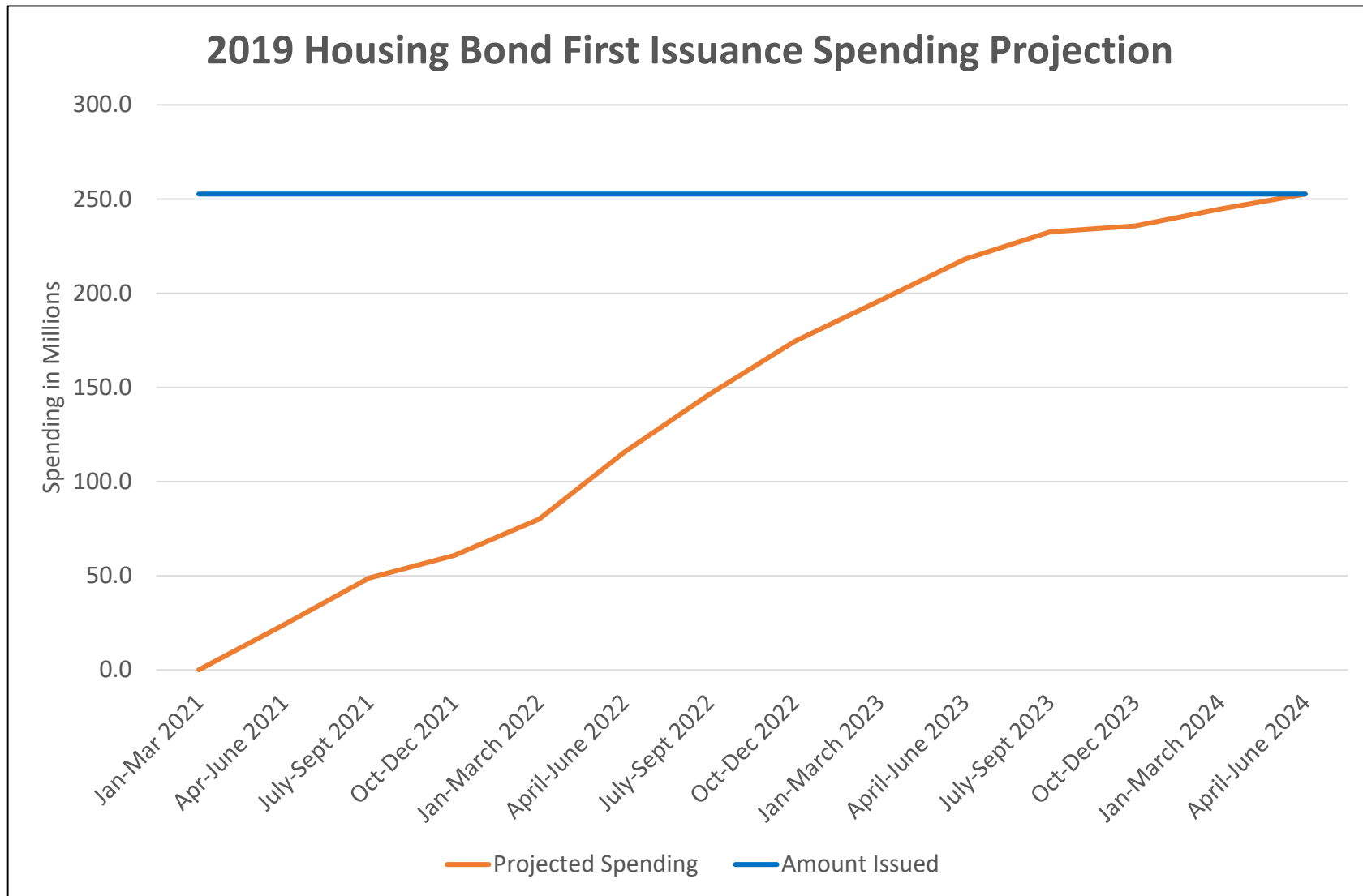
2019 Affordable Housing Bond Program Summary

(in millions)

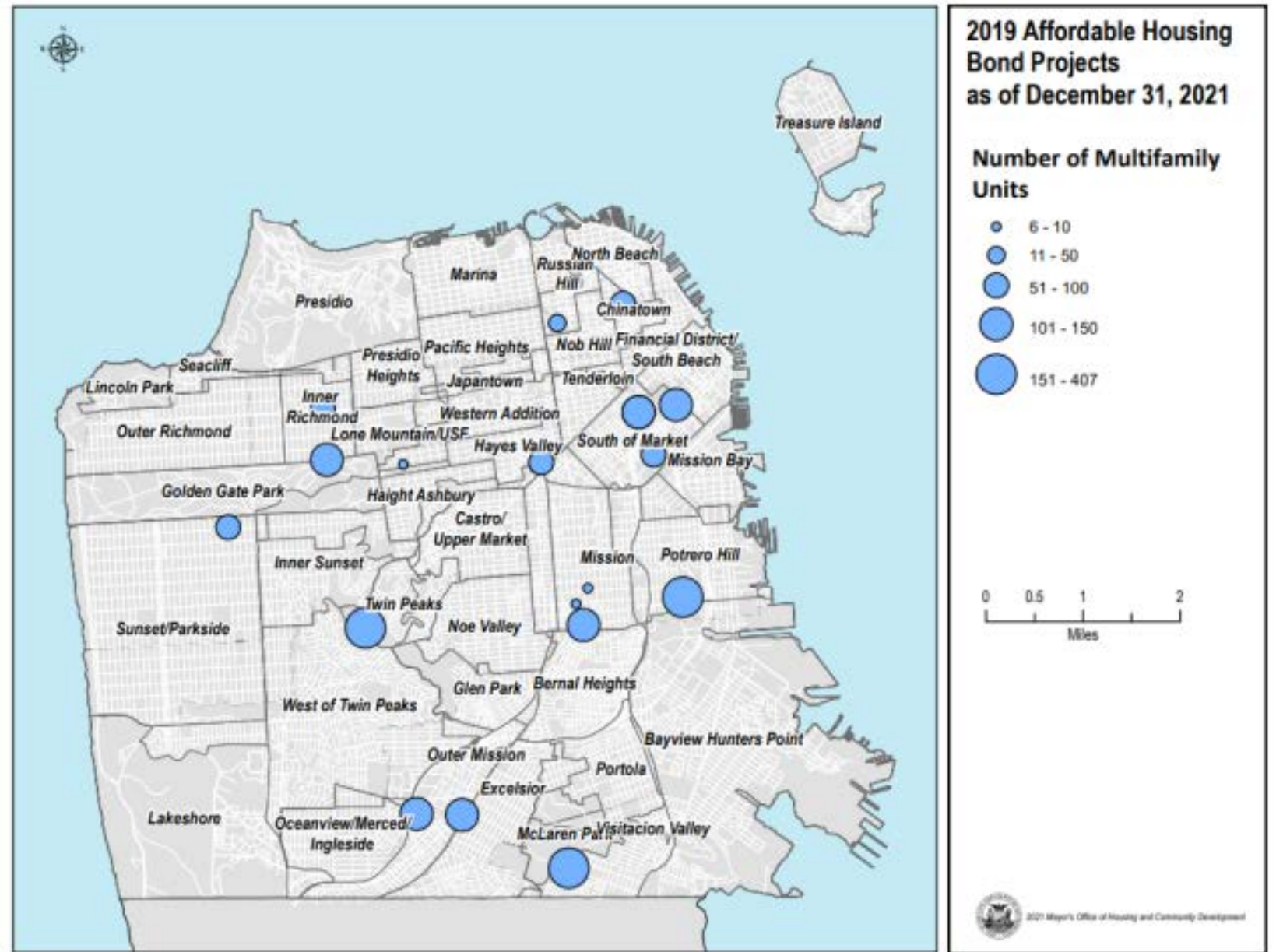
- First issuance projected to be spent by mid-2024
- Second and third issuances currently anticipated for late-2022 and late-2023, respectively

	Issuance 1	Other Issuances	Total
Public Housing	\$ 50.9	\$ 99.1	\$ 150.0
Low-Income Housing	\$ 144.6	\$ 75.4	\$ 220.0
Preservation and Middle-Income Housing	\$ 37.3	\$ 22.7	\$ 60.0
Senior housing	\$ 21.3	\$ 128.7	\$ 150.0
Educator Housing	\$ -	\$ 20.0	\$ 20.0
Total	\$ 254.1	\$ 345.9	\$ 600.0

2019 Affordable Housing Bond 1st Issuance Projected Spending



2019 Affordable Housing Bond 1st Issuance Project Locations



2019 Affordable Housing Bond 1st Issuance Projected Units



	Number of Units as of 12/31/21 CGOBOC Report
Public Housing: \$150MM	
HOPE SF - Sunnydale Ph 3 Infra Predev, Blk 7 & 9 Vertical	169
HOPE SF - Potrero Block B Gap	282
SFHA Potrero & Sunnydale Accelerated Conversion HQS	125
HOPE SF - Sunnydale Blk 3A Vertical Gap	84
HOPE SF - Sunnydale Blk 3B Vertical Gap	90
Public Housing Scattered Sites	69
<i>Subtotal</i>	819
Low-Income Housing: \$220MM	
921 Howard Gap	102
Balboa Park Upper Yard Gap	130
4840 Mission Gap	137
Treasure Island C3.1 Mercy + CC Gap	138
Perm Supportive for Single Adults	220
Perm Supportive for People With Chronic Mental Illness	8
78 Haight - Parcels (R, S & U) Gap	63
1515 South Van Ness Gap-Part 1	122
Geographic Equity Family Acquisition - 2550 Irving	90
<i>Subtotal</i>	1,010
Preservation and Middle Income Housing: \$60MM	
Preservation: Small Sites NOFA	94
Middle Income: 921 Howard Gap	101
<i>Subtotal</i>	195
Senior Housing: \$150MM	
Laguna Honda Hospital Senior Housing Predev	200
Geographic Equity Senior Acquisition - 4200 Geary	98
772 Pacific Predev	70
<i>Subtotal</i>	368
GRAND TOTAL	2,392



921 Howard, includes low and middle income units.

Affordable Housing GO Bonds 2016 Preservation and Seismic Safety (PASS) Program Update

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1992 Prop A (SSLP)



- Prop A to fund seismic safety loans after Loma Prieta earthquake passed in 1992
- \$350M bond known as the Seismic Safety Loan Program (SSLP)
 - \$60M for Deferred Loans
 - \$90M for Below Market Rate Loans
 - \$200M for Market Rate Loans
- Program was underutilized – only \$90M in loans originated over more than 20 years

Affordability Restrictions

- Permanent affordability restrictions for Deferred Loans and Below Market Rate Loans
- Maximum average rent and household income at 80% AMI, and cap at 120% AMI

AMI	Rent ¹	Income ²
80%	2,398	95,900
120%	3,598	143,900

- Prohibition on capital improvement pass-through for market-rate loans

Notes:

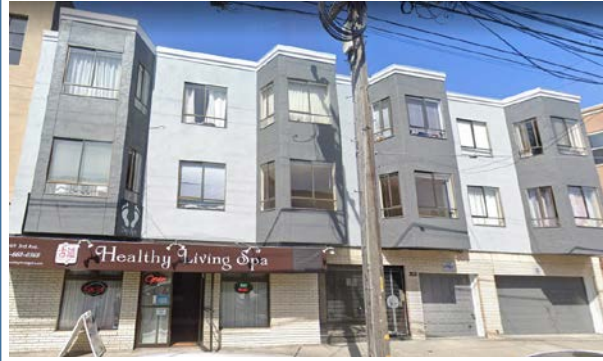
1. 2021 MOHCD AMI - maximum 2 bedroom gross rent
2. 2021 MOHCD AMI - maximum 3 person household income

Eligible Uses

- Seismic retrofits to unreinforced masonry buildings, acquisition/rehabilitation, and preservation of affordable housing
- Small Sites (buildings with 5-25 apartments)
- Larger multi-unit and mixed-use residential buildings
- Single-Room Occupancy hotels (SRO)
- What's not eligible:
 - New construction
 - Acquisition without rehabilitation



Complements MOHCD's Acquisition and Preservation Programs



369 3rd Ave – 12 units, 1 commercial

- Acquired by MEDA in November 2019 and preserved as permanently affordable housing (<75% AMI)
- PASS take-out financing closed in July 2021 totaling \$3.24M



270 Turk St – 86 SRO units

- Acquired by TNDC in March 2019 and preserved as permanently affordable housing (<60% AMI)
- PASS take-out financing closed in December 2020 totaling \$8.1M

PASS Financing

Models:

- Direct financing for acquisition and rehabilitation
- Permanent take-out financing

Terms:

- Deferred and Below Market Rate interest to yield 1/3 of City's cost of funds
- Market Rate interest to yield City's costs of funds plus 100 basis points
- Loans may be combined to achieve a low-cost blended interest rate
- Up to 40 year loan term

Update on 1st Issuance: Pipeline



Project Name	Sponsor	Residential Units	Commercial Units	Loan Disbursement Date	Total PASS Loans	Status
60 28th Street	MEDA	6		5/8/2019	1,022,000	Closed
Purple House	SFCLT	10		6/14/2019	1,069,000	Closed
1201 Powell Street	CCDC	17	1	6/28/2019	2,143,000	Closed
1411 Florida Street	MEDA	7		7/30/2019	1,439,000	Closed
3280 17th Street	MEDA	11	5	7/30/2019	5,392,000	Closed
4830 Mission Street	MEDA	21	6	7/30/2019	9,151,000	Closed
462 Green Street	CCDC	7		9/26/2019	645,000	Closed
305 San Carlos Street	MEDA	12	2	10/31/2019	2,406,000	Closed
65-69 Woodward Street	MEDA	6		12/12/2019	1,287,000	Closed
654 Capp Street	MEDA	7		12/19/2019	2,087,000	Closed
937 Clay Street	CCDC	73	3	4/15/2020	4,405,000	Closed
520 Shrader Street	SFHDC	7		4/29/2020	1,997,000	Closed
70 Belcher Street	SFCLT	5		5/21/2020	1,201,000	Closed
1353 Stevenson Street	MEDA	3		7/30/2020	1,954,000	Closed
3544 Taraval Street	MEDA	6		12/10/2020	598,000	Closed
270 Turk Street	TNDC	86		12/23/2020	8,124,000	Closed
1382 30th Avenue	MEDA	4		1/27/2021	671,000	Closed
3254-3264 23rd Street	MEDA	6	5	6/16/2021	1,810,000	Closed
369 3rd Avenue	MEDA	12	1	7/26/2021	3,236,000	Closed
2260 Mission Street	MEDA	6	1	8/10/2021	1,446,000	Closed
South Park Scattered Sites	MHDC	107	2	3/30/2022	11,828,000	Committed
1535 Jackson Street	CCDC	8		6/30/2022	571,000	Committed
3158 Mission Street (El Rio)	MEDA	8	2	12/31/2022	5,084,000	Committed
239 Clayton Street	MEDA	8		12/31/2022	1,895,000	Committed
Reserved				12/31/2022	-	
Sub-Total	24 projects	443	28		71,461,000	

PASS Loan Performance during COVID-19



- 100% loan performance through March 2020 leading up to the COVID-19 pandemic with no defaults, delinquencies, or workouts
- COVID-19 forbearance program created to stabilize affordable housing operations and extended through March 2022 to facilitate the workout of all seven COVID-impacted projects
- Minimal financial impact to the City. Approximately 60% overall collection rate on COVID-impacted projects with less than \$500,000 in forborne debt service

PASS Loan Performance during COVID-19



Project Name	Sponsor	Res. Units	Com. Units	Loan Disbursement Date	Total PASS Loans	Status
Purple House	SFCLT	10		6/14/2019	1,069,000	Current, no delinquencies
1201 Powell Street	CCDC	17	1	6/28/2019	2,143,000	Current, no delinquencies
462 Green Street	CCDC	7		9/26/2019	645,000	Current, no delinquencies
937 Clay Street	CCDC	73	3	4/15/2020	4,405,000	Current, no delinquencies
520 Shrader Street	SFHDC	7		4/29/2020	1,997,000	Current, no delinquencies
70 Belcher Street	SFCLT	5		5/21/2020	1,201,000	Current, no delinquencies
1353 Stevenson Street	MEDA	3		7/30/2020	1,954,000	Current, no delinquencies
3544 Taraval Street	MEDA	6		12/10/2020	598,000	Current, no delinquencies
270 Turk Street	TNDC	86		12/23/2020	8,124,000	Current, no delinquencies
1382 30 th Avenue	MEDA	4		1/27/2021	671,000	Current, no delinquencies
3254-3264 23 rd Street	MEDA	6	5	6/16/2021	1,810,000	Current, no delinquencies
369 3rd Avenue	MEDA	12	1	7/26/2021	3,236,000	Current, no delinquencies
2260 Mission Street	MEDA	6	1	8/10/2021	1,446,000	Current, no delinquencies
Sub-Total	13 projects	242	11		29,299,000	56.25%
COVID-19 Forbearance Program						
60 28 th Street	MEDA	6		5/8/2019	1,022,000	Forbearance Mar 2022
1411 Florida Street	MEDA	7		7/30/2019	1,439,000	Forbearance Mar 2022
3280 17 th Street	MEDA	11	5	7/30/2019	5,392,000	Forbearance Mar 2022
4830 Mission Street	MEDA	21	6	7/30/2019	9,151,000	Forbearance Mar 2022
305 San Carlos Street	MEDA	12	2	10/31/2019	2,406,000	Forbearance Mar 2022
65-69 Woodward Street	MEDA	6		12/12/2019	1,287,000	Forbearance Mar 2022
654 Capp Street	MEDA	7		12/19/2019	2,087,000	Forbearance Mar 2022
Sub-Total	7 projects	70	13		22,784,000	43.75%
Grand Total	20 projects	312	24		52,083,000	100%

Risk Mitigation: New Originations

New Loan Originations

- COVID-19 underwriting updates
- Permanent “Take out” financing model requires that projects achieve stabilization prior to PASS loan closing
- \$3.5M investment in sponsor capacity building
- Asset Management performance monitoring
- Collaboration with Federal and State partners to mobilize emergency rental assistance (SB-91)



Second Issuance Anticipated Pipeline



Project Name	Sponsor	Res. Units	Com. Units	Loan		Market Rate (MR)	Below Market Rate (BMR)	Deferred (D)	Total PASS Loans
				Disbursement Date					
Through Line Apartments	CCDC	88	3	3/15/2022		5,614,980	3,097,920	507,100	9,220,000
344 Precita Avenue	MEDA	3	1	3/30/2022		652,239	359,856	58,905	1,071,000
3198 24th Street	MEDA	8	5	5/31/2022		2,808,099	1,549,296	253,605	4,611,000
308 Turk Street	SFCLT	20		6/30/2022		2,105,313	1,161,552	190,135	3,457,000
1535 Jackson Street	CCDC	22		6/30/2022		1,241,142	684,768	112,090	2,038,000
Pigeon Palace	SFCLT	6		6/30/2022		1,119,342	617,568	101,090	1,838,000
53 Columbus Street	SFCLT	21	1	9/30/2022		2,696,652	1,487,808	243,540	4,428,000
4042 Fulton Street	SFCLT	5		9/30/2022		869,652	479,808	78,540	1,428,000
534 Natoma Street	SFCLT	5		9/30/2022		855,036	471,744	77,220	1,404,000
644 Guerrero Street	MEDA	4		9/30/2022		467,712	258,048	42,240	768,000
3329 20th Street	MEDA	10		11/30/2022		786,828	434,112	71,060	1,292,000
3225 24th Street	MEDA	6	0	3/30/2023		1,017,639	561,456	91,905	1,671,000
63 Lapidge Street	MEDA	6		4/30/2023		1,065,750	588,000	96,250	1,750,000
1049 Market Street	THC	15		6/30/2023		454,314	250,656	41,030	746,000
SOMA - TBD	TBD	4		6/30/2023		409,857	226,128	37,015	673,000
San Cristina	CHP	58	2	6/30/2023		5,466,993	3,016,272	493,735	8,977,000
3353 26th Street	MEDA	10	1	10/30/2023		790,482	436,128	71,390	1,298,000
Bernal - TBD	TBD	26	2	11/30/2023		3,728,907	2,057,328	336,765	6,123,000
Ambassador Ritz	TNDC	198	5	11/30/2023		7,003,500	3,864,000	632,500	11,500,000
Merry-Go-Round House	SFCLT	14		11/30/2023		1,426,887	787,248	128,865	2,343,000
TBD1	TBD1			3/30/2024		7,251,363	4,000,752	654,885	11,907,000
TBD2	TBD2			6/30/2024		7,044,303	3,886,512	636,185	11,567,000
TBD3	TBD3			12/30/2024		6,948,081	3,833,424	627,495	11,409,000
Sub-Total	23	529	20			61,825,071	34,110,384	5,583,545	101,519,000

Questions & Answers

