

Affordable Housing GO Bonds 2015 Update

CGOBOC

October 19, 2020



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

2015 Affordable Housing Bond update

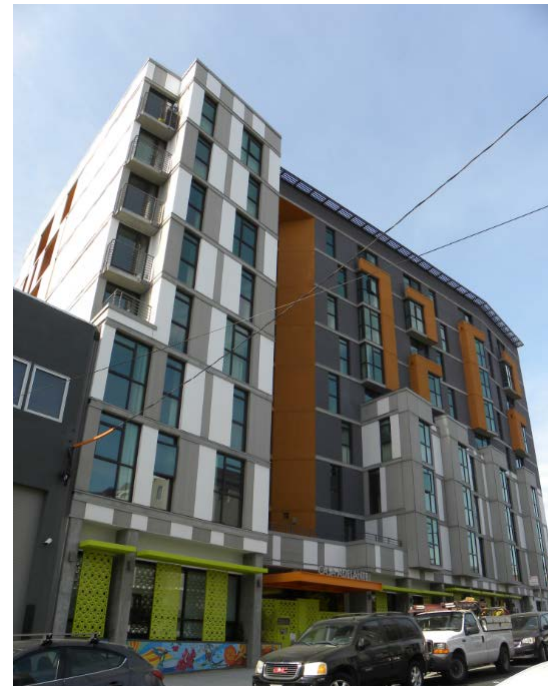


- \$310M bond passed in November 2015
- First Issuance: **\$75.1M**
 - Issued October 2016
 - 96% spent as of June 2020
- Second issuance: **\$142.1M**
 - Issued May 2018
 - 82% spent as of June 2020
- Third issuance: **\$92.8M**
 - Issued October 2019
 - 24% encumbered and 4% spent as of June 2020

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

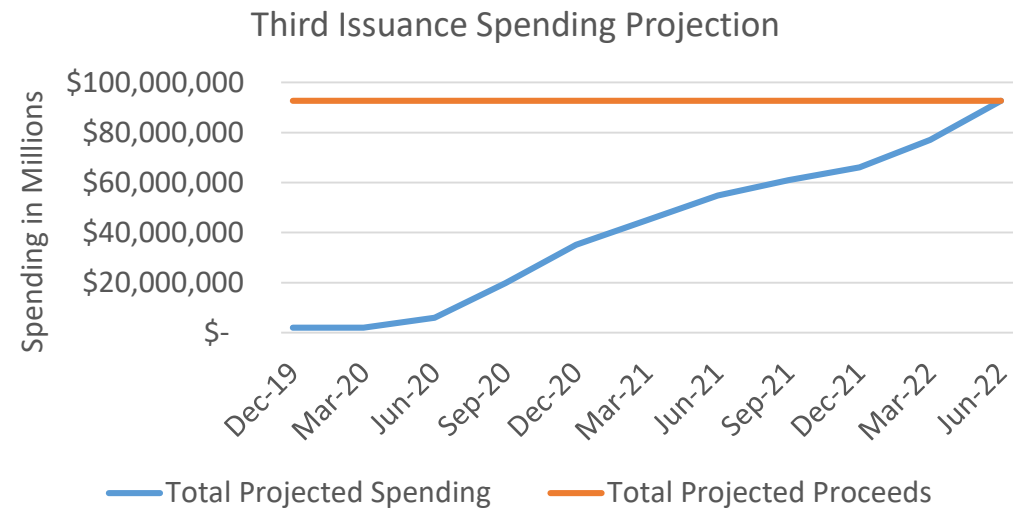


Casa Adelante -
1296 Shotwell
construction
complete and
fully-occupied

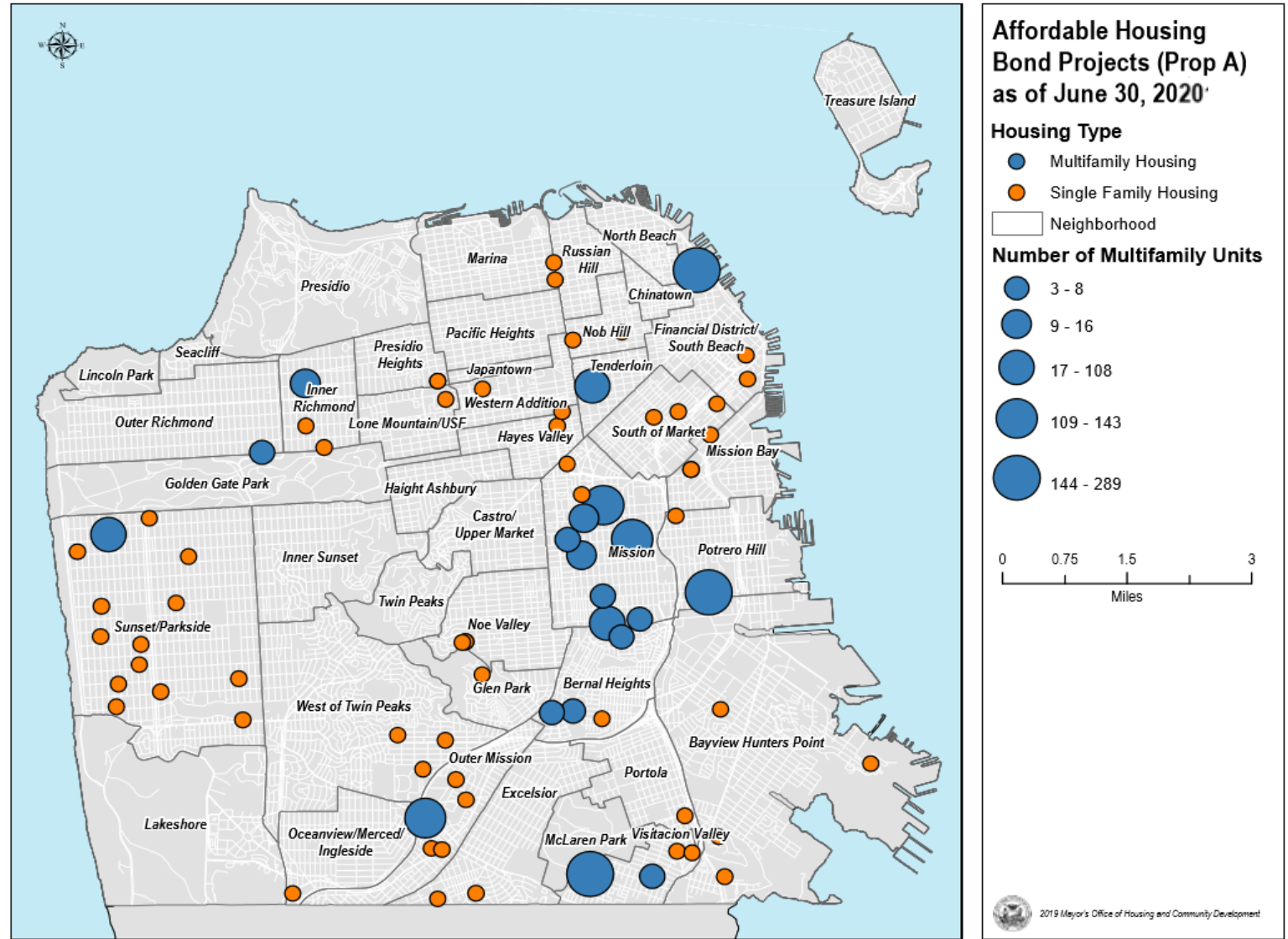
2015 Affordable Housing Bond Spenddown Timeline



- First and Second issuance projected to be fully expended by end of 2020
- Third bond issuance is projected to be fully expended by mid-late 2022. Third issuance expenditure schedule is driven by \$26M allocation to educator housing at 43rd and Irving which will start construction in late 2021



2015 Affordable Housing Bond Project Locations



2015 Affordable Housing Bond Unit Production Summary

As of June 2020



	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 Infra	172	0	0	172
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	115	0	115
Low Income Housing – Balboa Park Upper Yard	112	0	0	112
Low Income Housing - Small Sites (Rehab)	0	35	45	80
Low Income - Mission Set Aside 1990 Folsom	0	143	0	143
Middle Income DALP ***	60	N/A	57	117
Middle Income TND ***	20	N/A	40	60
Middle Income Teacher Housing	82	0	0	82
Middle Income Prod – 88 Broadway/ 735 Davis	0	10	0	10
Middle Income Prod – 482 Geneva	18	0	0	18
TOTAL	746	411	363**	1,520
Percent of Phase	49%	27%	24%	100%

* We are including infrastructure supporting Market Rate units at Potrero as they provide cross-subsidy for affordable housing units also supported by the infrastructure investment.

** We note that several units received both DALP and TND Loans. For the purposes of this summary we only counted units receiving both types of loans once as a DALP loan.

*** We note that loans not yet issued are tracked under Predevelopment so that the percentages will equal to 100%

Newly started construction



Questions & Answers



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%	2,306	92,250
120%	3,459	138,350

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

Notes:

1. 2020 MOHCD AMI - maximum 2 bedroom gross rent
2. 2020 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 the Small Sites Program (SSP)



- 1201 Powell St** – 17 units, 1 commercial
- Acquired by CCDC in October 2017 and preserved as permanently affordable housing (<43% AMI)
 - PASS take-out financing closed in June 2019 totaling \$2.1M, saving the City \$764k in SSP subsidy



- 4340 Mission St** – 21 units, 6 commercial
- Acquired by MEDA in July 2018 and preserved as permanently affordable housing (<73% AMI)
 - PASS take-out financing closed in July 2019 totaling \$9.15M saving the City \$3.2M in SSP subsidy

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	Res. Units	Com. Units	Loan	Total	Status
				Disbursement Date	PASS Loans	
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
270 Turk Street	TNDC	86		10/30/2020	11,381,000	Committed
3158 Mission Street (El Rio)	MEDA	8	2	12/31/2020	5,910,000	Committed
3544 Taraval Street	MEDA	6		12/31/2020	512,000	Committed
369 3rd Avenue	MEDA	12	1	5/31/2021	3,850,000	Committed
1535 Jackson Street	CCDC	30		6/30/2021	1,782,000	Committed
South Park Scattered Sites	MHDC	107	2	1/30/2022	11,828,000	Committed
Reserved				1/31/2022	-	
Sub-Total		20 projects	441	22		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.
- Minimal financial impact to the City



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
Sub-Total	7 projects	122	4		13,414,000	37.06%

COVID-19 Forbearance Program

60 28th Street	MEDA	6		5/8/2019	1,022,000	Forbearance: Apr-Sep 2020
1411 Florida Street	MEDA	7		7/30/2019	1,439,000	Forbearance: Apr-Sep 2020
3280 17th Street	MEDA	11	5	7/30/2019	5,392,000	Forbearance: Apr-Sep 2020
4830 Mission Street	MEDA	21	6	7/30/2019	9,151,000	Forbearance: Apr-Sep 2020
305 San Carlos Street	MEDA	12	2	10/31/2019	2,406,000	Forbearance: Apr-Sep 2020
65-69 Woodward Street	MEDA	6		12/12/2019	1,287,000	Forbearance: Apr-Sep 2020
654 Capp Street	MEDA	7		12/19/2019	2,087,000	Forbearance: Apr-Sep 2020
Sub-Total	7 projects	70	13		22,784,000	62.94%

Grand Total	14 projects	192	17		36,198,000	100%
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COVID-19 Forbearance & Workouts

- MOHCD evaluating MEDA request to extend forbearance period for additional 6 month period
- Collections since April support a catch up payment and ongoing payments of approximately 80% debt service overall, 3 of 7 projects already stabilized
- COVID-19 remains an ongoing threat, but the City's proactive approach has been both a necessary and effective strategy to keep San Franciscans stably housed

Risk Mitigation: Existing Loans

Existing Loan Portfolio

- COVID-19 forbearance program ensures continuity of operations, prevents displacement, and secures occupancy restrictions. Projects with conventional bank financing may be at risk.
- \$3.5M investment in sponsor capacity building that funds direct non-profit staffing, program innovations, and geographic equity.
- Asset Management performance monitoring and execution of workouts, on an as needed basis, within 12 months. Potential gap funding identified.
- Collaboration with Federal and State partners to mobilize new resources to support San Francisco's recovery

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 new resources

Second Issuance Anticipated Pipeline



Project Name	Sponsor	Res. Units	Com. Units	Loan	Total	Status
				Disbursement Date	PASS Loans	
344 Precita Avenue	MEDA	3	1	3/31/2021	988,000	Refi
3840 Folsom Street	MEDA	4		3/31/2021	706,000	Refi
Pigeon Palace	SFCLT	6		3/31/2021	1,739,000	Refi
308 Turk Street	SFCLT	20		6/30/2021	3,190,000	Refi
SOMA - TBD	MEDA	4		6/30/2021	621,000	Prospect
239 Clayton Street	MEDA	8		6/30/2021	2,000,000	Committed
151 Duboce Avenue	SFCLT	4		6/30/2021	643,000	Refi
3800 Mission Street	MEDA	5	1	6/30/2021	1,378,000	Refi
Mission - TBD	MEDA	25	1	9/15/2021	2,783,000	Prospect
Merry-Go-Round House	SFCLT	14		9/30/2021	2,154,000	Refi
534 Natoma Street	SFCLT	5		9/30/2021	1,296,000	Refi
1049 Market Street	THC	15		9/30/2021	688,000	Committed
3254-3264 23rd Street	MEDA	6	5	6/30/2021	2,386,000	Committed
Tenderloin1 - TBD	S4	33		12/30/2021	10,106,000	Prospect
1684 Grove Street	SFCLT	3		12/31/2021	892,000	Refi
1353 Folsom Street	SFCLT	3		12/31/2021	918,000	Refi
Bayview - TBD	SHFDC	10		12/31/2021	2,024,000	Prospect
2260 Mission Street	MEDA	6	1	7/31/2021	1,725,000	Committed
1500 Cortland Avenue	MEDA	4		12/31/2021	792,000	Refi
568 Natoma Street	SFCLT	5		12/31/2021	1,049,000	Refi
380 San Jose Avenue	MEDA	4		1/31/2022	850,000	Refi
644 Guerrero Street	MEDA	4		1/31/2022	709,000	Refi
3225 24th Street	MEDA	6		1/31/2022	1,542,000	Committed
Through Line Apartments	CCDC	88	3	2/28/2022	8,508,000	Refi
3198 24th Street	MEDA	8	5	5/31/2022	4,255,000	Refi
Tenderloin2 - TBD	TNDC	62		6/30/2022	3,976,000	Prospect
Bernal - TBD	Oak Impact	26	2	9/30/2022	5,651,000	Prospect
3329 20th Street	MEDA	10		11/30/2022	1,192,000	Refi
269 Richland Avenue	MEDA	6		3/31/2023	913,000	Refi
4042 Fulton Street	SFCLT	5		3/31/2023	1,318,000	Refi
63 Lapidge Street	MEDA	6		4/30/2023	1,615,000	Refi
Scattered - TBD	MHDC	70		4/30/2023	28,028,000	Prospect
1015 Shotwell Street	MEDA	10		9/30/2023	3,395,000	Refi
3353 26th Street	MEDA	10	1	10/30/2023	1,198,000	Refi
Reserved				11/30/2023	-	
Sub-Total	34 projects	498	20		101,228,000	

Typical Project:

- Counter-cyclical acquisition and preservation strategy
- Acquisition of Small Sites and Large Sites, and preservation of at-risk housing
 - 22 refinancing projects (mostly small sites) that fund critical capital needs to extend useful life, improve long-term financial sustainability
 - 7 prospective projects including acquisition/rehab, of at-risk projects
 - 5 committed acquisition/rehab projects with rehab currently underway
- Average project size 15 units
- Average loan size of ~\$3M
- Serves priority and at-risk populations:
 - Seniors
 - Persons with disabilities
 - People of color
 - Low-income households
 - Ellis Act evictions
 - Geographic equity



Questions & Answers



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2019 Affordable Housing Bond Overview

- \$600M bond passed in November 2019
- First Issuance Project Funds: **\$252.6M**
 - To be issued in late 2020
 - Projected to be spent by 2023

	Issuance 1	Other Issuances	TOTAL
Public Housing	\$ 50.6	\$ 99.4	\$ 150.0
Low-Income Housing	\$ 143.7	\$ 76.3	\$ 220.0
Preservation and Middle-Income Housing	\$ 37.1	\$ 22.9	\$ 60.0
Senior Housing	\$ 21.2	\$ 128.8	\$ 150.0
Educator Housing	\$ -	\$ 20.0	\$ 20.0
TOTAL	\$ 252.6	\$ 347.4	\$ 600.0

Note: Non-project funds included in Other Issuances column for presentation purposes only



Questions & Answers

