

# San Francisco 2015 Affordable Housing General Obligation Bond

*Funding Housing Equity in San Francisco*



Potrero Block X

**CGOBOC Report**  
**December 2019**



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# Affordable Housing Bond – Overview

## History of Bond Approval

In November 2015, the Affordable Housing General Obligation Bond (Bond) was passed by voters with the goal of helping to make San Francisco a more affordable place for residents to live. The Bond was proposed by late Mayor Lee and San Francisco Board of Supervisors and approved by 74% of voters in the November 2015 election. The Bond is a component of the Mayor Breed’s plan to construct 30,000 new and rehabilitated homes throughout the City by 2020, with half available for low- and middle-income San Franciscans.

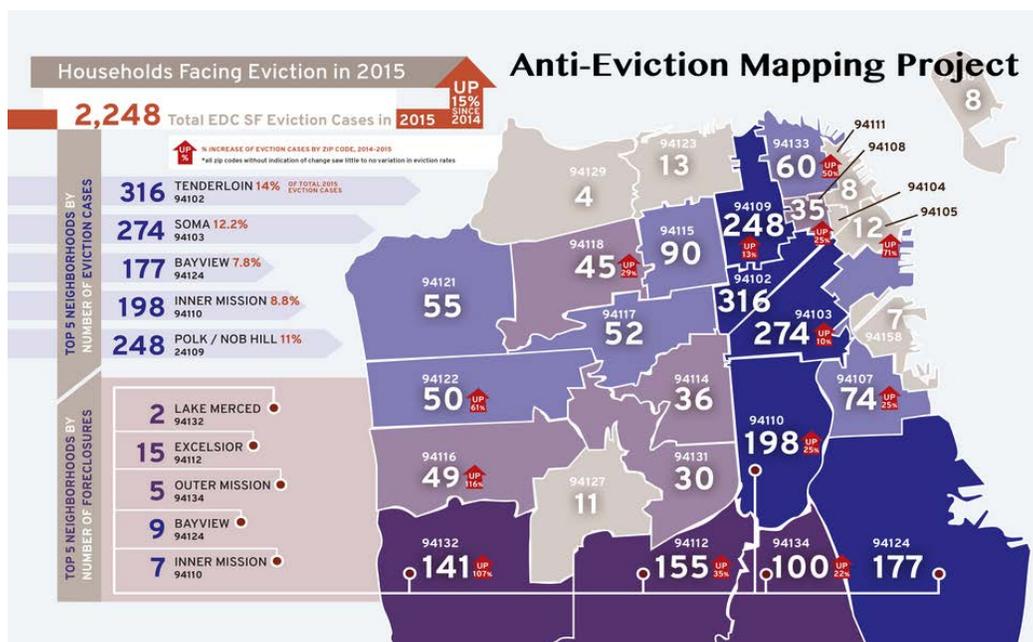
GO Bond Investment Categories

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 (80%-175% AMI)	\$80 Million
TOTAL	\$310 Million



## Need for the Bond

The well-documented housing affordability gap that has arisen and expanded in the local housing market makes it a challenge for the City to ensure that economic diversity can be maintained. High housing costs inhibit healthy, balanced economic growth regionally when individuals and families are increasingly locked out of the local housing market and forced to take on increasingly long employment commutes. In recent years, the impact of this affordability gap has expanded beyond the low- and moderate-income households for whom assistance has traditionally been provided. Strong housing production and the availability of housing affordable to a broader range of households has become more important than ever. The speed at which affordable housing is produced is also critically relevant to meeting the growing need for affordable housing, and the City is combining Bond revenue with other housing fund sources to expedite production. The 2015 Affordable Housing Bond is helping to address the affordability gap, as well as mitigating the destabilization that occurs when market pressures in specific neighborhoods result in driving long-time residents out of the City. Further, through prioritized spending, the 2015 Housing Bond will help the City to provide housing for the specific income categories identified in the Regional Housing Needs Assessment.



## Overview of Allocations and Target Beneficiaries

The Bond is relieving housing market pressure by:

- Investing in neighborhoods to promote and preserve economic diversity;
- Developing and acquiring housing for a broad population, including families, seniors, transitional-aged youth, single working adults, veterans, disabled households, and income levels ranging from extremely low to moderate; and,
- Meeting the need through a range of activities, including new multi-family construction, acquisition of existing apartment buildings, and other efforts that will effectively increase the affordable housing supply.

The Bond targets several priority populations in order to serve the City's vulnerable residents and households at risk of displacement:

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



## Overview of how this bond is different from most other City GO bonds



Chinatown Community  
Development Center  
華協中心



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, the City will make loans to developers who then hire contractors and own the improvements through Limited Liability Companies (LLCs). This approach allows projects to leverage outside investment, including Federal Low-Income Housing Tax Credits. City loans help jump start development, as it is usually the least costly funding the project will receive. Loans to developers include affordability covenants to ensure that projects are affordable for the long-term.

The Bond is also funding down payment assistance loans to individual first-time homebuyers to purchase their homes. Individual loans are directly paid into escrow and a lien is recorded in the title. Down payment assistance loans are repaid in full at time of sale with a proportional share of appreciation coming to the City in lieu of interest payments.

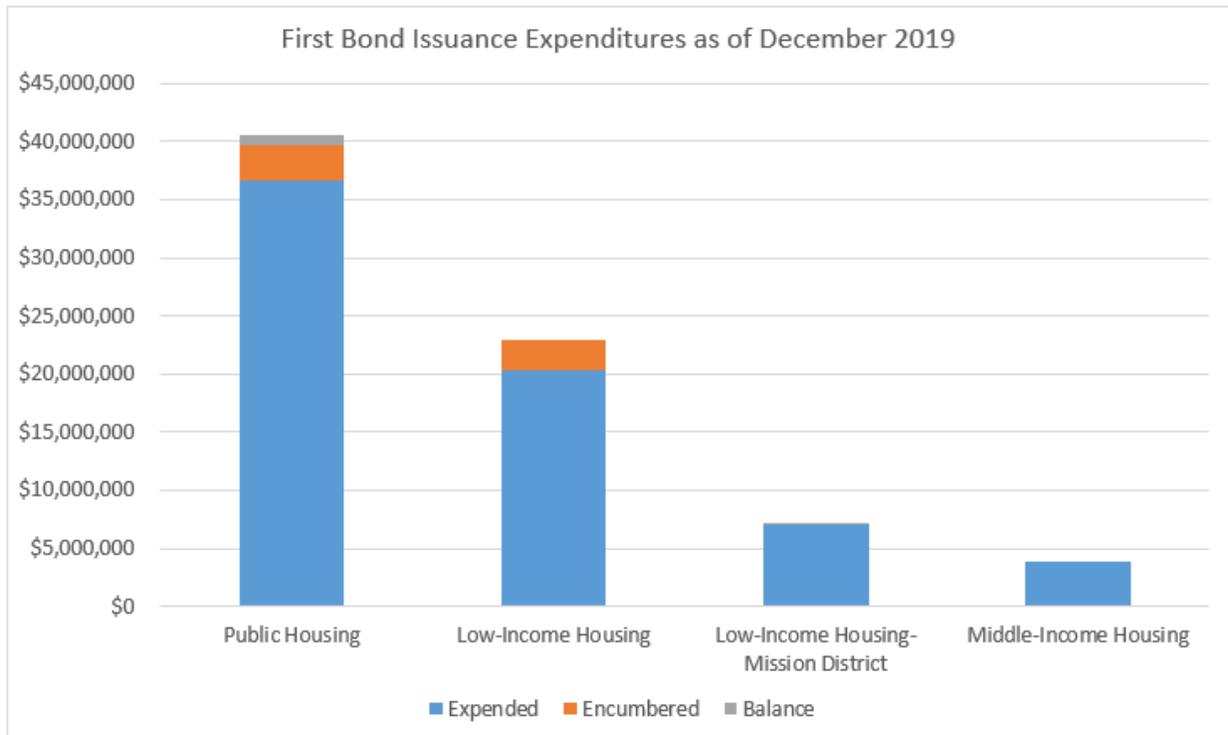
The Bond spending will occur in three major categories: Public Housing, Low-Income Housing (with a portion set aside specifically for the Mission neighborhood), and Middle-Income Housing.



## Key Highlights – December 2019

### First Issuance

- Over 99% of first issuance funds encumbered and over 91% spent
- First bond issuance is projected to be fully expended by early 2020
- **Sunnydale Parcel Q (Public Housing) completed in December 2019**

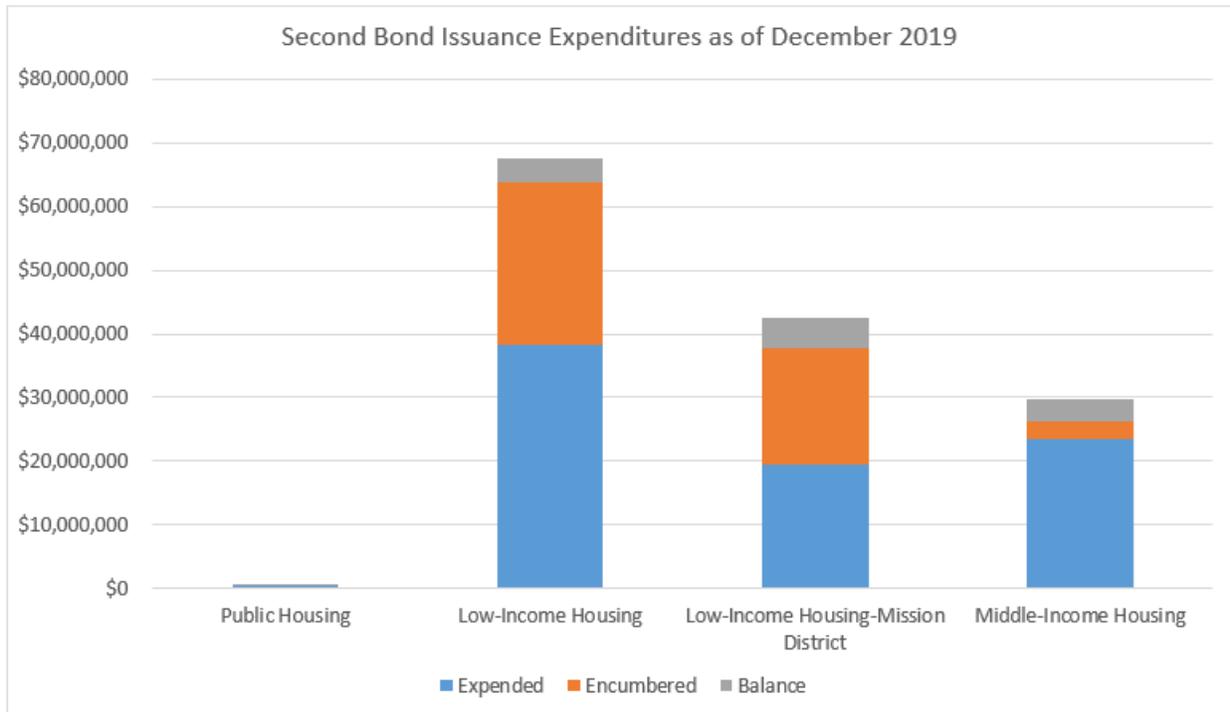


	<i>Public Housing</i>	<i>Low-Income Housing</i>	<i>Low-Income Housing-Mission District</i>	<i>Middle-Income Housing</i>	<i>TOTAL</i>
<b>Expended</b>	\$36,619,076	\$20,344,364	\$7,000,000	\$3,803,014	\$ 67,766,454
<b>Encumbered</b>	\$3,124,135	\$2,603,367	\$0	\$0	\$ 5,727,502
<b>Balance</b>	\$856,789	\$0	\$25,269	\$0	\$ 882,058
<b>Total</b>	\$40,600,000	\$22,947,731	\$7,025,269	\$3,803,014	\$ 74,376,014



## Second Issuance

- Almost 91% of second issuance funds encumbered and almost 58% spent
- Second bond issuance is projected to be fully expended by late 2020
- **1296 Shotwell (Low-Income) completed in late 2019**
- 500 Turk (Low-Income) to begin construction early 2020

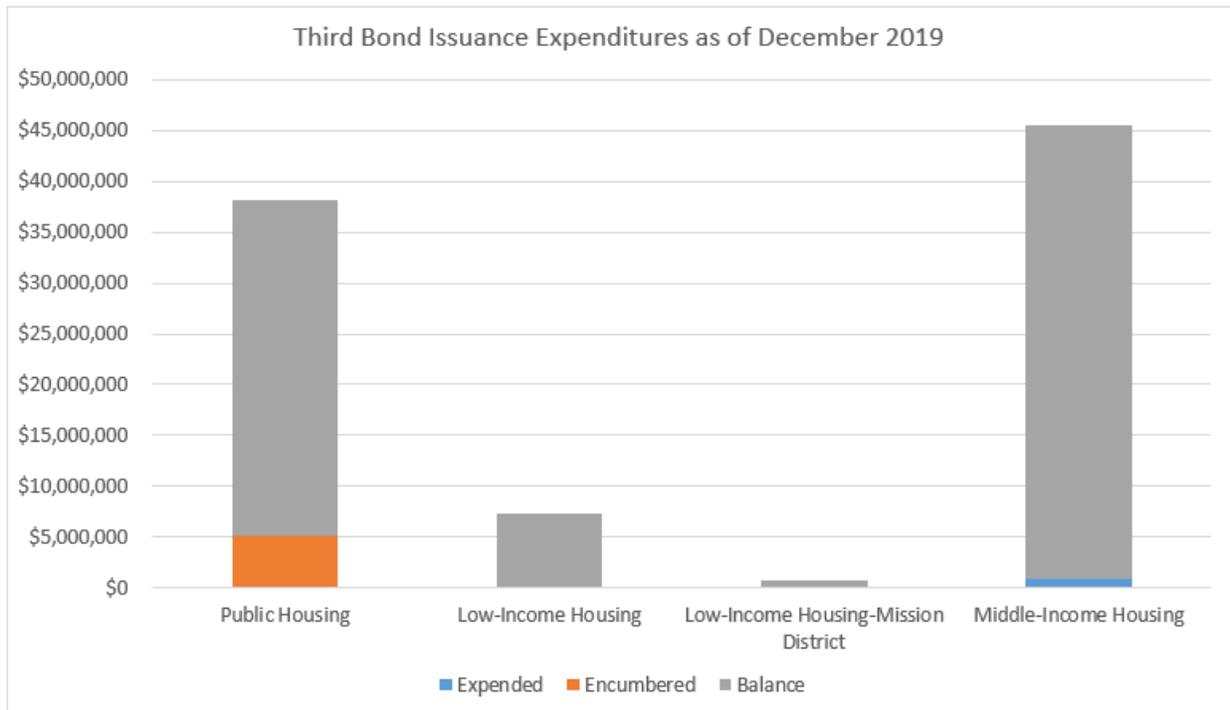


	<i>Public Housing</i>	<i>Low-Income Housing</i>	<i>Low-Income Housing-Mission District</i>	<i>Middle-Income Housing</i>	<b><i>TOTAL</i></b>
<b>Expended</b>	\$386,828	\$38,249,330	\$19,416,858	\$23,597,789	\$ 81,650,805
<b>Encumbered</b>	\$0	\$25,590,942	\$18,407,634	\$2,514,621	\$ 46,513,197
<b>Balance</b>	\$13,172	\$3,754,728	\$4,810,508	\$3,744,576	\$ 12,322,984
<b>Total</b>	\$400,000	\$67,595,000	\$42,635,000	\$29,856,986	\$ 140,486,986



## Third Issuance

- Third and final issuance sold in October 2019
- Third bond issuance is projected to be fully expended by late 2023. Third issuance expenditure schedule is driven by \$25M allocation to educator housing at 43<sup>rd</sup> and Irving which will start construction late 2021



	<i>Public Housing</i>	<i>Low-Income Housing</i>	<i>Low-Income Housing-Mission District</i>	<i>Middle-Income Housing</i>	<b><i>TOTAL</i></b>
<b>Expended</b>	\$131,688	\$0	\$0	\$840,106	\$ 971,794
<b>Encumbered</b>	\$5,068,312	\$0	\$0	\$0	\$ 5,068,312
<b>Balance</b>	\$32,888,366	\$7,316,887	\$803,201	\$44,688,288	\$ 85,696,742
<b>Total</b>	\$38,088,366	\$7,316,887	\$803,201	\$45,528,394	\$ 91,736,848



# Issuance Breakdown

	<b>Issuance 1</b>	<b>Issuance 2</b>	<b>Issuance 3</b>	<b>TOTAL</b>
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
<b>TOTAL</b>	<b>\$ 75.1</b>	<b>\$ 142.1</b>	<b>\$ 92.8</b>	<b>\$ 310.0</b>

\*\* Figures include issuance costs



## Investment in Public Housing

### Public Housing in San Francisco – Overview of the Problems We are Trying to Solve

The majority of San Francisco’s public housing was built over 60 years ago and was not designed to be occupied into the 21<sup>st</sup> Century. The City is now working on two programs to transform public housing – Rental Assistance Demonstration (RAD) and HOPE SF. Bond funds will be used for HOPE SF to accelerate new construction of tax credit affordable and public housing replacement units at two distressed public housing sites, including infrastructure replacement. Bond funds will be spent on the most urgent capital needs and strive for creation of net new units where possible.

### RAD and HOPE SF

*RAD* – RAD is a HUD program which allows public housing authorities to permanently convert public housing to private ownership while maintaining affordability through rental subsidies. In San Francisco, the Housing Authority has transferred ownership and operations of over 3,500 units to private partners. These private partners have access to Low Income Housing Tax Credits and commercial debt which can be used to rehabilitate distressed units. As of December 2019, rehabilitation is complete on all 29 projects.

*HOPE SF* – HOPE SF is the transformation of four of San Francisco’s largest and most severely distressed public housing sites into vibrant mixed income communities without displacement of residents. The scope of the work encompasses creating new affordable housing, including public housing replacement units, additional affordable units, new market rate units, a new street grid with new infrastructure, new open spaces, retail spaces and community facilities. The four HOPE SF public housing sites are Alice Griffith, Hunters View, Potrero Terrace and Annex, and Sunnydale-Velasco.

Construction is planned or underway on all four HOPE SF sites. The first phase of vertical development at Sunnydale (Parcel Q) completed in late 2019 and is expected to be fully leased by mid-2020; Block 6, the next vertical development bringing 167 new units to the Sunnydale community, closed its financing in December 2019. Block 3, with approximately 165 units and 30,000 square feet of community space, is in predevelopment. Potrero’s first vertical development, 1101 Connecticut (Block X), is complete and fully leased; Block B, with approximately 160 units, is in predevelopment and will start construction in 2021. At Hunters View, predevelopment activities for approximately 150 additional affordable units are underway, with construction scheduled to begin in 2021. At Alice Griffith, Phase 1, 2 3, and 4 are complete; Phase 4 has leased up and is home to the remaining 19 original Alice Griffith public housing residents, meeting the HOPE SF commitment to rehouse all residents on site with no displacement. Phases 5 and 6 will start predevelopment in 2022. Sunnydale and Potrero are the focus of new bond funds to expedite work due to their long development timelines and multiple development phases, with the goal of improving living conditions for existing residents as soon as possible.

**Note: Bond funds will only be used for two of the HOPE SF Sites – Sunnydale & Potrero. Bonds will not be used for RAD.**

### How Local Public Housing Investment Protects Existing Public Housing Residents

The founding principles of the HOPE SF Initiative specifically address past failures of public housing rebuilding programs that caused mass displacement. Under the HOPE SF Initiative, no existing residents



will be displaced, and public housing units will be replaced. Most residents will be relocated on-site while construction proceeds and new units are built. Residents will also be offered options to relocate to units within the MOHCD pipeline with appropriate resident services on a voluntary basis in order to improve living conditions. Residents relocated off-site will have a right to return to subsidized units once the rebuilding of their original sites are complete.



Potrero residents at the grand opening of Potrero Block X in May 2019



City Officials and Potrero residents at the ribbon cutting of Potrero Block X



# Project Status Summaries

## Potrero Acceleration

EXISTING CONDITIONS



PROPOSED SITE PLAN



Potrero master plan

### Project Highlights - Potrero Block X, Block B, Block R, and Block Q

Number of units	72 (Block X), 217 Infrastructure (Block B) **, 0 Block R, and 0 Block Q ***
Total Bond Funding	\$49.2M (all bond issuances)
Total Development Cost	\$68.4M (Block X), TBD (Block B & Infrastructure), Block R, Block Q

\*\* We will track infrastructure related units together with Block B construction. We note that infrastructure investment will support 92 affordable housing units and 125 market rate units. We are including the market rate units in the unit count as they provide cross-subsidy for affordable housing units.

\*\*\* Block R and Block Q will result in 55 and 40 units respectively but since these projects are only receiving predevelopment funding, we are not counting the units in our GO Bond accomplishment tracking.

### Project Update

- **Block X** construction is complete. The building is 100% occupied.
- **Phase II Infrastructure** – This is the 1<sup>st</sup> onsite infrastructure phase. The sponsor is currently working on abatement and demo units within this footprint. Work on the horizontal infrastructure should start in mid-2020, with completion expected in late 2021.
- **Block B** Vertical predevelopment loan agreement was executed in mid-2017 and design development is underway. The sponsor intends to start construction in early 2021.
- **Block R** and **Block Q** comprise an estimated 95 units and are the first affordable projects in Potrero’s Phase 3. Predevelopment activity is expected to begin in mid-2020.



**Project Budget and Schedule – All issuances**

**December 2019**

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
Potrero Block X Predev	72	2,251,586	2,251,586	2,251,586	-	-	Jul 2016	Dec 2016	Dec 2018
Potrero Block X Vertical Gap		14,241,507	15,441,507	15,441,507	-	-	Jan 2017	Mar 2018	Dec 2018
Potrero Infrastructure Predev		1,200,000	Included above	-	-	-	Jan 2017	Mar 2018	Dec 2018
Potrero Block B Predev	217	2,206,907	2,106,907	142,529	1,964,378	-	July 2017	Dec 2020	Dec 2020
Potrero Block B Gap (First Issuance)			236,000	-	-	236,000	Dec 2020	Dec 2022	Dec 2022
Potrero Block B Gap (Third Issuance)		3,125,366	3,125,366	-	-	3,125,366	Dec 2020	Dec 2022	Dec 2022
Potrero Phase II Infrastructure Development		20,503,000	20,503,000	-	-	20,503,000	Jun 2020	Jun 2022	Jun 2023
Potrero Block R Predev Infrastructure		4,000,000	4,000,000	131,688	3,868,312	-	Dec 2019	Dec 2020	Dec 2022
Potrero Block Q Predev Vertical and Infrastructure		1,600,000	1,600,000	-	1,200,000	400,000	Dec 2019	Dec 2020	Dec 2022
<i>Potrero Subtotal</i>	289	49,128,366	49,264,366	17,967,309	7,032,691	24,264,366			

\* Please refer to note in page 13 about units assigned to Potrero Infrastructure Predev.



Block B



Block X (circled in red above)

Potrero Parcel Map

Block Q & Block R



Block B

Block X



## Sunnydale Acceleration

EXISTING CONDITIONS



PROPOSED SITE PLAN



Sunnydale master plan

### Project Highlights – Sunnydale Parcel Q, Block 6, Infrastructure Phase 1A1/2, Block 3, Infrastructure Phase 1A3

Number of units	55 (Parcel Q); 167 (Block 6); 0 (Block 3) **
Total Bond Funding	\$29.4M (all bond issuances)
Total Development Cost	\$44.8M Parcel Q; \$132M Block 6; \$28M Infrastructure Phase 1A1 & 2; Block 3 and Infrastructure 1A3 TBD

\*\* We will track infrastructure related units together with Block 6 as we are providing both predevelopment and gap financing. However, we will not count Block 3 units as we are only providing predevelopment.

#### Project Update

- Since the **Parcel Q** predevelopment budget was approved by Loan Committee on April 2016, the Sponsor was able to decrease costs, significantly reducing MOHCD's contribution. The savings of \$3.4M was shifted to Block 6 infrastructure. The purchase contract and ground lease were approved the Board of Supervisors in December 2017. **Construction completed in late 2019.** Residents are currently moving in with full lease up expected in mid-2020.
- Sunnydale **Blocks 6A and 6B** were originally proposed as two separate developments that would be built 6 months apart. Throughout the course of planning, it has become evident that there is a high need for the development to be built sooner, and as one project, which will help bring down costs. The remaining \$1M in predevelopment was shifted to Block 6 infrastructure. **Block 6** started construction in late 2019, with completion expected in late 2021.
- The **Infrastructure Phase 1A-1 and 1A-2** is an 85,000 sq. ft. rectangular shaped area bordered by two new streets, pedestrian mews, and Blythdale Street. The Block 6 vertical development is located inside the rectangle, so that the surrounding streets and mews provide frontage to the housing development. Design work is ongoing. Residents within this infrastructure foot print



have been relocated to rehabbed units on site. Abatement and demolition started early 2019, with infrastructure work finalizing by mid-2020.

- Sunnydale **Block 3** is the third affordable housing site to be built and sits within Infrastructure Phase 1A3. The Sponsor received Loan Committee approval in mid-2019 and is currently in predevelopment planning.
- **Infrastructure Phase 1A3** is the second infrastructure phase for the site. The Sponsor received Loan Committee approval in June 2019 and is currently in predevelopment planning.

**Project Budget and Schedule – All issuances  
December 2019**

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
Sunnydale Master Planning		2,800,000	2,664,000	2,258,987	405,013	-	Jul 2016	May 2020	Jun 2025
Sunnydale Parcel Q Predev	55	2,000,000	2,000,000	2,000,000	-	-	Nov 2016	Jan 2018	Dec 2019
Sunnydale Parcel Q Vertical		10,900,000	6,905,799	6,812,606	33,452	59,741	April 2018	Jun 2020	Jun 2020
Sunnydale Infrastructure Phase 1A1/2	167		4,433,153	4,433,153	-	-	Feb 2018	Apr 2019	Jun 2020
Sunnydale 6 Vertical Gap & Predev		5,000,000	4,561,048	3,278,708	721,292	561,048	Nov 2017	Mar 2020	Nov 2021
Sunnydale Infrastructure Phase 1A3		5,200,000	5,200,000	-	-	5,200,000	Jan 2020	Nov 2021	Nov 2022
Sunnydale 3 Vertical Predev		3,600,000	3,600,000	-	-	3,600,000	Jan 2020	Jan 2022	Jan 2024
<i>Sunnydale Subtotal</i>	222	29,500,000	29,364,000	18,783,454	1,159,756	9,420,789			

Parcel Q construction complete and lease-up in progress. Ribbon cutting scheduled for March 2020



Sunnydale Parcel Map

Block 3 & Parcel Q (circled)



Block 6



# Investment in Low-Income Housing – New Development

## Low-Income Housing in San Francisco

Bond funds will allow the development of at least seven additional projects in San Francisco which are 100% affordable to individuals and families earning less than 60% of the Area Median Income. Bond funds will accelerate new affordable housing production through quick release of funds.



88 Broadway/ 735 Davis Site



88 Broadway/ 735 Davis Plan



## Mission Neighborhood Set-Aside

The Mission Neighborhood has been particularly impacted by increased rents and displacement. Neighborhood residents advocated for a set-aside for the Mission in the Bond proposal which went before the voters in order to help preserve the neighborhood as an affordable community. Through a Notice of Funding Availability (“NOFA”) process concluded in December 2016, MOHCD selected 1990 Folsom for the Mission neighborhood development set-aside, a 143-unit family development with a childcare center and an artist workspace component that is greatly desired by community members. This initial identification of Low-Income bond funds for a predevelopment loan to 1990 Folsom adds to significant additional MOHCD investments in the Mission in recent years. Please see page 26 for status of 1990 Folsom project.

Due to project savings a portion of the funds budgeted for the 1990 Folsom project has been reallocated to 681 Florida. The 681 Florida development team was procured via an RFP that was published October 13, 2016. Two development teams responded, and the selection panel recommended MEDA/TNDC to be selected on February 15, 2017.



Mission District Mural

## Low-Income Housing Predevelopment and Development

In addition to the Mission set-aside NOFA, MOHCD also concluded its City-wide NOFA process in December 2016. MOHCD formally recommended predevelopment loans for three new multifamily developments located in the Excelsior (4840 Mission), Forest Hill (250 Laguna Honda), and Tenderloin (500 Turk Street) neighborhoods. Since the time of that selection process, one of the developments, 4840 Mission, encountered delays. In the interest of putting the bond funds to use as quickly as possible, MOHCD reallocated a portion of the funds designated for this site to another low-income family housing development. In addition, predevelopment work conducted for 250 Laguna Honda, a proposed 150-unit senior development in the Forest Hill neighborhood, revealed site conditions that posed risk to the development and potentially prohibitive costs. Funding reserved for this development from the first Bond issuance was therefore reallocated to 500 Turk Street, and the remaining Bond funds allocated for 250 Laguna were allocated to 1296 Shotwell, a low-income senior housing development in the Mission neighborhood.



Non-Profit Developers CCDC & MEDA partnering for to develop 1296 Shotwell - Casa Adelante

Rev. Norman Fong, Executive Director, Chinatown Community Development Center; and Luis Granados, Chief Executive Officer, Mission Economic Development Agency. Photo by Alain McLaughlin.

# Project Status Summaries

## 4840 Mission



### Project Highlights

Number of Units	0**
Total Bond Funding	\$3.0M (all issuances)
Total Development Cost	\$133.0M

\*\* Note that since this project is only receiving predevelopment funding, we are not counting the units in our 2015 GO Bond accomplishment tracking.

### Project Update Highlights

- Developer: Bridge Housing
- Units: 137 affordable family apartments, with 29% of the units (40 units) set aside for families relocating from HOPE SF sites. The development includes a 10,000 square foot clinic serving low-income households and a 6,000 square foot commercial space. The adjacent developer's inclusionary housing obligation is no longer part of the project.
- Status: Predevelopment funds were disbursed to Borrower to provide a portion of the purchase price for 4840 Mission. Project received its SB 35 approval in July 2019. In October 2019, the Borrower received additional Affordable Housing Funds to pay off an acquisition loan and interest and to provide for additional predevelopment funding. The anticipated construction start date is June 2021.



**Project Budget and Schedule – All issuances**

**December 2019**

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
4840 Mission - Predevelopment		3,000,000	3,000,000	3,000,000	-	-	Feb 2017	May 2017	Jun 2022





**Project Highlights**

Number of Units	108
Total Bond Funding	\$26.2M (all issuances)
Total Development Cost	\$82.4M

**Project Update Highlights**

- Developer: TNDC
- Units: 108 family apartments, with 25% set aside for HOPE SF families
- Status: The project received Loan Committee approval for an up to \$32.4M in City funds. Wells Fargo was selected as the construction lender and tax credit investor for the project, with California Community Reinvestment Corporation (CCRC) as the permanent lender. Project was awarded tax credit and bond allocation in October 2019, with an estimated construction start date of late January 2020.

## Project Budget and Schedule – All issuances

December 2019

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
500 Turk - Predevelopment (First Issuance)	108	3,000,000	3,000,000	3,000,000	-	-	Mar 2017	Dec 2018	Mar 2022
500 Turk - Reallocated Predev (First Issuance)		1,974,731	1,974,731	-	1,974,731	-	Dec 2018	Feb 2020	Mar 2022
500 Turk - Predev (Second Issuance)		15,500,000	15,500,000	14,707,962	792,038	-	Dec 2018	Feb 2020	Mar 2022
500 Turk - Construction (Third Issuance)		5,680,000	5,680,000	-	-	5,680,000	Jan 2020	Mar 2020	Mar 2022
<i>500 Turk Subtotal</i>	108	26,154,731	26,154,731	17,707,962	2,766,769	5,680,000			





**Project Highlights**

Number of Units	143
Total Bond Funding	\$44.8M (all issuances)
Total Development Cost	\$108.0M

**Project Update Highlights**

- Developer: MEDA and TNDC joint venture
- Units: 143 family apartments, with 25% set aside for HOPE SF families wishing to relocate from HOPE SF sites.
- Status: Project is replacing a vacant banked goods manufacturing plant with affordable housing, a childcare center, and community arts space. The project financing closed in March 2019 and construction has started. Completion expected in late 2020.

## Project Budget and Schedule – All issuances

### December 2019

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
1990 Folsom - Acquisition & Predev (Low Income - First Issuance)	143	1,025,269	1,000,000	1,000,000	-	-	Dec 2018	Dec 2018	Sep 2020
1990 Folsom - Predev (Mission Set Aside - First Issuance)		2,000,000	3,622,300	3,622,300	-	-	Dec 2018	Dec 2018	Sep 2020
1990 Folsom - Acquisition (Mission Set Aside - First Issuance)		4,000,000	2,377,700	2,377,700	-	-	Apr 2015	Apr 2017	Sep 2020
1990 Folsom - Predev & Construction (Second Issuance)		41,359,731	37,773,659	19,366,025	18,407,634	-	Jun 2018	Jun 2020	Sep 2020
<b>1990 Folsom Subtotal</b>	<b>143</b>	<b>48,385,000</b>	<b>44,773,659</b>	<b>26,366,025</b>	<b>18,407,634</b>	<b>-</b>			



1990 Folsom  
Groundbreaking





### Project Highlights

Number of Units	94
Total Bond Funding	\$22.2M (all issuances)
Total Development Cost	\$55.8M

### Project Update Highlights

- Developer: MEDA and CCDC joint venture
- Units: 94 Affordable Senior Housing, with 23% set aside for formerly homeless seniors
- Status: Construction started in May 2018 and the project received Temporary Certificate of Occupancy in November 2019. Seniors started moving in December 2019, with full lease up expected by April 2020. The team has held \$10M of the total MOHCD funds until permanent financing conversion, at which time bond funds will be used will take out the construction lender. This is expected by October 2020.



**Project Budget and Schedule – All issuances**

**December 2019**

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
1296 Shotwell - Construction	94	22,205,269	22,205,269	11,809,479	10,350,187	45,603	May 2018	Oct 2020	Oct 2020



1296 Shotwell construction complete and ready for occupancy



**Project Highlights**

Number of Units	125, including 10 middle income + 53 units at 735 Davis for low-income seniors funded with non-GO bond sources.
Total Bond Funding	\$24.1M (all issuances)
Total Development Cost	\$140.5M

**Project Update Highlights**

- Developer: Bridge Housing and John Stewart Co. joint venture
- Units: 125 units for low-income families of which 10 units are for middle income residents, and childcare center at 88 Broadway + 53 units at 735 Davis for low-income seniors funded with non-GO bond sources.
- Status: Project financing closed May 2019 and construction is expected to be completed in June 2021.

## Project Budget and Schedule – All issuances

December 2019

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
88 Broadway/ 735 Davis - Low-Income Construction	115	21,180,000	16,777,438	2,330,817	14,446,621	-	Jun 2019	Mar 2020	Mar 2021
88 Broadway/ 735 Davis - Middle Income Construction	10	10,000,000	7,331,238	7,331,238	-	-	Jun 2019	Mar 2020	Mar 2021
<i>88 Broadway/ 735 Davis Subtotal</i>	125	31,180,000	24,108,676	9,662,055	14,446,621	-			



88 Broadway/735 Davis Groundbreaking in July 2019





**Project Highlights**

Number of Units	0**
Total Bond Funding	\$4.4M (all issuances)
Total Development Cost	\$98.5M

\*\* Note that since this project is only receiving predevelopment funding, we are not counting the units in our GO Bond accomplishment tracking.

**Project Update Highlights**

- Developer: MEDA and TNDC joint venture
- Units: 130 units for low-income families, with 30% set aside for formerly homeless families; 8,000 sf of ground floor commercial space for community-based arts organizations.
- Status: Project expected to be encumbered by June 2020 and completed in April 2022

**Project Budget and Schedule – All issuances**

**December 2019**

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
681 Florida - Predevelopment (Second Issuance)			3,611,341	-	-	3,611,341	Jun 2020	Sep 2020	Apr 2022
681 Florida - Predevelopment (Third Issuance)		803,201	803,201	-	-	803,201	Jun 2020	Sep 2020	Apr 2022
<i>681 Florida Subtotal</i>		803,201	4,414,542	-	-	4,414,542			

482 Geneva/ 2340 San Jose – Upper Yard



Childcare Play Space    Childcare Entrance    Childcare Windows    Residential Lobby    Residential Roof Garden    Community Services    Neighborhood-Serving Commercial Space

**Project Highlights**

Number of Units	130
Total Bond Funding, Second Issuance	\$7.1M (all issuances)
Total Development Cost	TBD

**Project Update Highlights**

- Developer: Mission Housing and Related California joint venture
- Units: 112 units for low-income families and 18 are for middle-income residents
- Status: Project expected to be encumbered in January 2021 and construction to complete in March 2023

**Project Budget and Schedule – All issuances**

**December 2019**

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
482 Geneva - Low-Income	112	-	4,402,562	-	-	4,402,562	Jan 2021	Mar 2022	Mar 2023
482 Geneva - Middle-Income	18	-	2,668,762	-	-	2,668,762	Mar 2021	Mar 2022	Mar 2023
<b>482 Geneva Subtotal</b>	<b>130</b>	<b>-</b>	<b>7,071,324</b>	<b>-</b>	<b>-</b>	<b>7,071,324</b>			

## Investment in Low-Income Housing – Rehabilitation of Small Sites

### Description of Small Sites program

The Small Sites Program (SSP) is an acquisition and rehabilitation loan program created to protect older, typically rent-controlled, buildings of up to 25 units throughout San Francisco. In the face of increasing pressure on tenants who are particularly vulnerable to property sales, increased evictions and rising rents, the City developed the Small Sites Program in order to support non-profit and for-profit entities to successfully remove these sites from the market and restrict them as long-term affordable housing. The overarching program goals are to:

- 1) Protect and stabilize housing for current tenants at a range of income levels
- 2) Remove SSP properties from the speculative market while increasing the supply of permanently affordable rental housing
- 3) Create financially stable, self-sustaining housing that serves multiple generations of low to moderate income households



Ani Rivera - Small Sites Property  
Ani is Director of Galeria de la Raza  
Renter for 20 years



## Project Status Summary

- Third issuance funds allocated to 305 San Carlos and 520 Shader
- Bond funds for small sites to be fully expended by the end of 2020

## Project Budget and Schedule – All issuances

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
First Issuance Pool		15,000,000							
344 Precita	3		1,385,000	921,008	463,992	-	Aug 2017	Dec 2020	Dec 2020
3198 24 <sup>th</sup> Street	8		4,050,000	3,858,356	191,644	-	Mar 2017	Jun 2020	Jun 2020
3800 Mission	5		2,099,000	2,099,000	-	-	Feb 2017	Jun 2019	Jun 2019
269 Richland	6		2,100,000	2,100,000	-	-	Jun 2016	Jun 2018	Jun 2018
4042 Fulton	5		2,125,000	2,125,000	-	-	May 2016	May 2018	May 2018
63 Lapidge	6		1,827,000	1,827,000	-	-	Jul 2016	Jul 2018	Jul 2018
60 28th Street (First Issuance)	6		1,414,000	1,414,000	-	-	May 2019	May 2019	May 2019
Second Issuance Pool		9,235,000							
289 9th Avenue	16	-	3,749,973	3,747,878	2,095	-	Dec 2018	Aug 2020	Aug 2020
60 28th Street (Second Issuance)		-	677,000	677,000	-	-	May 2019	May 2019	May 2019
1411 Florida	7	-	1,780,327	1,780,327	-	-	Jul 2019	Jul 2019	Jul 2019
3280 17th Street	11	-	3,027,700	3,027,700	-	-	Jul 2019	Jul 2019	Jul 2019
Third Issuance Pool		1,636,887							
305 San Carlos Street	12	-	1,498,000	-	-	1,498,000	Mar 2020	Mar 2020	Mar 2020
520 Shrader Street	7	-	138,887	-	-	138,887	Mar 2020	Mar 2020	Mar 2020
<i>Small Sites Program Subtotal</i>	92	25,871,887	25,871,887	23,577,269	657,731	1,636,887			

\*\* We note that projects with the same encumbrance, disbursement, and completion dates are permanent loan funding only. Unlike regular rehab loans where MOHCD does periodic disbursements, for some small sites projects the initial rehab funding is first done through the San Francisco Housing Accelerator Fund (SFHAF) which allows for quicker loan approval as it is only bridge funding. Once the rehab is complete the SFHAF loan is replaced with permanent financing using bond funds.



3800 Mission Street – completed June 2019



Remodeled Kitchen & Bath



## Investment in Middle-Income Housing – Down Payment Assistance & Teacher Next Door

### **Middle Income DALP – 117 Total units (estimate)**

The Middle-Income Down Payment Assistance Loan Program (DALP) provides down payment assistance, in the form of a deferred payment loan up to \$375,000, to qualified middle-income (120% - 175% AMI), first-time homebuyers for the purchase of a market-rate principal residence in San Francisco. The DALP is a “silent second” loan that requires no monthly payments for 30 years. The principal amount plus an equitable share of appreciation are due and payable at the end of the term, or repaid upon sale or transfer.

### **Teacher Next Door – 60 Total units (estimate)**

The Teacher Next Door (TND) Program helps educators employed by the San Francisco Unified School District (SFUSD) to purchase their first home in San Francisco. Educators can use TND funds to cover closing costs or for a down payment on a below market-rate (BMR) or a market-rate home. The term of the TND is 10 years. There is no interest, nor shared appreciation. After the 5th year, the loan is forgiven at rate of 20% per year, and at the end of the 10th year, the loan is forgiven in its entirety. In addition to TND funds, bond funds for teachers may also be utilized to fund full DALP loans for SFUSD educators.

### **Why do middle-income households need help?**

- San Francisco’s median home price exceeds \$1M
- High home prices require a higher proportion of income for housing expenses
- High rent prevents middle-income households from saving for a down payment
- Prior to the Affordable Housing Bond, highest household income assisted was at 120% AMI

### **Annual Target Incomes (120% - 175% AMI)**

- \$97K - \$141K for individuals
- \$111K - \$161K for a family of two
- \$138K - \$202K for family of four



DALP Recipients

# Project Status Summary

December 2019

	Number of Loans	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance
DALP Loan Expansion (First Issuance)	9	2,900,000	2,900,000	2,900,000	-	-
DALP Loan Expansion (Second Issuance)	45	15,260,000	15,260,000	14,558,806	-	701,194
DALP Loan Expansion (Third Issuance)	-	16,678,394	16,678,394	-	-	16,678,394
Teacher Next Door (First Issuance)	20	903,014	903,014	903,014	-	-
Teacher Next Door (Second Issuance)	10	1,196,986	1,196,986	1,196,986	-	-
Teacher Next Door (Third Issuance)	7	2,900,000	2,900,000	840,106	-	2,059,894
<b>DALP Subtotal</b>	<b>91</b>	<b>39,838,394</b>	<b>39,838,394</b>	<b>20,398,912</b>	<b>-</b>	<b>19,439,482</b>



Ruiz Family - DALP & TND Recipients

Maria is a pre-school teacher and Rony is a driver

Purchased home rented for over 20 years

## Investment in Middle-Income Housing

### 88 Broadway/ 735 Davis

- 15 units for middle income residents
- Please see project update on page 26

### 43<sup>rd</sup> and Irving

- 134 units for low-income and middle income SFUSD teachers and para-educators
- MOHCD and SFUSD issued a Request for Development Proposals for educator rental housing on 1360 43<sup>rd</sup> (Francis Scott Key Annex) on October 3, 2017. At the recommendation of a selection panel, MOHCD awarded development rights to MidPen Housing in April 2018. Construction completion is expected Q1 of 2023.

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2019	Amount Encumbered - December 31, 2019	Balance	Date Encumbered/ Est. First Encumbrance	Final Disbursement / Est. Final Disbursement	Completion/ Est. Completion
43rd & Irving (Second Issuance)	82	3,000,000	3,000,000	485,379	2,514,621	-	Dec 2018	Dec 2020	Feb 2023
43rd & Irving (Third Issuance)		25,950,000	25,950,000	-	-	25,950,000	Apr 2021	Apr 2022	Feb 2023
<i>43rd &amp; Irving Subtotal</i>	82	28,950,000	28,950,000	485,379	2,514,621	25,950,000			

### Francis Scott Key Site



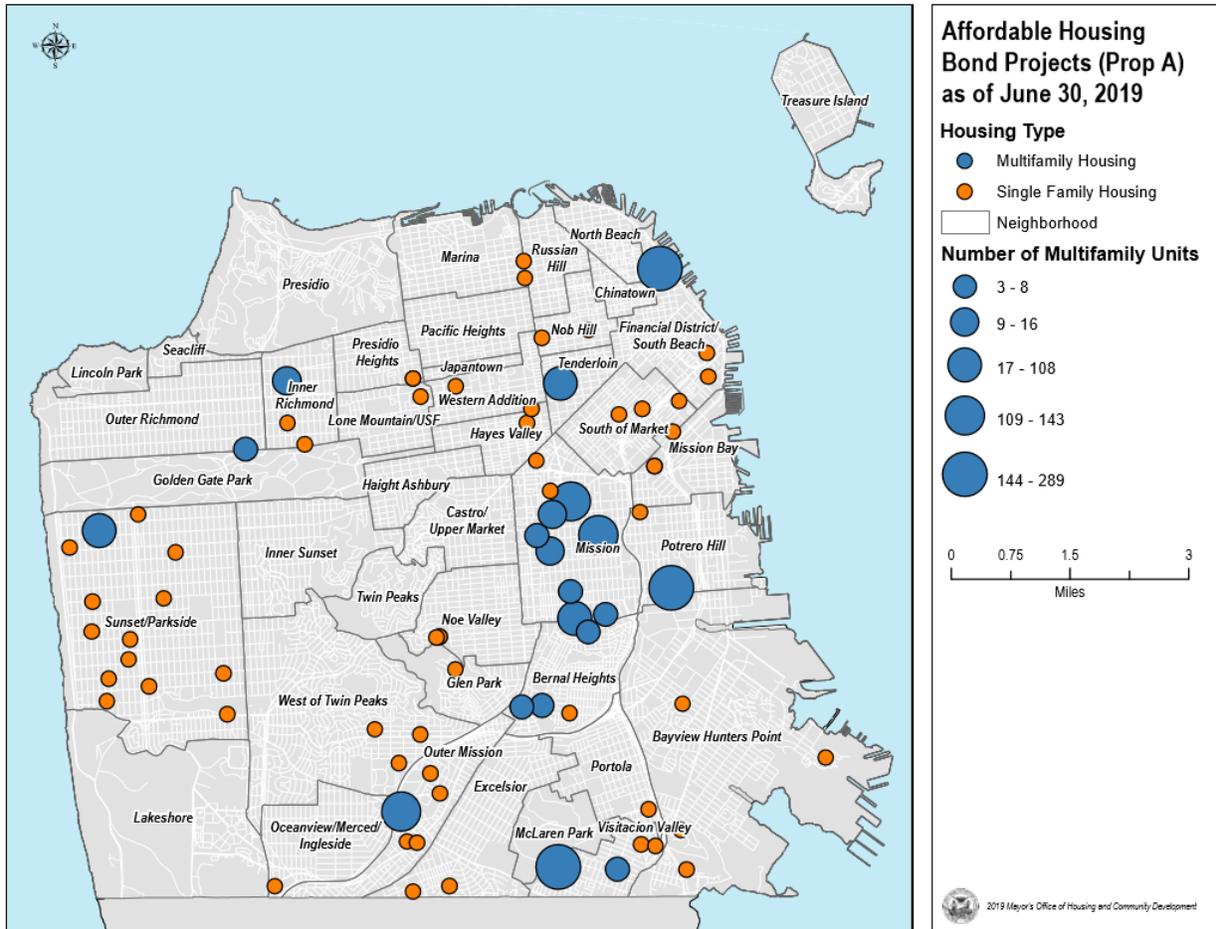
## Specific Housing Bonds Uses, by Issuance

	ISSUANCE #1	ISSUANCE #2	ISSUANCE #3			
	16-17	17-18	19-20	Revisions	Total	Affordable Units
<b>Public Housing: \$80MM</b>						
Potrero Parcel X Predev	2,251,586				2,251,586	
Potrero Parcel X Vertical Gap	14,241,507				14,241,507	72
Potrero Infrastructure Predev	1,200,000				1,200,000	
Potrero Block B Predev	2,206,907			(100,000)	2,106,907	
Potrero Phase II Infrastructure Development			20,503,000		20,503,000	217
Potrero Block B Gap			3,125,366	236,000	3,361,366	(Above includes 125 market rate units)
Potrero Block R Predev Infrastructure			4,000,000		4,000,000	
Potrero Block Q Predev Vertical and Infrastructure			1,600,000		1,600,000	
Sunnydale Master Planning	2,800,000			(136,000)	2,664,000	
Sunnydale Parcel Q Predev	2,000,000				2,000,000	
Sunnydale Parcel Q Vertical	6,905,799				6,905,799	55
Sunnydale Infrastructure Phase 1A1/2	4,433,153				4,433,153	
Sunnydale 6 Vertical Gap & Predev	4,561,048				4,561,048	167
Sunnydale Infrastructure Phase 1A3			5,200,000		5,200,000	
Sunnydale 3 Vertical Predev			3,600,000		3,600,000	
Legal and other incidentals		400,000	60,000		460,000	
Cost of issuance	396,700	4,721	510,213		911,634	
<i>Subtotal</i>	<i>40,596,700</i>	<i>404,721</i>	<i>38,538,579</i>	<i>-</i>	<i>80,000,000</i>	<i>511</i>
<b>Low-Income Housing: \$100MM</b>	<b>16-17</b>	<b>17-18</b>	<b>19-20</b>	<b>Revisions</b>	<b>Total</b>	
4840 Mission Predevelopment Only	3,000,000				3,000,000	
Small Sites Program	15,000,000	9,235,000	1,636,887		25,871,887	92
500 Turk Street Predevelopment, Acq & Con Financing	3,000,000	15,500,000	5,680,000		24,180,000	108
500 Turk reallocated from 250 Laguna Predevelopment	1,974,731				1,974,731	
1296 Shotwell Construction Financing		22,205,269			22,205,269	94
88 Broadway Construction Financing		16,777,438			16,777,438	115
Balboa Park Upper Yard Construction Financing		4,402,562			4,402,562	112
Adjustment for 1990 Folsom	1,000,000	(1,000,000)			-	
Legal and other incidentals		500,000			500,000	
Cost of issuance	234,502	797,750	55,861		1,088,113	
<i>Subtotal</i>	<i>24,209,233</i>	<i>68,418,019</i>	<i>7,372,748</i>	<i>-</i>	<i>100,000,000</i>	<i>521</i>
<b>Mission Neighb. Housing: \$50MM: 1990 Folsom</b>	<b>16-17</b>	<b>17-18</b>	<b>19-20</b>	<b>Revisions</b>		
1990 Folsom Predevelopment Costs	6,000,000				6,000,000	
1990 Folsom Predevelopment, Acq & Con Financing		39,033,659		(1,260,000)	37,773,659	143
Adjustment for 1990 Folsom		1,000,000			1,000,000	
681 Florida	25,269	2,326,072	803,201	1,260,000	4,414,542	
Legal and other incidentals		250,000			250,000	
Cost of issuance	58,625	503,174			561,799	
<i>Subtotal</i>	<i>6,083,894</i>	<i>43,112,905</i>	<i>803,201</i>	<i>-</i>	<i>50,000,000</i>	<i>143</i>
<b>Middle-Income Housing: \$80MM</b>	<b>16-17</b>	<b>17-18</b>	<b>19-20</b>	<b>Revisions</b>	<b>Total</b>	
DALP Loan Expansion	2,900,000	15,260,000	16,678,394		34,838,394	117
Teacher Next Door	903,014	1,196,986	2,900,000		5,000,000	60
Middle-Income Teacher Housing: 43rd & Irving		3,000,000	25,950,000		28,950,000	82
Middle-Income MOHCD Production: 88 Broadway		7,331,238			7,331,238	10
Middle-Income MOHCD Production: Balboa Park Upper Yard		2,668,762			2,668,762	18
Legal and other incidentals		400,000			400,000	
Cost of issuance	37,159	352,369	422,078		811,606	
<i>Subtotal</i>	<i>3,840,173</i>	<i>30,209,355</i>	<i>45,950,472</i>	<i>-</i>	<i>80,000,000</i>	<i>287</i>
<b>Total Affordable Units</b>						<b>1,337</b>
<b>Total Market Rate Units ***</b>						<b>125</b>
<b>GRAND TOTAL</b>	<b>75,130,000</b>	<b>142,145,000</b>	<b>92,725,000</b>	<b>-</b>	<b>310,000,000</b>	<b>1,462</b>
** Market rate units at HOPE SF provide cross-subsidy for HOPE SF affordable units						

\*\* Revisions column used to reallocate budget between projects. Budget revisions are primarily driven by unneeded excess budget that was initially allocated to projects.



# Map of Affordable Housing Bond Projects (Prop A) as of June 30, 2019



## Change in Unit Counts

MOHCD has made several changes in the allocation of funds and corrections to the methodology in how units are counted. Please see table below comparing current unit count to first CGOBOC report as of 12/31/16.

	Number of Units as of 12/31/16 GOBOC Report	Number of Units as of 12/31/19 GOBOC Report	Variance	Variance	Comments
Potrero Parcel X Vertical Gap	72	72	-	0%	
Potrero Block B Predev	94		(94)	-100%	Predev funding only - no futher bond investment
Potrero Infrastructure Development	-	217	217	100%	Extensive infrastructure investments will support 92 affordable units and 125 market rate units. We note that Market rate units at HOPE SF provide cross-subsidy for HOPE SF affordable units
Sunnydale Parcel Q Vertical	55	55	-	0%	
Sunnydale Infrastructure Development	187	167	(20)	-11%	Size of supported buildings decrease slightly
<b>Public Housing Subtotal</b>	<b>408</b>	<b>511</b>	<b>103</b>	<b>25%</b>	
Project # 1 Predev - 250 Laguna	150	-	(150)	-100%	Project did not move forward
Project # 2 Predev - 500 Turk Street	122		(122)	-100%	Predev funding only - no futher bond investment
Project # 3 Predev - 4840 Mission	114	-	(114)	-100%	Predev funding only - no futher bond investment
Project # 1 Acquisition & Development - 1296 Shotwell	97	94	(3)	-3%	
Project # 2 Acquisition & Development - 500 Turk	96	108	12	13%	Project scope increased
Project # 3 Acquisition & Development - 88 Broadway/ 735 Davis	97	115	18	19%	Project scope increased
482 Geneva (Upper Yard)	-	112	112	100%	Savings from 88 Broadway/ 735 Davis reallocated to 482 Geneva
Small Sites Program	81	92	11	14%	
<b>Low Income Housing Subtotal</b>	<b>757</b>	<b>521</b>	<b>(236)</b>	<b>-31%</b>	
Mission set aside -1990 Folsom	143	143	-	0%	
Mission set aside - 681 Florida	-	-	-	0%	Predev funding only - no futher bond investment
<b>Mission Set-aside Subtotal</b>	<b>143</b>	<b>143</b>	<b>-</b>	<b>0%</b>	
DALP Loan Expansion	49	117	68	139%	Increased funding for DALP from \$15M to \$33M
Teacher Next Door	75	60	(15)	-20%	Increased loan amount size
Middle Income Teacher Housing - 43rd & Irving	30	82	52	173%	Increase in funding for teacher housing from \$7M to \$29M
Middle Income Production - 88 Broadway	166	10	(156)	-94%	Decreased in funding for middle income production from \$50M to \$10M
482 Geneva (Upper Yard)	-	18	18	100%	Savings from 88 Broadway/ 735 Davis reallocated to 482 Geneva
<b>Middle Income Subtotal</b>	<b>320</b>	<b>287</b>	<b>(33)</b>	<b>-10%</b>	
<i>Total Affordable Units</i>		1,337			
<i>Total Market Rate Units</i>		125			
<b>Total</b>	<b>1,628</b>	<b>1,462</b>	<b>(166)</b>	<b>-10%</b>	



## Metric of Success

The primary metric of success for the Affordable Housing Bond is number of units produced, protected, or assisted. We have estimated the projected number of affordable units through all phases of the bond process, and will track progress and provide regular updates accordingly.

It's important to note that new housing development in San Francisco can easily take five years from start to finish. Newly constructed public housing units are projected to be completed in 2019-2022, low income units are projected to be completed in 2021-2023, and middle-income units may be completed in 2022-2023.



## Unit Production Summary as of December 31, 2019 (All Issuances)

	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)	92	0	0	92
Public Housing – Potrero Infra (Market Rate)*	125	0	0	125
<b>Public Housing – Sunnydale Parcel Q Vertical</b>	0	0	55	55
Public Housing – Sunnydale Infra	167	0	0	167
Low Income Housing – 500 Turk	108	0	0	108
<b>Low Income Housing – 1296 Shotwell</b>	0	0	94	94
Low Income Housing – 88 Broadway/ 735 Davis	0	115	0	115
Low Income Housing – 482 Geneva	112	0	0	112
Low Income Housing - Small Sites (Rehab)	19	35	38	92
Low Income - Mission Set Aside 1990 Folsom	0	143	0	143
Middle Income DALP ***	63	N/A	54	117
Middle Income TND ***	23	N/A	37	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
<b>TOTAL</b>	<b>809</b>	<b>303</b>	<b>350**</b>	<b>1,462</b>
<b>Percent of Phase</b>	<b>55%</b>	<b>21%</b>	<b>24%</b>	<b>100%</b>

\* 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 completed projects**



# Glossary

- Acquisition:** Costs associated with acquisition of real property
- Estimated Completion:** Building completed and units leased
- Infrastructure:** Costs which are secondarily related to housing development, including large-scale site grading, streets, sidewalks, utility work, etc. Predominantly needed in the HOPE SF context where we are creating entire new neighborhoods.
- Master Planning:** Development of an overall strategy for the complete transformation of a public housing site. Master Planning work sets forth a comprehensive vision, schedule, communications plan, financing strategy, services program, and, most importantly, stakeholder participation process that highlights resident needs.
- NOFA:** Notice of Funding Availability, a competitive process used to identify projects and developers
- Predevelopment:** Costs prior to actual construction, including architectural, engineering, environmental, and permitting costs. May be related directly to housing development, or may be infrastructure predevelopment which supports
- Vertical Gap and/or Vertical Development:** Costs starting with actual construction through and including occupancy and conversion to permanent financing

# Preservation and Seismic Safety Program (PASS) General Obligation Bond (2016 Affordable Housing GO Bond)



## CGOBOC Report December 2019



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# Executive Summary

In November of 2016, San Francisco voters authorized the City and County of San Francisco to repurpose existing bond authority, and issue up to \$260.7 million of general obligation bonds to address critical housing needs, protect residents, and stabilize communities. The bonds fund the Preservation and Seismic Safety Program (PASS), and enable the City, acting by and through its Mayor’s Office of Housing and Community Development (MOHCD), to:

- **Preserve affordability in existing housing at risk of market-rate conversion**
- **Protect San Franciscans living in apartments at risk of displacement**
- **Improve the earthquake resilience of San Francisco’s building stock**

*The estimated PASS program funding is as follows:*

Program Categories	PASS Program Funding <sup>1</sup>
Affordable (average of 80% AMI & up to 120% AMI)	\$90 million – Below Market Rate Loans <u>\$14.7 million</u> – Deferred Loans \$104.7 million
Market Rate (unrestricted)	\$156 million – Market Rate Loans
<b>TOTAL</b>	<b>\$260.7 million</b>

MOHCD estimates that the PASS program will facilitate the preservation of up to 1,400 apartments. Demand for PASS program financing continues to be very strong. In less than eight months since the first loan closing in May 2019, the PASS program has provided \$26.7 million of low-cost, long-term financing to permanently preserve affordability at ten projects, including 104 residential units and 14 commercial spaces. To date, the PASS program loans are all performing with no defaults, no delinquencies, and no workouts.

<sup>1</sup> PASS Program Funding (Below Market Rate Loans, Deferred Loans, and Market Rate Loans) is expected to be combined, as allowable, to create a blended interest rate for each project and maximize the total bond proceeds available to preserve affordable housing.

# Background

Since 2012, City leaders and voters have repeatedly demonstrated their support for policies and investments that address the housing needs of San Francisco's workforce and vulnerable residents. In 2012, voters approved the creation of the Housing Trust Fund. In 2015, 74% of voters approved Proposition A, a \$310 million general obligation affordable housing bond. Then in 2016, 76% of voters approved Proposition C to repurpose \$260.7 million in unused bond capacity to fund the Preservation and Seismic Safety Program (PASS).

The repurposed bond capacity originated from the Seismic Safety Loan Program (SSLP), which was passed by the voters in 1992 Proposition A. The SSLP provided low-cost financing for property owners to perform seismic retrofits after the 1989 Loma Prieta earthquake. A total of \$350 million of SSLP funding was authorized to finance affordable and market rate buildings, as follows:

- \$150 million for affordable buildings
  - \$90 million for Below Market Rate Loans
  - \$60 million for Deferred Loans
- \$200 million for Market Rate Loans to unrestricted buildings

Over the 20 years that followed, the SSLP was underutilized with only \$89.3 million of bonds issued, of the original \$350 million in bond authority. Affordable housing advocates responded with a proposal to broaden the scope of the unused funding to finance the acquisition, improvement, and rehabilitation of at-risk multifamily residential buildings and to convert those buildings to permanent affordable housing. The 2016 approval to expand the eligible uses of the SSLP has resulted in the development of the PASS Program.



## Key Differences From Other City 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, the City makes loans to developers who then hire contractors and own the improvements through Limited Liability Companies (LLCs). This approach allows projects to leverage outside investment. City loans help jump start development, as it is usually the least costly funding the project will receive. Loans to developers include affordability covenants to ensure that projects are affordable for the long-term.



# Need for the Investment

Since 2011, market-rate rental costs have far outpaced income increases for most working households. This “affordability gap” leaves families and individuals vulnerable to displacement and homelessness. Though there has been significant affordable housing production and preservation in the last five years, a critical need for more affordable housing continues. High costs and low supply bring personal hardship, accelerate displacement, undermine balanced economic growth, and cause environmental damage as workers endure longer daily work commutes.

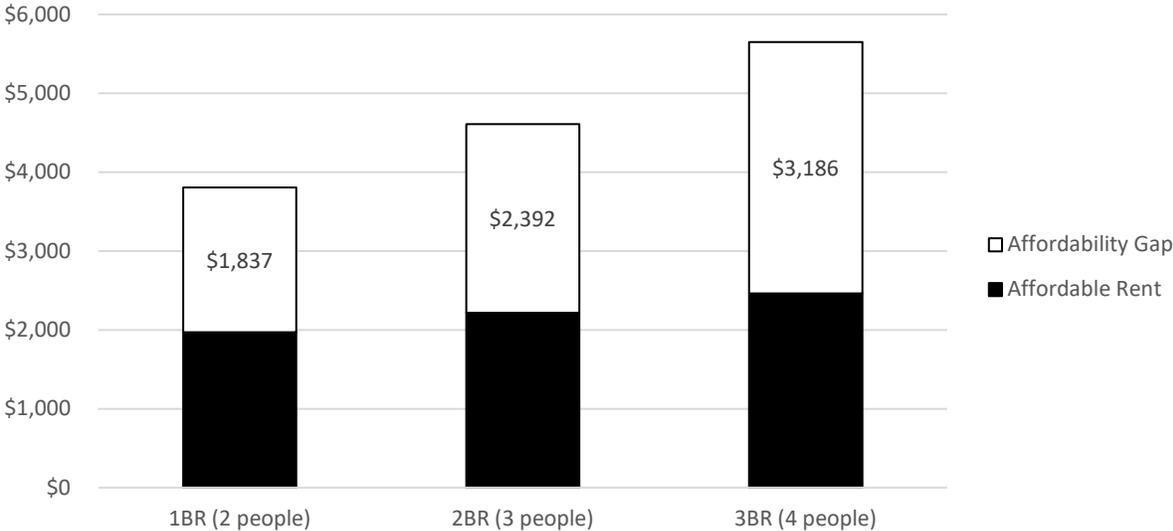
As housing prices have risen, market pressures on the existing housing stock has increased. SF Planning estimates that over the last ten years, approximately 400 units per year were removed from protection under the City’s Residential Rent Stabilization Ordinance. This Bond assists in the acquisition and preservation of multifamily properties throughout San Francisco that are particularly vulnerable to market pressure resulting in property sales, increased evictions and rising tenant rents.

### Widening Affordability Gap

The Affordability Gap is the difference between what housing costs and what households of various sizes can afford to pay. It is pegged to income level using the percentage of San Francisco’s Area Median Income (AMI) and household size.

San Francisco has among the highest AMI in the nation, but for many it is still not enough to afford a market-rate apartment. For example, in 2019, a two-person household at 80% AMI earned \$78,800, which translates to an affordable rent of approximately \$1,970 for a one-bedroom apartment. Average one-bedroom market-rate apartments rent for \$3,807, leaving a gap of approximately \$1,837 more than what is affordable. Larger households face an even greater affordability gap. For a household of four earning 80% of AMI, the monthly shortfall is \$3,186. For those earning less than 80% AMI a market-rate apartment can be completely out of reach.

**Market Rate Rent vs. Affordable Rent  
(80% AMI Households)**



# Target Populations

The PASS Program funds expand and preserve the affordable housing supply by:

- Taking at-risk multifamily properties off the speculative market and preserving them as permanent affordable housing
- Investing in properties with years of deferred maintenance to make them safer and healthier homes for San Franciscans
- Investing in neighborhoods to promote and preserve economic diversity
- Creating housing opportunities for a broad population, including families, seniors, single working adults, veterans, disabled households, and income levels ranging from extremely low- to moderate.



# PASS Program Overview

PASS plays a critical role in the City's anti-eviction and preservation strategy by financing the acquisition and rehabilitation of at-risk multifamily buildings, removing them from the speculative market, and preserving them as permanently affordable housing. Specifically, PASS provides access to a nimble source of low-cost and long-term financing that is not currently available on the conventional market, or through MOHCD's existing financing programs. It is anticipated that in aggregate, the PASS Program will facilitate the preservation of up to 1,400 apartments, reduce the need for other public resources, support the long-term financial feasibility of participating developments, and allow preservation-oriented sponsors to compete more effectively in the acquisition of at-risk buildings offered in the open market.

PASS provides MOHCD's borrowers with low-cost and long-term access to debt financing to acquire, rehabilitate, and preserve existing buildings as permanently affordable housing. Eligible projects may be small buildings like those typically funded by the City's Small Sites Program (e.g. 5 to 25 units), larger multifamily structures (e.g. 25+ units), or Single Room Occupancy hotels (SROs) of all sizes.

## Eligible Uses

- Acquisition/rehabilitation, preservation of affordable housing, and seismic retrofits
- Small sites (5 to 25 unit buildings)
- Larger multifamily and mixed-use residential buildings (25+ units)
- Single-Room Occupancy hotels

## What is not PASS Eligible?

- New construction
- Acquisition without rehabilitation

PASS loans are fully secured by a first-position lien against the fee interest of the property and may be structured as either Acquisition/Construction Loans (Direct Financing), or Permanent Loans (Take-out Financing). Loans may be comprised of a combination of (i) Below Market Rate Loans, (ii) Deferred Loans, or (iii) Market Rate Loans. With little to no anticipated demand for market rate properties, MOHCD expects that each eligible affordable property will be financed with a combination of all three funding sources to maximize the utilization of the bond proceeds at the lowest interest rate to borrowers.

MOHCD's occupancy restrictions are recorded against the deed and permanently restrict all units to households earning no more than 120% of AMI at turnover, and require that the project's combined average rents are no higher than 80% of AMI.



## PASS and the Small Sites Program

The Small Sites Program (SSP) is an acquisition and rehabilitation subsidy loan program for existing, typically rent-controlled, buildings of up to 25 units. The program was created to protect and establish long-term affordable housing in smaller properties throughout San Francisco that are particularly vulnerable to market pressure resulting in property sales, increased evictions and rising tenant rents. In the face of this increasing pressure on tenants, the City developed the Small Sites Program in 2014 to support non-profit and for-profit entities to successfully remove these sites from the market and restrict them for the long-term. The overarching program goals are to:

- 1) Protect and stabilize housing for current tenants at a range of income levels**
- 2) Remove SSP properties from the speculative market while increasing the supply of permanently affordable rental housing**
- 3) Create financially stable, self-sustaining housing that serves multiple generations of low to moderate income households**

To date, SSP has provided approximately \$92 million in financing to preserve 37 developments with 303 residential units and 27 commercial spaces. Since the introduction of the PASS program in 2019, nearly all new SSP projects have been financed with senior loans from PASS and subsidy loans from SSP. The PASS program complements and enhances MOHCD's ongoing anti-displacement and preservation work under the SSP Program by replacing more expensive conventional debt with low-cost, long-term PASS financing.



Ani Rivera - Small Sites Property  
Ani is Director of Galeria de la Raza  
Renter for 20 years



## PASS vs. Conventional Bank Financing

PASS financing significantly reduces borrowing costs and the need for other public resources, such as SSP gap financing. Additional benefits of PASS financing include improved project financial sustainability, deeper levels of affordability, and expedited execution that enable MOHCD's partners to compete more effectively in the acquisition of at-risk buildings offered in the open market.

A detailed comparison of conventional bank vs PASS financing is below:



### 1201 Powell Street

Sponsor: CCDC  
 Neighborhood: Nob Hill, District 3  
 Loan Closing Date: June 28, 2019  
 Program Type: PASS  
 Number of Units: 13 studios  
                           4 one bedrooms  
                           17 total units

### OPERATING BUDGET

Affordable Rents	247,303	~50% AMI rents
Operating Expenses	139,207	
<b>Net Operating Income</b>	<b>108,096</b>	Amount available for debt service

### SOURCES & USES

	<u>Conventional Loan</u>	<u>PASS Loan</u>	<u>Remarks</u>
	5.50%	3.41%	Interest Rate
	30	40	Loan Term (years)
	1.15	1.10	Debt Coverage Ratio
	93,997	98,269	Net Available for Debt Service
<b>SOURCES</b>			
Senior Loan	1,379,000	2,143,000	
Small Sites Program (SSP) Gap	6,692,000	5,928,000	<b>\$764k reduction in City funded gap</b>
<b>Total Sources</b>	<b>8,071,000</b>	<b>8,071,000</b>	
<b>USES</b>			
Acquisition	4,312,000	4,312,000	
Rehabilitation	1,819,000	1,819,000	
Soft Costs	1,940,000	1,940,000	
<b>Total Uses</b>	<b>8,071,000</b>	<b>8,071,000</b>	

Note: Figures are for illustrative purposes only.



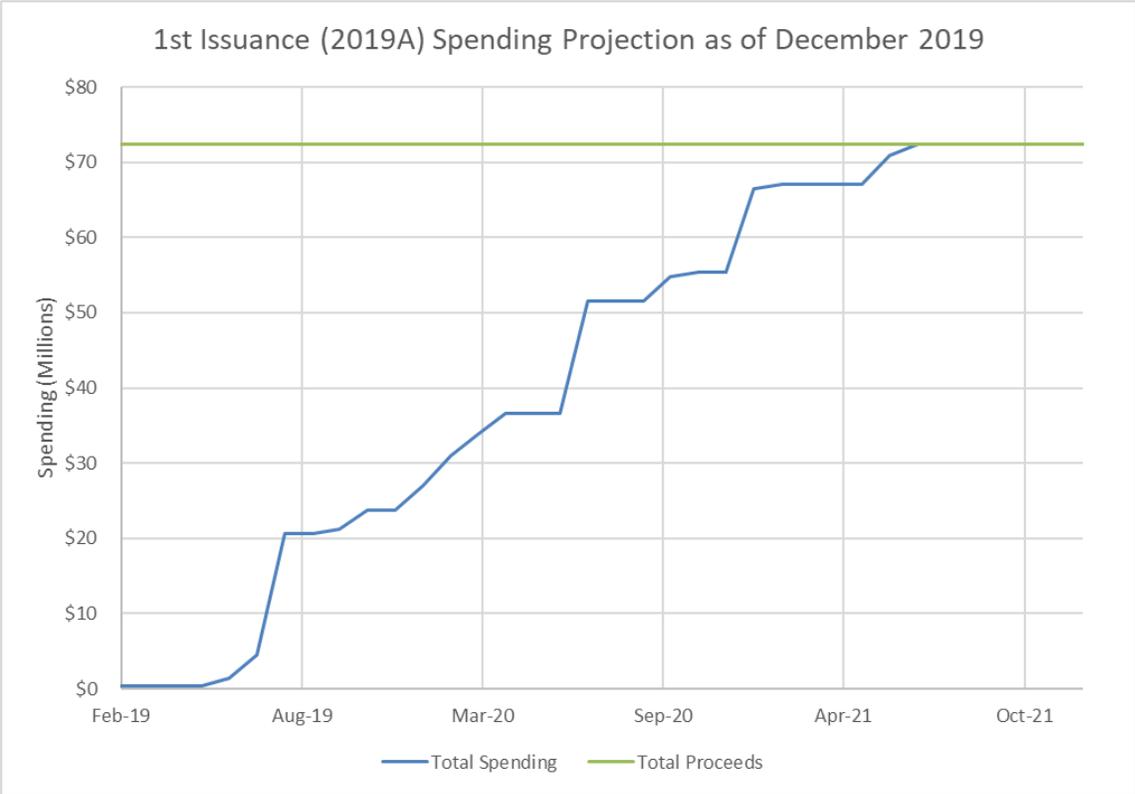
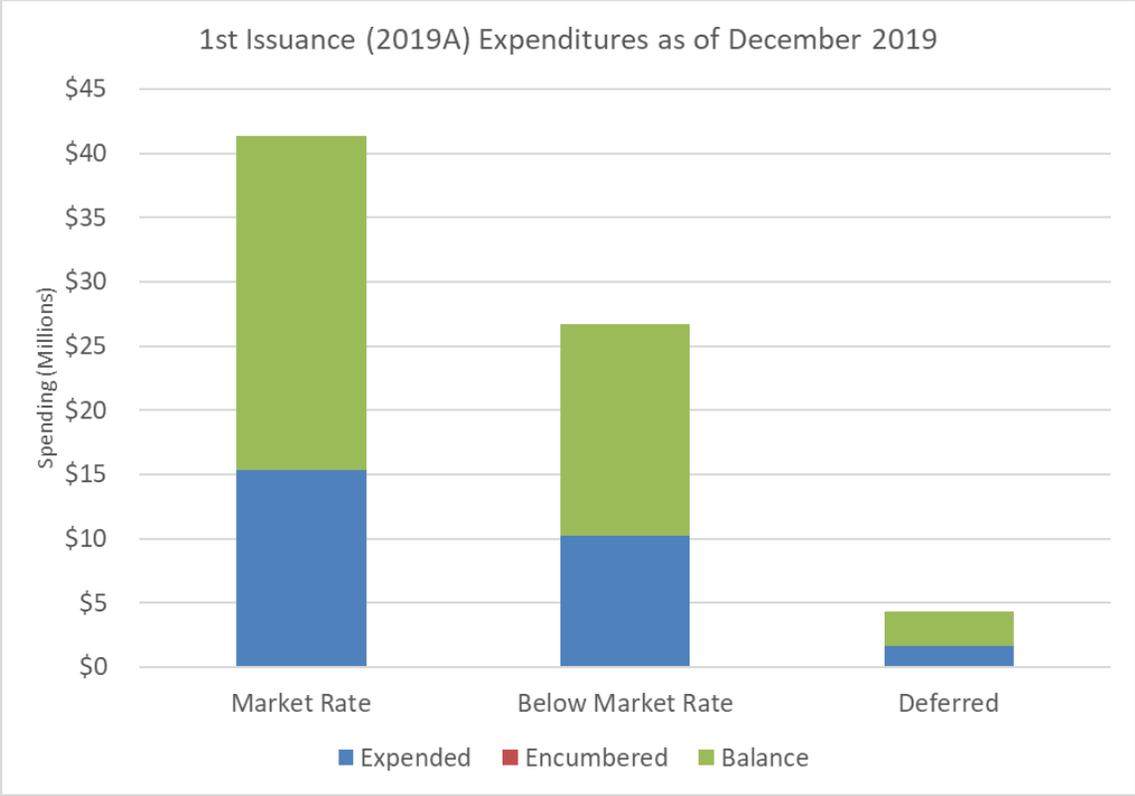
## First Issuance – Series 2019A

### Highlights

- February 2019 – the City issued the first round of funding for the PASS Program in the amount of \$72.42 million.
- March 2019 – PASS Program Regulations adopted by Citywide Affordable Housing Loan Committee
- May 2019 – First PASS loan closing
- As of December 2019:
  - Ten PASS loan closings representing a total funding amount of \$26.7 million.
  - All loans are performing with no delinquencies.

	<b>Total Amount</b>	<b>Market Rate Loans</b>	<b>Below Market Rate Loans</b>	<b>Deferred Loans</b>
<b><u>SOURCES AND USES</u></b>				
<b><u>Sources:</u></b>				
Series 2019A Par Amount	<u>72,420,000</u>	<u>41,382,961</u>	<u>26,683,149</u>	<u>4,353,890</u>
<b>Total Sources</b>	<b>72,420,000</b>	<b>41,382,961</b>	<b>26,683,149</b>	<b>4,353,890</b>
<b><u>Uses:</u></b>				
Project Fund Deposits				
Project Fund	71,461,128	40,835,032	26,329,853	4,296,243
CSA Audit Fee	<u>142,922</u>	<u>81,670</u>	<u>52,660</u>	<u>8,592</u>
<b>Total Project Fund Deposits</b>	<b>71,604,050</b>	<b>40,916,702</b>	<b>26,382,512</b>	<b>4,304,836</b>
Cost of Issuance	538,011	307,435	198,230	32,345
Underwriter's Discount	205,519	117,440	75,723	12,356
CGOBOC Fee	<u>72,420</u>	<u>41,383</u>	<u>26,683</u>	<u>4,354</u>
<b>Total Delivery Expense</b>	<b>814,839</b>	<b>465,623</b>	<b>300,227</b>	<b>48,988</b>
<b>Total Uses</b>	<b>72,420,000</b>	<b>41,382,961</b>	<b>26,683,149</b>	<b>4,353,890</b>





## First Issuance – Series 2019A Anticipated Pipeline

The PASS program provides MOHCD’s partners with low-cost and long-term access to debt financing that allows them to compete more effectively in the acquisition of at-risk buildings offered in the open market. Due to the speculative nature of potential acquisitions financed by PASS, MOHCD expects that the pipeline will change over time. Since the May 2019 report, the City has made significant progress to refine the pipeline based on the most updated closings, project development costs, actual vs. expected rents, operating expenses, household income demographics, project feasibility, and project timing.

Project Name	Sponsor	Res. Units	Comm. Units	Closing Date	Market Rate (MR)	Below Market Rate (BMR)	Deferred (D)	Total PASS Loans
60 28th Street	MEDA	6		5/8/2019	584,001	376,556	61,443	1,022,000
Purple House	SFCLT	10		6/14/2019	610,399	394,461	64,140	1,069,000
1201 Powell Street	CCDC	17	1	6/28/2019	1,224,575	789,588	128,837	2,143,000
1411 Florida Street	MEDA	7		7/30/2019	855,358	552,762	89,880	1,498,000
3280 17th Street	MEDA	11	5	7/30/2019	3,078,832	1,989,648	323,520	5,392,000
4830 Mission Street	MEDA	21	6	7/30/2019	5,225,221	3,376,719	549,060	9,151,000
462 Green Street	CCDC	7		9/26/2019	368,295	238,005	38,700	645,000
305 San Carlos Street	MEDA	12	2	10/31/2019	1,373,826	887,814	144,360	2,406,000
65-69 Woodward Street	MEDA	6		12/12/2019	734,877	474,903	77,220	1,287,000
654 Capp Street	MEDA	7		12/19/2019	1,191,677	770,103	125,220	2,087,000
937 Clay Street	CCDC	73	3	1/31/2020	2,248,598	1,453,122	236,280	3,938,000
520 Shrader Street	SFHDC	7		2/28/2020	1,625,066	1,050,174	170,760	2,846,000
1353 Stevenson Street	MEDA	3		3/31/2020	1,552,549	1,003,311	163,140	2,719,000
270 Turk Street	TNDC	86		6/30/2020	7,449,837	4,814,343	782,820	13,047,000
70 Belcher Street	SFCLT	5		6/30/2020	649,227	419,553	68,220	1,137,000
1500 Cortland Avenue	MEDA	4		6/30/2020	428,250	276,750	45,000	750,000
568 Natoma Street	SFCLT	5		9/30/2020	567,574	366,786	59,640	994,000
3840 Folsom Street	MEDA	4		9/30/2020	381,999	246,861	40,140	669,000
Pigeon Palace	SFCLT	6		9/30/2020	941,008	608,112	98,880	1,648,000
3544 Taraval Street	MEDA	6		10/31/2020	292,352	188,928	30,720	512,000
151 Duboce Avenue	SFCLT	4		12/31/2020	347,739	224,721	36,540	609,000
3158 Mission Street (El Rio)	MEDA	8	2	12/31/2020	3,374,610	2,180,790	354,600	5,910,000
3800 Mission Street	MEDA	5	1	12/31/2020	745,726	481,914	78,360	1,306,000
Merry-Go-Round House	SFCLT	14		12/31/2020	1,165,411	753,129	122,460	2,041,000
534 Natoma Street	SFCLT	5		12/31/2020	701,188	453,132	73,680	1,228,000
1049 Market Street	THC	15		1/31/2021	372,292	240,588	39,120	652,000
369 3rd Avenue	MEDA	12	1	5/31/2021	2,198,350	1,420,650	231,000	3,850,000
1535 Jackson Street	CCDC	30		6/30/2021	1,017,522	657,558	106,920	1,782,000
<b>Sub-Total</b>	<b>28 projects</b>	<b>396</b>	<b>21</b>		<b>41,306,359</b>	<b>26,690,981</b>	<b>4,340,660</b>	<b>72,338,000</b>



## Second Issuance – Series 2020X

### Planned Milestones

- December 2020 – issue the second round of funding for the PASS Program in the amount of \$96.06 million.

	<b>Total Amount</b>	<b>Market Rate Loans</b>	<b>Below Market Rate Loans</b>	<b>Deferred Loans</b>
<b><u>SOURCES AND USES</u></b>				
<b><u>Sources:</u></b>				
Series 2020X Par Amount	<u>96,060,000</u>	<u>58,500,540</u>	<u>32,276,160</u>	<u>5,283,300</u>
<b>Total Sources</b>	<b>96,060,000</b>	<b>58,500,540</b>	<b>32,276,160</b>	<b>5,283,300</b>
<b><u>Uses:</u></b>				
Project Fund Deposits				
Project Fund	94,788,124	57,725,968	31,848,810	5,213,347
CSA Audit Fee	<u>189,576</u>	<u>115,452</u>	<u>63,698</u>	<u>10,427</u>
Total Project Fund Deposits	94,977,700	57,841,420	31,912,507	5,223,774
Cost of Issuance	713,633	434,603	239,781	39,250
Underwriter's Discount	272,606	166,017	91,596	14,993
CGOBOC Fee	<u>96,060</u>	<u>58,501</u>	<u>32,276</u>	<u>5,283</u>
Total Delivery Expense	1,082,300	659,120	363,653	59,526
<b>Total Uses</b>	<b>96,060,000</b>	<b>58,500,540</b>	<b>32,276,160</b>	<b>5,283,300</b>



# Example Project Summaries

## 60 28<sup>th</sup> Street



### Project Details

Sponsor	Mission Economic Development Agency
Location	60 28 <sup>th</sup> Street
Neighborhood	Bernal Heights, District 8
Loan Closing Date	5/8/2019
Program Type	PASS, SSP
Number of Units	4 one bedrooms <u>2 two bedrooms</u> 6 total units
Total Bond Funding	\$1.02 million
Total Development Cost	\$3.21 million

### Project Highlights

- Households Served: Average rent affordable at 69% AMI, low- and moderate-income families with children, low-income seniors, multigenerational building residents.
- Takeout financing of a SFHAF loan, which funded the acquisition, moderate rehabilitation, and soft-story retrofit.
- Low-cost PASS financing facilitated a more comprehensive rehabilitation, while reducing the SSP subsidy by \$59,000.



## 4830 Mission Street



### Project Details

Sponsor	Mission Economic Development Agency
Location	4830 Mission Street
Neighborhood	Outer Mission, District 11
Loan Closing Date	7/30/2019
Program Type	PASS, SSP
Number of Units	6 one bedrooms <u>15 two bedrooms</u> 21 total units 6 commercial units
Total Bond Funding	\$9.15 million
Total Development Cost	\$15.52 million

### Project Highlights

- Households Served: Average AMI of 61%, predominantly Latino and Filipino, including several multigenerational families with children and seniors.
- Takeout financing of a SFHAF loan, which funded the acquisition, and a moderate rehabilitation.
- Low-cost and long-term PASS financing will protect existing residents and local businesses.

## 1201 Powell Street



### Project Details

Sponsor	Chinatown Community Development Center (CCDC)
Location	1201 Powell/900 Jackson
Neighborhood	Nob Hill, District 3
Loan Closing Date	6/28/2019
Program Type	PASS, SSP
Number of Units	13 studios <u>4 one bedrooms</u> 17 total units 1 commercial unit
Total Bond Funding	\$2.1 million
Total Development Cost	\$8.1 million

### Project Highlights

- Households Served: Average AMI of 43%, predominantly low-income Chinese seniors and families at risk of displacement.
- Takeout financing of a loan from Community Housing Capital, Inc. and sponsor financing from CCDC which funded the acquisition and preservation of a four-story building.
- Low-cost and long-term PASS financing allowed CCDC to acquire and rehabilitate the property, remove it from the speculative market, and preserve it as permanently affordable housing for low- and extremely low-income households.
- Low-cost PASS financing reduced the City's SSP subsidy by \$764,000.

## 270 Turk Street



### Project Details

Sponsor	Tenderloin Neighborhood Development Corporation (TNDC)
Location	270 Turk Street
Neighborhood	Tenderloin, District 6
Loan Closing Date	Expected in June 2020
Program Type	PASS, Big Sites
Number of Units	69 studios <u>17 one bedrooms</u> 86 total units
Total Bond Funding	\$13.1 million
Total Development Cost	\$27.7 million

### Project Highlights

- Households Served: Average AMI < 60%, predominantly low-income individuals and families at risk of displacement, and up to 24 formerly homeless residents.
- Expected takeout financing of a SFHAF loan, which funded the acquisition and rehabilitation, of a ten-story building.
- Expected low-cost and long-term PASS financing will allow TNDC to acquire and rehabilitate the property, remove it from the speculative market, and preserve it as permanently affordable housing for low- and extremely low-income households.

# Metrics of Success

The primary metrics of success for the PASS Program are:

1. Total amount invested
  - o Demand for PASS financing continues to be very strong with \$26.7 million invested to date
  - o Robust pipeline for remaining funds and future issuances
2. Total number of developments, residential units, and commercial units preserved
  - o Permanent affordability of at-risk housing stock preserved for
    - 10 projects
    - 104 residential units
    - 14 commercial spaces with local businesses
3. Total number of households served by target population
  - o PASS financing is keeping San Franciscans in their homes
    - 196 residents stabilized
    - Household incomes averaging <60% AMI, including seniors, multigenerational families, and people of color.
4. Loan performance
  - o Strong loan performance to date
  - o No defaults, no delinquencies, no workouts

The following two charts provide: i) additional detail for the PASS Program Loan Performance to date, and ii) Total Anticipated Units Preserved:

**PASS Program Loan Performance as of December 2019**

Project Name	Sponsor	Res. Units	Comm. Units	Closing Date	Total PASS Loans	Loan Performance	Restricted Affordability (AMI)
60 28th Street	MEDA	6		5/8/2019	1,022,000	current	80%
Purple House	SFCLT	10		6/14/2019	1,069,000	current	80%
1201 Powell Street	CCDC	17	1	6/28/2019	2,143,000	current	80%
1411 Florida Street	MEDA	7		7/30/2019	1,498,000	current	80%
3280 17th Street	MEDA	11	5	7/30/2019	5,392,000	current	80%
4830 Mission Street	MEDA	21	6	7/30/2019	9,151,000	current	80%
462 Green Street	CCDC	7		9/26/2019	645,000	current	80%
305 San Carlos Street	MEDA	12	2	10/31/2019	2,406,000	current	80%
65-69 Woodward Street	MEDA	6		12/12/2019	1,287,000	current	80%
654 Capp Street	MEDA	7		12/19/2019	2,087,000	current	80%
<b>Total</b>	<b>10 projects</b>	<b>104</b>	<b>14</b>		<b>26,700,000</b>	<b>Performing, No defaults, No delinquencies, No workouts</b>	<b>80%</b>

**Total Anticipated Units Preserved as of December 2019**

	<b>Total Amount</b>	<b>1<sup>st</sup> Issuance 2019A</b>	<b>2<sup>nd</sup> Issuance 2020X</b>	<b>3<sup>rd</sup> Issuance 2023X</b>
<b>Par Amount</b>	<b>260,684,550</b>	72,420,000	96,060,000	92,204,550
<b>Projects</b>	<b>80</b>	28	24	28
<b>Residential Units</b>	<b>1,323</b>	396	459	468
<b>Commercial Units</b>	<b>84</b>	21	33	30

