

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



Mark Farrell
Mayor

Kate Hartley
Director

To: Angela Calvillo, Clerk of the Board of Supervisors
Ben Rosenfield, City Controller
José Cisneros, Treasurer
Anna Van Degna, Director, Office of Public Finance
Harvey Rose, Budget Analyst

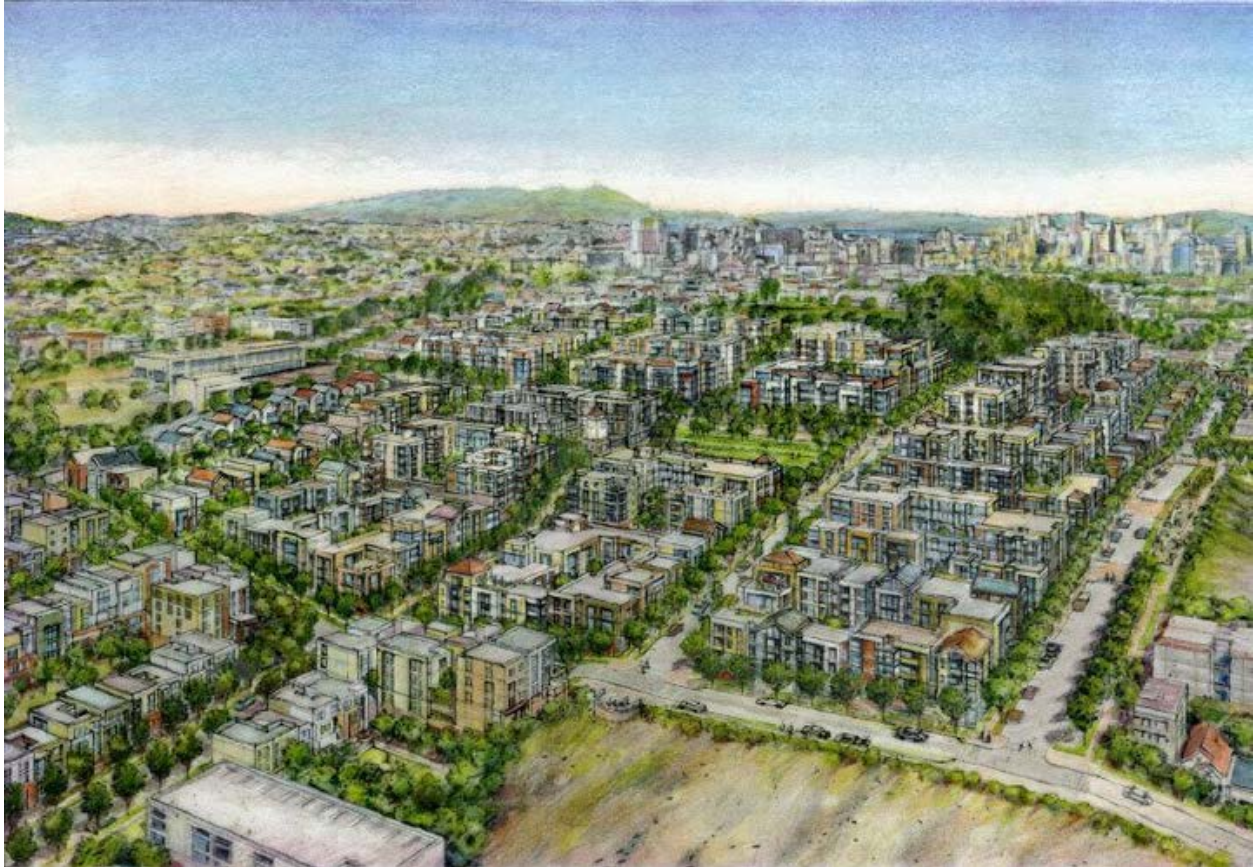
From: Benjamin McCloskey, Deputy Director – Finance and Administration

Date: March 16, 2018

In accordance with Administrative Code 2.70, attached please find a copy of the 2015 Affordable Housing General Obligation Bond Accountability Report. The Mayor's office of Housing and Community Development (MOHCD) certifies that the Report is true and correct and that all project expenditures identified are in conformity with the voter authorization. With the issuance of this report, MOHCD requests approval to proceed with the sale of approximately \$145,000,000 in General Obligation bonds. This is the second issuance of the \$310,000,000 in General Obligation bonds approved by voters in the November 2015 election to improve housing affordability for low- and middle-income San Franciscans. The first issuance of General Obligation funds totaled \$75,457,557. Along with the subsequent issuances, General Obligation bonds will fund over 1,200 units of affordable housing in the following categories: Public Housing, Low-Income Housing (including a set-aside for the Mission district), and Middle-Income Housing. Of the \$310,000,000 in voter-approved General Obligation bond funds, more than \$2,500,000 will be reserved for issuance and oversight costs.

If you have any questions, please contact Benjamin McCloskey, Deputy Director - Finance and Administration.

San Francisco 2015 Affordable Housing General Obligation Bond



Accountability Report March 2018



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Executive Summary

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 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 Mayor Lee'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.

The Mayor's Office of Housing and Community Development (MOHCD) is requesting approval for a second bond sale and corresponding appropriation in the amount of \$141,949,992 which includes cost of issuance, accountability and Citizen's General Obligation Bond Oversight Committee (CGOBOC) costs. The second bond sale would increase the authorized appropriation from \$75,457,557 to \$217,407,549.



Allocations and Target Beneficiaries

The Bond will relieve 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



How this bond is different from most other City GO bonds



With most General Obligation bonds, the City hires contractors to complete infrastructure improvements. For affordable housing, the City does not engage contractors directly or own the improvements directly. Rather, 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 will also fund 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.



Budget, Funding, & Expenditures

Budget

The Affordable Housing Bond has three components: Public Housing, Low-Income Housing (up to 80% of AMI), and Middle-Income Housing (121%-175% of AMI), with a combined budget of \$310,000,000. There has not been any budget revision between the program categories.



GO Bond Investment Categories

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

Funding

In October 2016 the City competitively sold \$75,457,557 in aggregate principal amount as first issuance of the Affordable Housing Bond. The following table shows the proceeds of the first bond sale between program components.

Proposed Uses

Amount	Use
40,600,000	Public Housing
24,000,000	Low-Income Housing
6,000,000	Mission Neighborhood
3,803,014	Middle Income Housing-DALP and the Teacher Next Door Program
74,403,014	subtotal, project funds
148,806	CSA Audit Fee
578,180	Cost of Issuance
215,588	Underwriter's Discount
111,969	Bond Premium
75,457,557	TOTAL



MOHCD is requesting a second bond sale in the amount of \$141,949,992 which will fund Low-Income Housing which includes the Mission Neighborhood set aside and Middle Income Housing. The following table show the amounts that will be allocated to each component.

	ISSUANCE #1	ISSUANCE #2	Unissued	
	16-17	17-18		Total
Public Housing: \$80MM	41,175,440	400,000	38,424,560	80,000,000
Low-Income Housing: \$100MM	24,340,161	68,312,306	7,347,533	100,000,000
Mission Neighb. Housing: \$50MM: 1990 Folsom	6,085,040	43,070,518	844,442	50,000,000
Middle-Income Housing: \$80MM	3,856,916	30,167,168	45,975,916	80,000,000
GRAND TOTAL	75,457,557	141,949,992	92,592,451	310,000,000



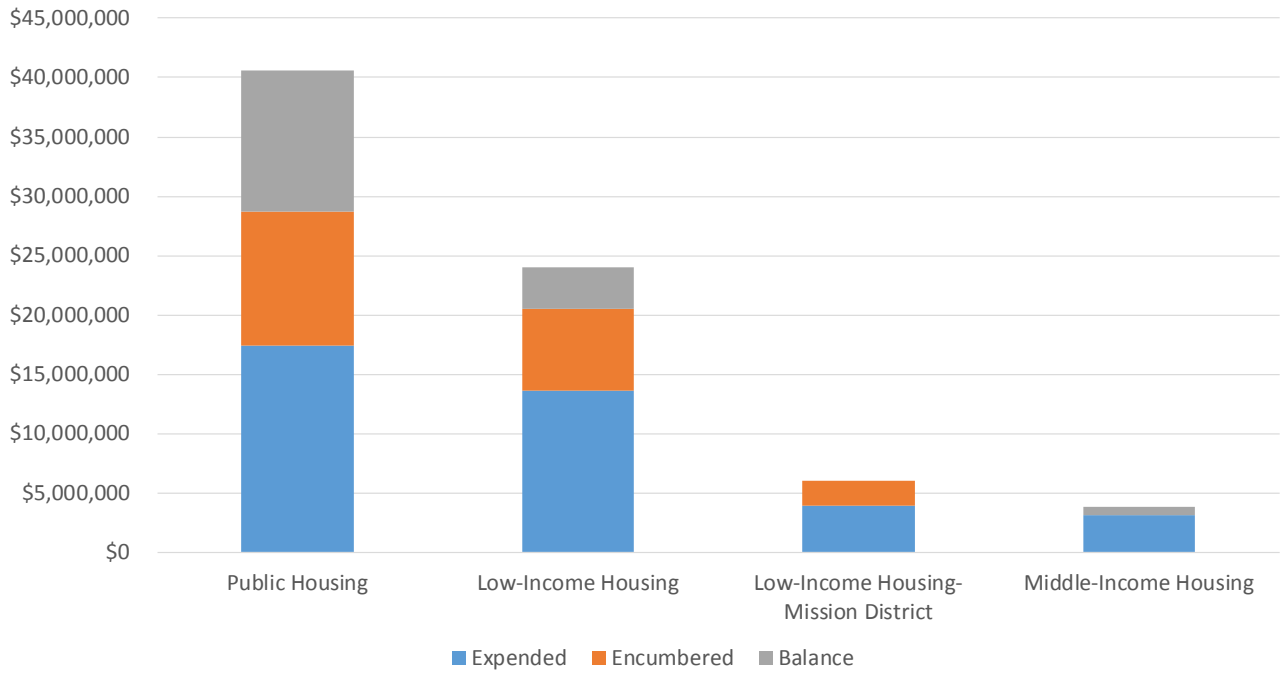
Project Expenditures

As of December 30, 2017, project expenditures total \$38,789,775 and project encumbrances are \$20,198,737, together representing 78% of the first issuance appropriation. The following table summarizes project budget and expenditures by component.

	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2017	Amount Encumbered - December 31, 2017	Balance
Public Housing					
Potrero	19,900,000	19,900,000	13,733,610	6,166,390	-
Sunnydale	20,700,000	20,700,000	3,685,902	5,114,098	11,900,000
<i>Public Housing Subtotal</i>	40,600,000	40,600,000	17,419,512	11,280,488	11,900,000
Low-Income Housing					
250 Laguna Honda -	1,974,731	1,974,731	-		1,974,731
500 Turk - Predevelopment	3,000,000	3,000,000	1,064,984	1,935,016	-
4840 Mission - Predevelopment	3,000,000	3,000,000	3,000,000		-
1990 Folsom - Acquisition (Low	1,025,269	1,000,000	281,736	718,264	-
TBD		25,269			25,269
<i>Subtotal</i>	9,000,000	9,000,000	4,346,720	2,653,280	2,000,000
Small Sites Program					
<i>Small Sites Program Subtotal</i>	15,000,000	15,000,000	9,319,440	4,251,831	1,428,729
<i>Low-Income Housing Subtotal</i>	24,000,000	24,000,000	13,666,161	6,905,110	3,428,729
Mission Neighborhood	6,000,000	6,000,000	3,986,861	2,013,139	-
Middle-Income Housing					
DALP Loan Expansion	2,900,000	2,900,000	2,714,100		185,900
Teacher Next Door	1,000,000	903,014	400,000		503,014
<i>Middle Income Subtotal</i>	3,900,000	3,803,014	3,114,100		688,914
Oversight/Accountability		1,054,543	818,729	0	235,814
GRAND TOTAL	74,500,000	75,457,557	39,005,363	20,198,737	16,253,457
		100%	52%	27%	22%



First Bond Issuance Expenditures



	<i>Public Housing</i>	<i>Low-Income Housing</i>	<i>Low-Income Housing-Mission District</i>	<i>Middle-Income Housing</i>	TOTAL
Expended	\$17,419,512	\$13,666,161	\$3,986,861	\$3,114,100	\$ 38,186,634
Encumbered	\$11,280,488	\$6,905,110	\$2,013,139	\$0	\$ 20,198,737
Balance	\$11,900,000	\$3,428,729	\$0	\$688,914	\$ 16,017,643
Number of Housing Units Funded in Part by Bond Proceeds	389	425	143	17	974



Program Summary and Status

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 stock, much of which was built over 60 years ago, was not designed to be occupied into the 21st 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 October 2016, all RAD loans have closed and rehabilitation is well under way.

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, 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. As of June 2017, Alice Griffith Phase I and 2 are complete and leasing up, Hunters View Phase IIa is complete and all remaining public housing residents on site have moved to their new homes. Sunnydale and Potrero are the focus of the bond funds to expedite work due to their long development timelines 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 of return once the rebuilding of their original sites are complete.



Project Status Summaries

Potrero Acceleration

EXISTING CONDITIONS



PROPOSED SITE PLAN



Potrero master plan

Project Highlights - Potrero Block X and Block B

Number of units	72 (Block X) & 91 (Block B)
Total Bond Funding	\$38.7M (all bond issuances)
Total Development Cost	\$68.4M (Block X) & TBD (Block B)

Project Update

- Block X Vertical loan agreement was executed in January 2017 and construction is over 14% complete. Estimated construction completion is November 2018.
- Block B Vertical loan agreement was executed in June 2017 and design development is underway.

Project Budget and Schedule – First Issuance

December 2017

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2017	Amount Encumbered - December 31, 2017	Balance	Date Encumbered	Est. Final Disbursement	Est. Completion
Potrero Block X Predev	72	2,251,586	2,251,586	2,251,586	-	-	Jul 2016	Dec 2016	Nov 2018
Potrero Block X Vertical		14,148,414	15,441,507	11,408,610	4,032,897	-	Jan 2017	Dec 2018	Nov 2018
Potrero Infrastructure Predev	N/A	1,200,000	Included above	-	-	-	Jan 2017	Dec 2018	Nov 2018
Potrero Block B Predev	91	2,300,000	2,206,907	73,414	2,133,493	-	July 2017	TBD	TBD
<i>Potrero</i>	163	19,900,000	19,900,000	13,733,610	6,166,390	-			



Sunnydale Acceleration

EXISTING CONDITIONS



PROPOSED SITE PLAN



Sunnydale master plan

Project Highlights – Sunnydale Parcel Q and Blocks 6A & 6B

Number of units	222
Total Bond Funding	\$21M (all bond issuances)
Total Development Cost	\$190M

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 \$3,433,153 was shifted to Block 6 for infrastructure. The purchase contract and ground lease were approved the Board of Supervisors in December 2017. Construction financing closed in January 2018. Construction started in February and is expected to take 18 months, with close was in January lease up will begin in December 2019.
- 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 \$1,000,000 in predev was shifted to Block 6 infrastructure. Predevelopment design work with infrastructure integration is ongoing. The Sponsor hope to start construction in March 2019.
- The Infrastructure Phase 1A-1 and 1A-2 is an 85,000 sq. ft. rectangular shaped area for a new street, a new Center Street, pedestrian mews, and Blythdale Street. The Block 6 vertical development is located inside the rectangle, so that these four streets and mews provide frontage to the housing development. Design work is ongoing. Residents within this infrastructure foot print will relocate onsite by summer 2018, for demolition to begin fall 2018.



Project Budget and Schedule – First Issuance

December 2017

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2017	Amount Encumbered - December 31, 2017	Balance	Date Encumbered	Est. Final Disbursement	Est. Completion
Sunnydale Master Planning	N/A	2,800,000	2,800,000	1,797,633	1,002,367	-	Jul 2016	Jan 2020	Dec 2019
Sunnydale Parcel Q Predev	55	2,000,000	2,000,000	1,693,585	306,415	-	Nov 2016	Jan 2018	Dec 2017
Sunnydale Parcel Q Vertical		10,900,000	7,466,847	-	-	7,466,847	Jan 2018	Jan 2019	Jun 2020
Sunnydale 6A & 6B Predev	167	5,000,000	4,000,000	194,685	3,805,315		Nov 2017	Dec 2019	Nov 2020
Sunnydale Block 6 Infrastructure Phase 1A-1 and 1A-2		-	4,433,153	-	-	4,433,153	Jan 2018	Dec 2019	Oct 2021
<i>Sunnydale</i>	222	20,700,000	20,700,000	3,685,902	5,114,098	11,900,000			



Investment in Low-Income Housing – New Development

Low-Income Housing in San Francisco

Bond funds will allow the creation of at least four additional buildings 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.



Leveraging Federal and State Resources

Each dollar of bond funds used for new construction also leverages significant Federal and State funding, as demonstrated by the below.

	Affordable Housing Bond (First Issuance)	Total Development Cost (TDC)	Federal (A)	State (B)	Total Leveraged Funds (A) + (B)	Leverage Funds as % of TDC
500 Turk Predevelopment	\$ 3,000,000	\$ 77,827,919	\$ 29,029,691	\$ 16,421,417	\$ 45,451,108	58%
4840 Mission Predevelopment	\$ 3,000,000	\$ 71,699,234	\$ 25,770,583	\$ 12,000,000	\$ 37,770,583	53%
1990 Folsom Acquisition & Predevelopment	\$ 7,025,269	\$ 102,761,383	\$ 29,910,574	\$ 19,000,000	\$ 48,910,574	48%



Mission Neighborhood Set-Aside Notice of Funding Availability (NOFA)

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 help preserve the neighborhood as an affordable community. Through a NOFA process concluded in September 2016, MOHCD selected 1990 Folsom for the Mission neighborhood development set-aside, a 143-unit family development with 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 20 for status of 1990 Folsom project.

New 140-Unit Affordable Housing Project Coming to Mission District



The empty lot at 1990 Folsom St., where the Mission Economic Development Agency hopes to build 140 units of affordable housing. Photo by Joe Rivano Barros.

Low-Income Housing Predevelopment NOFA

In addition to the Mission set-aside NOFA, MOHCD also concluded its City-wide NOFA process in September 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, 4840 Mission has encountered development delays and the project at 250 Laguna Honda is no longer moving forward due to cost considerations. In the interest of putting the bond funds to use as quickly as possible, MOHCD has reallocated funds designated for those two sites to other, similar projects. Details on this reallocation process are provided below in the section entitled “Reallocation of Second and Third Issuance Funds”. Note that the reallocation does not involve any new uses for the Low-Income category of the bonds: these funds will continue to be used for the development of housing that will serve families, seniors, and special needs populations. Amongst the four sites, there are also proposals for various community serving/public spaces.



Project Status Summaries

4840 Mission



Project Highlights

Total Bond Funding, First Issuance	\$3.0M (predevelopment)
Total Development Cost	\$71.7M

Project Update Highlights

- Developer: Bridge Housing
- Units: 114 family apartments, with 20%-30% set aside for homeless households (replacing a funeral home)
- Status: On 6/7/2017, \$3,000,000 was disbursed to Borrower to provide a portion of the purchase price for 4840 Mission. This will be the final disbursement of Prop A bond funding for this development.

Project Budget and Schedule (First Issuance Only)

December 2017

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2017	Amount Encumbered - December 31, 2017	Balance	Date Encumbered	Final Disbursement	Est. Completion
4840 Mission - Predevelopment	114	3,000,000	3,000,000	3,000,000		-	Feb 2017	May 2017	Nov 2021



500 Turk



Project Highlights

Total Bond Funding, First Issuance	\$3.0M (predevelopment)
Total Development Cost	\$77.8M

Project Update Highlights

- Developer: Tenderloin Neighborhood Development Corporation (TNDC)
- Units: 108 family apartments, with 20%-30% set aside for homeless families (replacing a tire and auto repair shop)
- Status: CEQA process will be completed on 3/29/18. Sponsor continuing design and will submit for schematic design approval by the end of the month.

Project Budget and Schedule (First Issuance Only)

December 2017

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2017	Amount Encumbered - December 31, 2017	Balance	Date Encumbered	Final Disbursement	Est. Completion
500 Turk - Predevelopment	108	3,000,000	3,000,000	1,064,984	1,935,016	-	Jan 2017	Dec 2019	Mar 2022

1990 Folsom



Project Highlights

Total Bond Funding, First Issuance	\$7.0M (acquisition and predevelopment)
Total Development Cost	\$112M

Project Update Highlights

- Developer: Mission Economic Development Agency and TNDC joint venture
- Units: 143 family apartments, with 25% set aside for HOPE SF families relocating offsite (replacing a vacant baked goods manufacturing plant)
- Status: Project fully entitled on January 25, 2018. Loan Committee approved additional predevelopment and acquisition financing on March 2, 2018. Project expected to close and start construction February 2019.



Project Budget and Schedule (First Issuance only)

December 2017

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2017	Amount Encumbered - December 31, 2017	Balance	Date Encumbered	Final Disbursement	Est. Completion
1990 Folsom - Acquisition (Low Income)		1,025,269	1,000,000	281,736	718,264	-	Apr 2017	Apr 2018	Sep 2020
1990 Folsom - Predevelopment (Mission Set Aside)	143	2,000,000	3,622,300	1,609,161	2,013,139	-	Apr 2017	Dec 2018	Sep 2020
1990 Folsom - Acquisition (Mission Set Aside)		4,000,000	2,377,700	2,377,700			Apr 2017	Apr 2017	Sep 2020
<i>Subtotal</i>	143	6,000,000	6,000,000	4,268,597	2,731,403	-			



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 for older, typically rent-controlled, buildings of up to 25 units. The program has been 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 order 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



Project Status Summary

- All but one project to be funded by first issuance has an executed loan agreement.
- If available, second issuance funds will be used to acquire properties that are currently in escrow.
- Site renovations are currently underway.

Project Budget and Schedule (First Issuance Only)

December 2017

	Number of Units	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2017	Amount Encumbered - December 31, 2017	Balance	Date Encumbered	Final Disbursement	Est. Completion
Small Sites Program									
199 Leland Avenue	6	1,414,000	1,414,000			1,414,000	Jan 2018	Dec 2018	Nov 2018
344 Precita	3	1,385,000	1,385,000	921,008	463,992	-	Mar 2017	Mar 2018	Feb 2018
3198 24 th Street	8	4,050,000	4,050,000	2,478,375	1,556,896	14,729	May 2017	Jul 2018	Jun 2018
3800 Mission	5	2,099,000	2,099,000	1,007,249	1,091,751	-	Feb 2017	Apr 2018	Mar 2018
269 Richland	6	2,100,000	2,100,000	1,257,595	842,405	-	Mar 2017	Apr 2018	Mar 2018
4042 Fulton	5	2,125,000	2,125,000	1,943,553	181,447	-	Mar 2017	Mar 2018	Feb 2018
63 Lapridge	6	1,827,000	1,827,000	1,711,660	115,340	-	Apr 2017	Jan 2018	Dec 2017
<i>Small Sites Program</i>	39	15,000,000	15,000,000	9,319,440	4,251,831	1,428,729			



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

Middle Income DALP

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 shall become due and payable at the end of the term, or repaid upon sale or transfer.

Teacher Next Door

The Teacher Next Door (TND) Program to assist educators employed with the San Francisco Unified School District (SFUSD) with the purchase of their first home in San Francisco. TND funds can be used for down payment and closing costs to purchase a below market rate (BMR) or a market rate unit in conjunction with any other subordinate financing as long as the borrower meets all used program qualifications. 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.

Why do middle-income households need help?

- San Francisco's median home price over \$1M
- High home prices requires a higher proportion of income for housing expenses
- High rent prevents middle income households from saving for a down payment
- Prior to 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



Project Status Summary

December 2017

	Number of Loans	Proposed Budget	Revised Budget	Amount Disbursed - December 31, 2017	Amount Encumbered - December 31, 2017	Balance
Middle-Income Housing				-		-
DALP Loan Expansion	9	2,900,000	2,900,000	2,714,100		185,900
Teacher Next Door	14	1,000,000	903,014	400,000		503,014
<i>Subtotal</i>	23	3,900,000	3,803,014	3,114,100		688,914



Reallocation of Second Issuance Funds

Following a competitive Request for Proposals, MOHCD allocated funds in the Low-Income Housing Multifamily category (excluding the Mission Neighborhood funds), as follows:

Project	Units	Prop A Funding
500 Turk St.	108	24,180,000
250 Laguna	150	24,180,000
4840 Mission St.	114	24,180,000
Totals	372	72,540,000

Despite good progress in this first phase of Bond-funded activities, two Low-Income Housing Multifamily projects, 4840 Mission and 250 Laguna, are encountering potential delays.

4840 Mission: In late May 2017, the parcel adjacent to 4840 Mission became available for development. In order to maximize potential economic and housing benefits related to this block, the owner/developer of the adjacent site approached the City to discuss the possibility of merging the development programs and creating more affordable units, with neighborhood-desired retail space on the ground floor. MOHCD staff believes that this expanded program does offer the potential for a better long-term outcome for residents of the neighborhood. For that reason, we have slowed the progress of 4840 Mission, which requires an Environmental Impact Report, in order to investigate merger opportunities.

250 Laguna: The project at 250 Laguna Honda is no longer moving forward due to cost considerations. No bond funds will be spent on this project.

Given the importance of moving forward with the next Bond issuance for the benefit of the Small Sites program, the remaining Low-Income Housing Multifamily Projects, and the Middle-Income housing expenditures, we have reallocated the remaining Bond funds designated for 250 Laguna and 4840 Mission to two MOHCD projects that are well underway: 1296 Shotwell and 88 Broadway.

1296 Shotwell: This project is 96 units of affordable housing for low-income seniors. It received its environmental and land use approvals in March 2017, is expected to begin construction in February 2018, and will be complete by early 2020.

88 Broadway: This 104-unit site for low-income families, plus 21 middle-income families, is expected to receive its environmental and land use approvals in January 2018. Project construction is expected to begin in December 2018 and be concluded in late 2020.



See below for the transfer details:

From	Units/Type	Amount	Neighborhood	To	Units/Type	Neighborhood
4840 Mission	114 / Family	\$21,180,000	Excelsior	88 Broadway	104/ Family	Northeast Waterfront
250 Laguna Honda	150 / Seniors	\$22,205,269	Forest Hill	1296 Shotwell	96 / Seniors	Mission
Total	264	\$43,385,269			200	

Funding for 4840 Mission will come from other MOHCD sources when that projects are ready. In addition, both 88 Broadway and 1296 Shotwell will require additional, non-Bond funding from MOHCD in order to meet their full gap financing need.

Shifting the Bond funding from the two sites to 88 Broadway and 1296 Shotwell, both of which have achieved substantial entitlement progress so that their construction starts will occur in 2018, will more efficiently move all projects forward and not delay a second Bond issuance needed for Middle-Income Housing, Small Sites and the balance of the Low-Income Housing Multifamily Sites. In addition, for 4840 Mission, the reallocation allows MOHCD the potential to participate in an expanded development program that could provide greater benefit to the residents of the neighborhood.

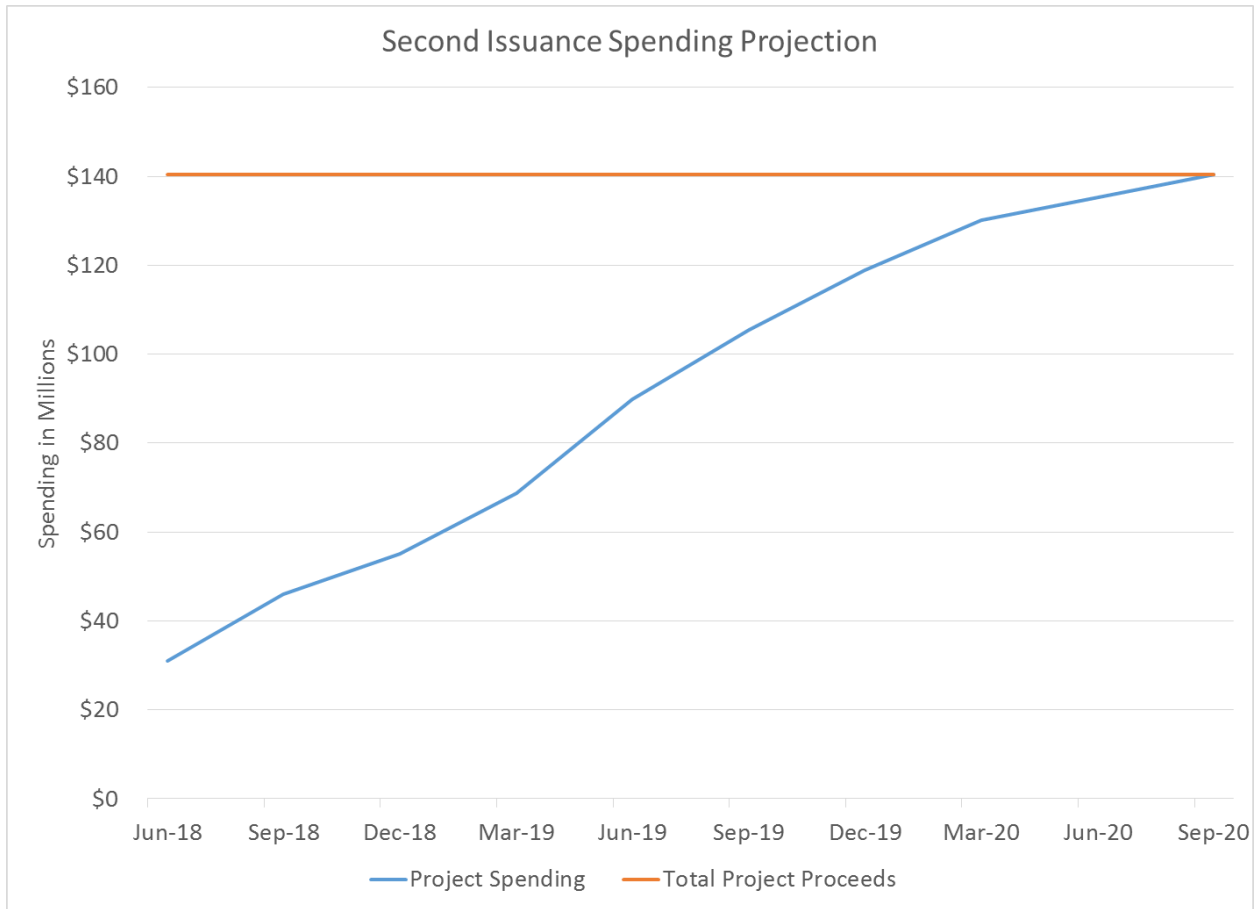


Housing Bond Project Uses, by Issuance

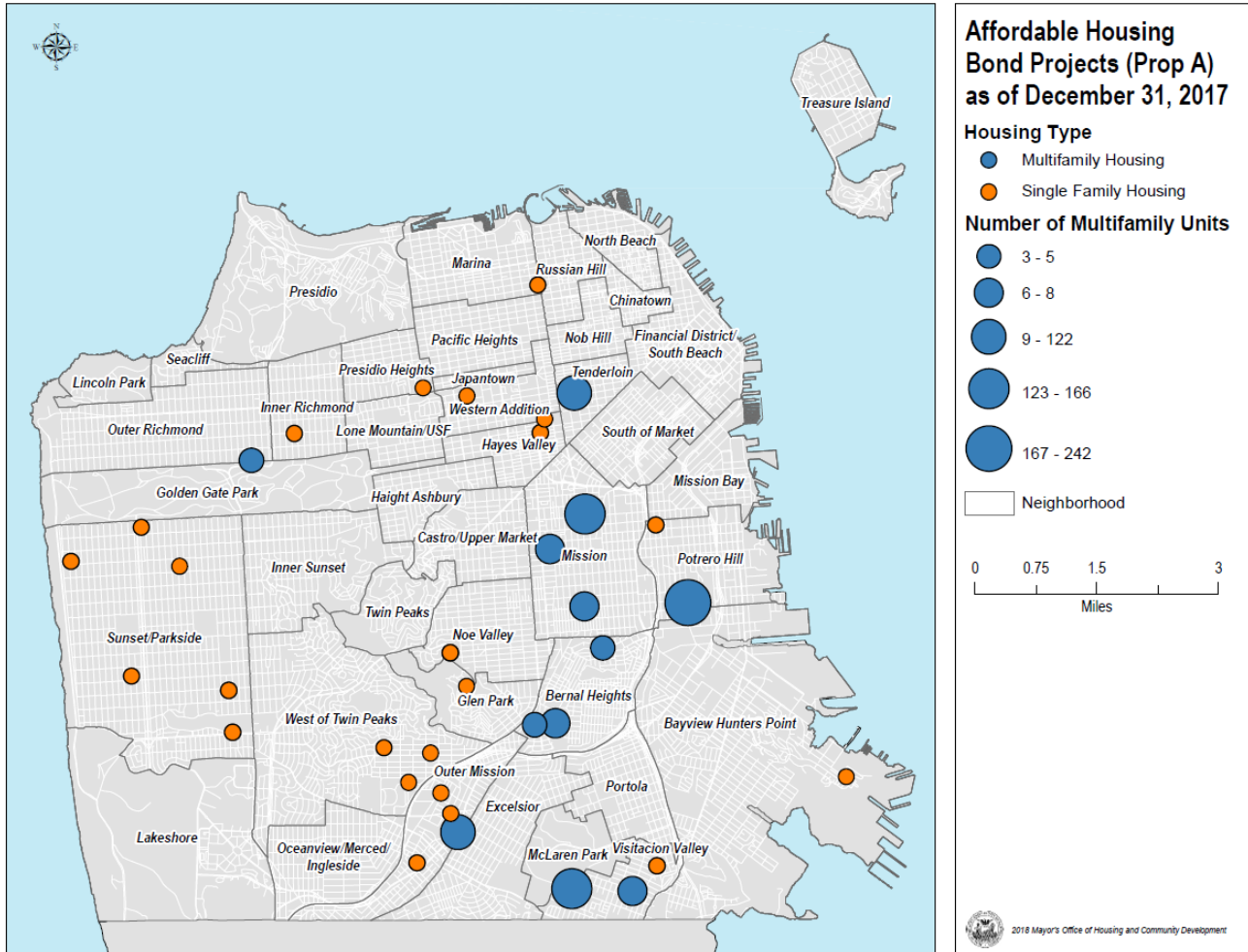
3/16/2018	ISSUANCE #1	ISSUANCE #2				
	16-17	17-18	Total	Affordable Units	Est. First Encumbrance, Issuance #2	Est. Last Disbursement, Issuance #2
Public Housing: \$80MM						
Potrero Parcel X Predev	2,251,586		2,251,586			
Potrero Parcel X Vertical Gap	14,241,507		14,241,507	72		
Potrero Infrastructure Predev	1,200,000		1,200,000			
Potrero Block B Predev	2,206,907		2,206,907			
Sunnydale Master Planning	2,800,000		2,800,000			
Sunnydale 6A & 6B Predev	5,000,000		5,000,000			
Sunnydale Parcel Q Predev	2,000,000		2,000,000			
Sunnydale Parcel Q Vertical	10,900,000		10,900,000	55		
<i>Cost of issuance</i>	575,440	-	575,440			
<i>Legal and other incidentals</i>		400,000	400,000			
<i>Subtotal</i>	41,175,440	400,000	41,575,440	127		
Low-Income Housing: \$100MM						
4840 Mission Predevelopment Only	3,000,000		3,000,000			
250 Laguna (to be reallocated)	1,974,731		1,974,731			
Small Sites Program	15,000,000	9,235,000	24,235,000	81	Jan. 2018	Sep. 2018
500 Turk Street Predev, Acquisition & Construction	3,000,000	15,500,000	18,500,000	108	Sep. 2018	Sep. 2018
1296 Shotwell Construction		22,205,269	22,205,269	96	Sep. 2018	Jun. 2019
88 Broadway Construction		21,180,000	21,180,000	104	Jan. 2019	Mar. 2020
Adjustment for 1990 Folsom	1,025,269	(1,025,269)	-			
<i>Cost of issuance</i>	340,161	717,306	1,057,467			
<i>Legal and other incidentals</i>		500,000	500,000			
<i>Subtotal</i>	24,340,161	68,312,306	92,652,467	389		
Mission Neighb. Housing: \$50MM: 1990 Folsom						
Predevelopment, Acquisition & Construction	6,000,000	41,359,731	47,359,731	143	Jun. 2018	Sep. 2020
Adjustment for 1990 Folsom		1,025,269	1,025,269			
<i>Cost of issuance</i>	85,040	435,518	520,558			
<i>Legal and other incidentals</i>		250,000	250,000			
<i>Subtotal</i>	6,085,040	43,070,518	49,155,558	143		
Middle-Income Housing: \$80MM						
DALP Loan Expansion	2,900,000	15,260,000	18,160,000	61	Jan. 2018	Jun. 2019
Teacher Next Door	903,014	1,196,986	2,100,000	25	Jan. 2018	Jun. 2019
Middle-Income Teacher Housing: 43rd & Irving		3,000,000	3,000,000	82	Sep. 2018	Mar. 2020
Middle-Income: 88 Broadway		10,000,000	10,000,000	21	Jan. 2019	Mar. 2020
<i>Cost of issuance</i>	53,902	310,182	364,084			
<i>Legal and other incidentals</i>		400,000	400,000			
<i>Subtotal</i>	3,856,916	30,167,168	34,024,084	189		
GRAND TOTAL	75,457,557	141,949,992	217,407,549	705		



Projection of Timely Project Spending, Second Issuance



Map of Affordable Housing Bond Projects (Prop A) as of December 31, 2017



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

