

San Francisco Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller's Office of Public Finance

MEMORANDUM

DATE: JULY 21, 2023
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: MARA BLITZER, DIRECTOR OF SPECIAL PROJECTS
JUDY SHEPARD-HALL, SR. OPERATING SUBSIDY PROGRAM MANAGER
RE: **MOHCD Senior Operating Subsidy (SOS) Policies & Procedures Manual**

1. Background – MOHCD's Senior Operating Subsidy Policies and Procedures Manual

In July 2019, the Board of Supervisors (BOS) established the Senior Operating Subsidy Program Fund ("SOS Program Fund") for the purpose of providing project-based subsidies to new and rehabilitated senior affordable housing developments funded by the City through MOHCD. The Fund has since been expanded by a \$52 million grant from the State of California.

The Mayor's Office of Housing and Community Development ("MOHCD")'s Senior Operating Subsidy Policies and Procedures Manual ("SOS Policy Manual") is intended to assist applicants ("Sponsors") for capital financing to prepare financing requests to the City and County of San Francisco (the "City"), represented by the Mayor, acting by and through MOHCD. This SOS Policy Manual will also be used by MOHCD staff to evaluate SOS funding requests and presenting them to the Citywide Affordable Housing Loan Committee ("Loan Committee") for consideration. The intent of the SOS Policy Manual is to support consistency of SOS Program terms across projects and to ensure long-term affordability and physical and financial sustainability throughout a project's loan term. This SOS Policy Manual covers policy and procedures for new and rehabilitated senior affordable housing development projects financed by MOHCD utilizing the SOS Program.

The Loan Committee maintains the right to set final terms and conditions for a commitment of funds based on the actual circumstances of each project. MOHCD may review and approve any requests for a waiver to this SOS Policy Manual (see Section VII) in its sole and absolute discretion.

The SOS Policy Manual will be updated from time to time. Public comment for this policy manual was solicited from over 950 stakeholders in June-July 2023, with 42 written comments received from six parties, including affordable housing developers and sister City Departments.

2. This Request

This request is to approve MOHCD's inaugural SOS Policy Manual (effective as of the date of Loan Committee approval) which describes requirements and procedures governing the SOS Program to ensure that eligible household applicants are selected for the SOS Program designated units, receive the proper subsidy, and are treated fairly and consistently. This manual includes guidelines that:

- align certain parts of the SOS Policy Manual with the recently published Underwriting Guidelines including Budgeting,
- align certain parts of the SOS Policy Manual with the Marketing Template and Housing Preferences and Lottery Procedures Manual,
- align certain parts of the SOS Policy Manual to reflect the City's racial equity goals.

The proposed manual can be found in Attachment A.

3. Summary of Manual

Key elements of the manual include:

- Sizing of the subsidy request as follows:
 - Up to 40% of project units may be assisted by SOS. SOS subsidy applied pari pasu across unit sizes.
 - 50% of the Assisted Units with a per unit subsidy amount equal to the difference between (i) 30% of 60% AMI (less utility allowance), and (ii) 30% of **25%** AMI (less utility allowance).
 - 50% of Assisted Units with a per unit subsidy amount equal to the difference between (i) 30% of 60% AMI (less utility allowance), and (ii) 30% of **15%** AMI (less utility allowance).
 - Annual escalation at 4%.
- Explanation of process for application for funds, securing a grant agreement, annual disbursement of funds, and annual monitoring.
- Establishment of minimum compliance standards and SOS Lease Addendum.
- Identification of process for requesting department waivers.

4. Staff Recommendation

This proposed SOS Policy Manual maintains a consistency of the Senior Operating Subsidy Program terms across projects and ensures long-term affordability and physical and financial sustainability throughout a project's grant term. The Manual reflects our commitments for our

funding review and expediting applications, including alignment with our Underwriting Guidelines. This Manual does not supersede any requirements under the MOHCD Underwriting Guidelines.

MOHCD Staff recommends Loan Committee approval of the SOS Policy Manual as proposed in Attachment A (clean version).

5. Loan Committee Modifications

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

APPROVE. DISAPPROVE. TAKE NO ACTION.

Eric D. Shaw, Director
Mayor’s Office of Housing and Community Development

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Salvador Menjivar, Housing Director
Department of Homeless and Supportive Housing

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Anna Van Degna, Director
Controller’s Office of Public Finance

Date: _____

Attachments: Attachment A – Senior Operating Subsidy Policies & Procedures Manual

RE: Please Vote: Senior Operating Subsidy Policies and Procedures Manual from Loan Committee Meeting 7/21/23

Shaw, Eric (MYR)

Wed 7/26/2023 10:18 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Cameron, Ituala (MYR) <ituala.cameron@sfgov.org>

I approve

From: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Sent: Tuesday, July 25, 2023 6:18 PM

To: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Cc: Cameron, Ituala (MYR) <ituala.cameron@sfgov.org>

Subject: Please Vote: Senior Operating Subsidy Policies and Procedures Manual from Loan Committee Meeting 7/21/23

Hello Director Shaw,

Please provide your vote on the Senior Operating Subsidy Program from the Loan Committee meeting that took place on Friday 7/21/2023.

Thank you.

[Vanessa Amaya](#)

[Assistant Housing Loan Administrator](#)

[San Francisco Mayor's Office of Housing and Community Development](#)

[1 South Van Ness Ave, 5th Floor, San Francisco, CA 94103](#)

[\(628\) 652-5967](#)

MOHCD Senior Operating Subsidy (SOS) Policies and Procedures Manual

Colomello, Elizabeth (CII)

Fri 7/21/2023 11:40 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>; Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>

Hi Vanessa,

I approve the subject manual on behalf of OCII.

Thanks!

E



Elizabeth Colomello
Housing Program Manager

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

📞 415.749-2488, Cell 415.407-1908

🏠 www.sfocii.org

Senior Operating Subsidy (SOS) Policies and Procedure Manual

Menjivar, Salvador (HOM)

Wed 7/26/2023 4:37 PM

To: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Cc: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I approve the new Senior Operating Subsidy Program Policies and Procedure Manual.

Best,

Salvador



Salvador Menjivar

Director of Housing

Pronouns: He/Him

San Francisco Department of Homelessness and Supportive Housing

salvador.menjivar1@sfgov.org | 415-308-2843

Learn: [\[dhsh.sfgov.org\]](https://dhsh.sfgov.org)hsh.sfgov.org | Follow: [@SF_HSH](https://twitter.com/SF_HSH) | Like:

[@SanFranciscoHSH](https://twitter.com/SanFranciscoHSH)

CONFIDENTIALITY NOTICE: This e-mail is intended for the recipient only. If you receive this e-mail in error, notify the sender and destroy the e-mail immediately. Disclosure of the Personal Health Information (PHI) contained herein may subject the discloser to civil or criminal penalties under state and federal privacy laws.

Senior Operating Subsidy Policies and Procedures Manual

Van Degna, Anna (CON)

Fri 7/21/2023 11:40 AM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Approved

Anna Van Degna (*she/her/hers*)

Director, Controller's Office of Public Finance

City & County of San Francisco

1 Dr. Carlton B. Goodlett Place

City Hall, Room 338

San Francisco, CA 94102

Phone: (415) 554-5956

Email: anna.vandegna@sfgov.org

Attachment A: Senior Operating Subsidy Policies & Procedures Manual 2023

See attached.