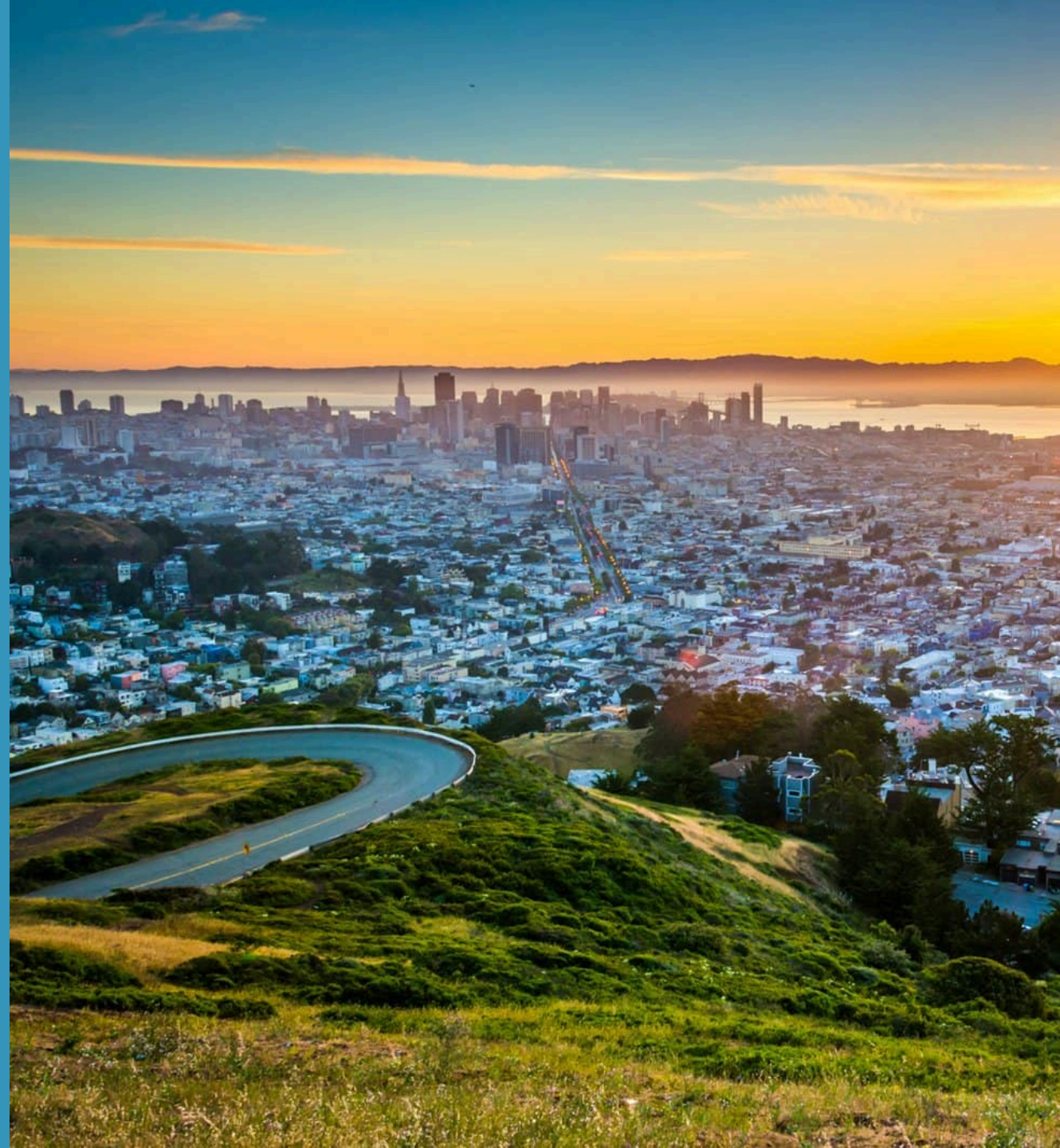


# 2024 Affordable Housing General Obligation Bond

LBE Advisory Committee

Feb 1, 2024



# Presentation Summary

Intro to MOHCD and Bonds

Affordable Housing Bonds to date

The complexity of assembling  
funding

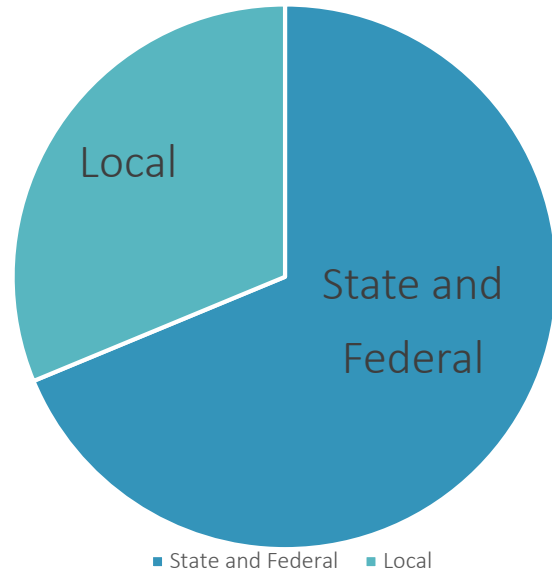
2024 Bond program

# MOHCD's Role in Funding Housing

- With one exception, MOHCD does not own or operate housing.
- For new construction, the City often owns the underlying land, but private developers own the built improvements.
- These developers must assemble a “stack” of funds, drawing from Local, State, and Federal government sources, as well as private lenders.
- MOHCD essentially acts as a bank, distributing Local funds and occasionally as a conduit for State and Federal funds.
- Projects often receive two MOHCD loans, one for pre-development, and one to cover the “gap” in the construction budget.
- Since we are a lender and not an Owner/Operator, we do not directly hire either the design or construction firms that work on MOHCD-funded projects.

# The Importance of Leveraging

SF Affordable Housing Funding



Every local housing dollar leverages almost two state and/or federal housing dollars

GO Bonds account for roughly one-third of local funding sources

From 2018-2022 SF spent \$1 billion on affordable housing and leveraged \$2 billion in other funding

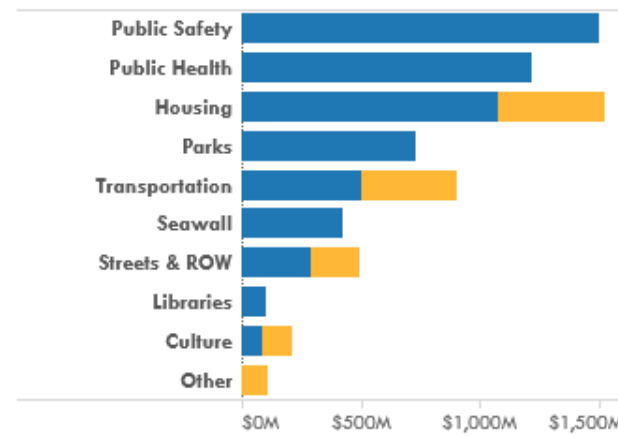


# Bonds 101

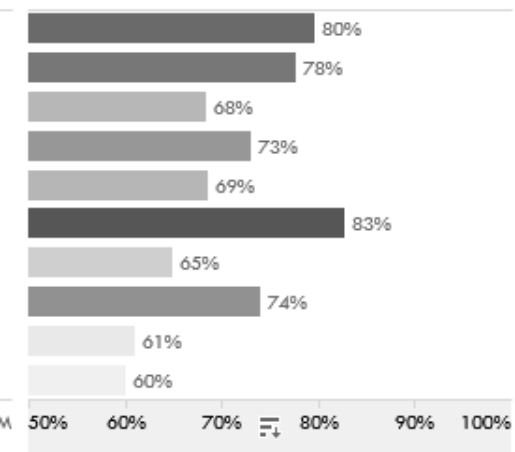
Total Value  
Approved:  
**\$5,932M**\*

Total Value  
Rejected:  
**\$1,287M**\*

Total Value of Bonds by Category



Average Voter Approval



\*from 2000-2020

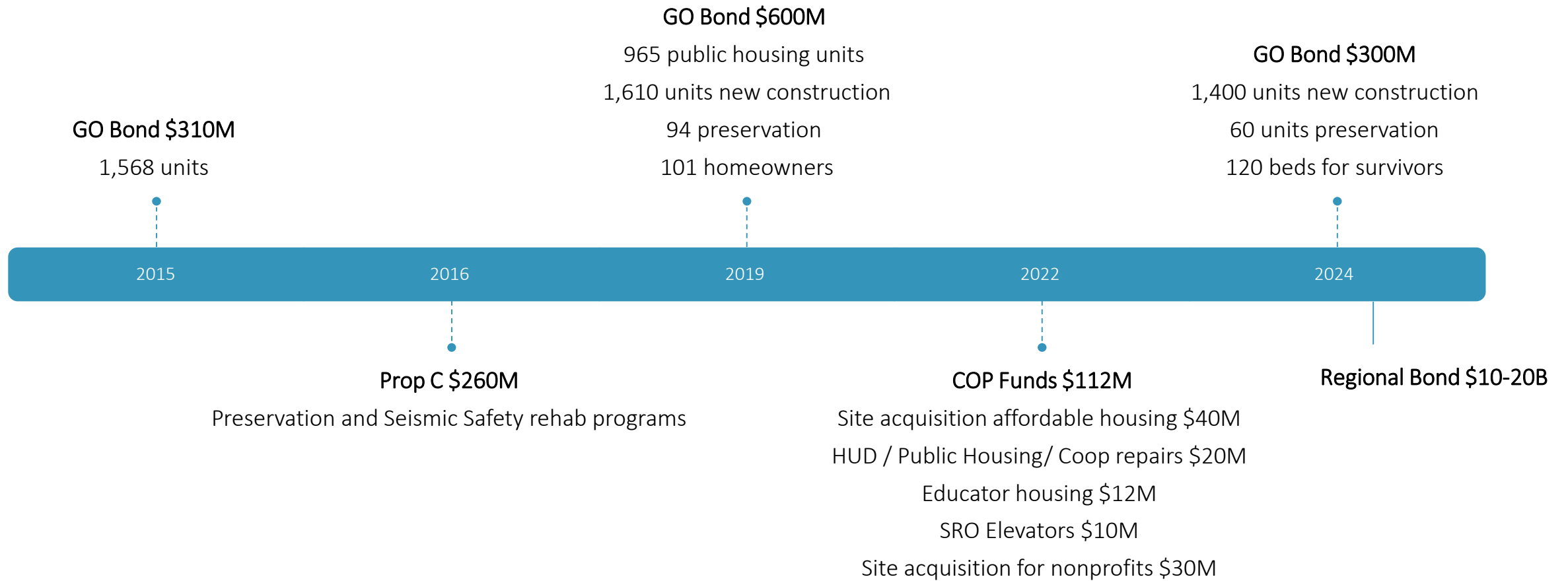
- General Obligation bonds (or “GO bonds”) are approved by the voters of San Francisco and issued to fund major capital construction projects
- Typically need two-thirds for approval, some (not housing) need only a simple majority
- Debt on General Obligation bonds is paid by property taxes
- San Francisco has a policy of not increasing the amount of bonds that are still being paid off, which is why this bond is only \$300M
- Homeowners will not see an increase in their property tax due to this bond
- And businesses won't be paying more either (insofar as they pay property tax at all)

# Affordable Housing Funding

## GO Bonds are the most reliable funding source for affordable housing in San Francisco

- **Most other local funding sources are generated by private development** and therefore fluctuate with the market
- **Federal and state funding is less predictable** but still provides bulk of funding, leveraging City funds at a rate of 1:2
- **Funding falls short of what's needed by billions annually**
  - \$19B in local funds needed to achieve Housing Element targets based on current housing delivery models and costs
- **High development costs**, particularly hard costs, undermine housing goals

# Affordable Housing Bond Investments



*Few projects will utilize multiple bond sources. Projects utilizing both 2015 and 2019 bond funding are Potrero and Sunnydale HOPE SF, 4840 Mission, and Balboa Park Upper Yard. HOPE SF projects utilizing 2019 funds may also utilize 2024 bond proceeds. 2022 COP-funded projects will not utilize 2019 or 2024 bond proceeds.*



# Lessons Learned from 2015/2019 Bonds



Project schedules are less certain today: bond and tax credit funding from the State is not guaranteed anymore



Construction and operating costs are increasing  
Local funds support fewer projects



Interest rates and cost risk require flexible per project funding



SB35 has simplified entitlements for Affordable Housing



Middle income affordable housing struggles to leverage State funding



# 2024 Bond: Racial and Equity Goals

- Provide housing opportunities in High Resource Areas
- Stabilize communities in priority geographies
- Provide a range of unit sizes and location to meet diverse housing needs
- Align with Housing Element Goals



# 2024 Bond Program Areas

Production of Low-Income Housing (up to 80% AMI)	\$240 Million
Affordable Housing Preservation (30% to 120% AMI)	\$30 Million
Victims and Survivors Housing (Up to 80% AMI)	\$30 Million
<b>TOTAL</b>	<b>\$300 Million</b>

# Affordable Housing Pipeline Gaps

New Development	Number of units	Public Housing	Low Income	Preservation	Senior	Total Funding Gap
Predevelopment	1,200+	\$96M	\$88M	\$52M	\$31M	\$268M
Pre-feasibility	3,550+	\$6.8M	\$586M	\$0	\$0	\$593M

Program Area	Number	Total Funding Gap
Preservation	60 units	\$30M
Victims & Survivors	120 beds	\$30M

**\$900M funding need to meet all pipeline and programmatic goals through FY28-29**



# New Construction

## Complete pipeline projects

- Geographic diversity
- 1,400+ units
- 15-80% AMI
- Projects include public housing, low-income, preservation, and senior housing
- Most projects include a 20% set-aside for homeless households



# Preservation Programs

- Geographic diversity
- 60+ units
- Buildings with 6+ units
- 30%-120% AMI (\$35,950-\$143,900 for a family of 3)
- Protects households across the widest range of incomes
- Funds critical repairs to existing housing stock

# Survivor Housing

New funding program for victims and survivors of domestic violence, street violence, abuse or human trafficking

- Transitional housing (HSH)
- Coupled with program subsidies
- Placement via Coordinated Entry



# 2024 Bond: Spending Timeline

New Construction: \$240M

~\$120M in loans will close in 24-25

Funds anticipated to be fully expended by Q3 of 25-26

~\$120M in loans will close in 25-26

Funds anticipated to be fully expended by Q3 of 26027

\*\*Contingent on successful application to State for tax credits and bonds\*\*

Preservation: \$30M

Funds anticipated to be fully expended in 25-26

Survivor Housing: \$30M

Funds anticipated to be fully expended by Q1 of 27-28



# LBE Participation on MOHCD-funded Projects

- oAs mentioned earlier, MOHCD does not enter into direct contracts with either design or construction firms on the projects we fund.
- oSince MOHCD is not the developer, but rather a lender, these are not “public works” projects covered by 14B.
- oMOHCD has our own policy (administered by CMD) which sets goals for SBE/LBE inclusion, and in part draws from 14B.
- oLBEs work on nearly all MOHCD funded projects as architects, engineers, construction managers, general contractors, and sub-contractors.
- oMOHCD-funded projects are not party to any PLA, but do require Prevailing Wage, which is enforced by OLSE, and are subject to Local Hire / First Source requirements as enforced by OEWD.

# 2024 Regional Bond Measure

- November 2024 Ballot
- \$10-20 Billion, 9-county measure
- A \$10 billion bond would require a tax of \$10.26 per \$100,000 in assessed value—or about \$100/year for a million dollar home
- Would augment local bond if both are approved



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