

# 2024 Affordable Housing General Obligation Bond

Budget & Finance Committee

Oct 25, 2023



# Presentation Summary

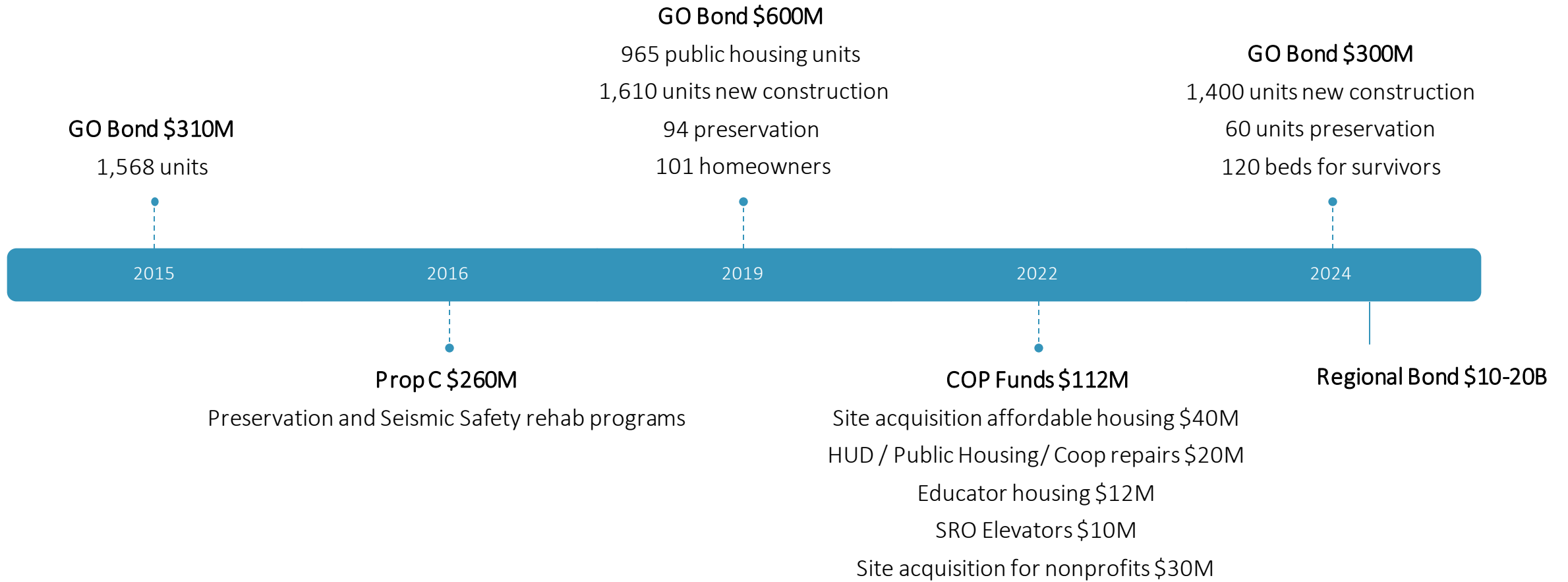
Affordable Housing Bonds to date

The complexity of assembling  
funding

The importance of leverage

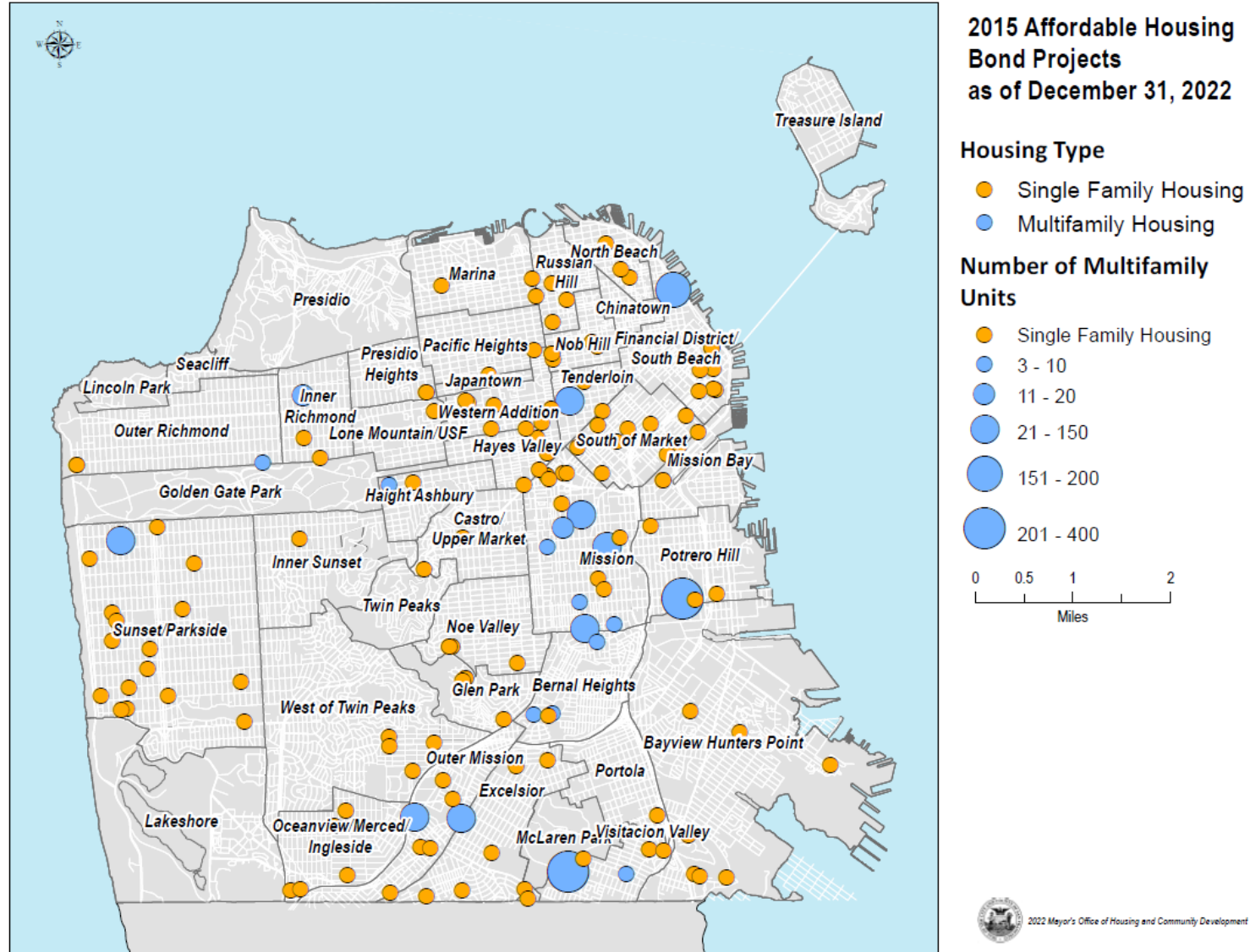
2024 Bond program

# 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.*

# 2015 GO Housing Bond Projects



# 2019 GO Housing Bond

- \$600 Million
- 3,105 units funded through June 2023
- \$426.1M available through two issuances so far; third issuance expected in 2024
- 57% of first issuance expended as of June 2023

	Issuance 1	Issuance 2	Other Issuances	TOTAL
Public Housing	\$ 50.6	\$ 97.9	\$ 1.5	\$ 150.0
Low-Income Housing	\$ 143.7	\$ 38.6	\$ 37.7	\$ 220.0
Preservation and Middle-Income Housing	\$ 37.1	\$ 9.4	\$ 13.5	\$ 60.0
Senior Housing	\$ 21.2	\$ 20.4	\$ 108.4	\$ 150.0
Educator Housing	\$ -	\$ -	\$ 20.0	\$ 20.0
<b>TOTAL</b>	<b>\$ 252.6</b>	<b>\$ 166.3</b>	<b>\$ 181.1</b>	<b>\$ 600.0</b>

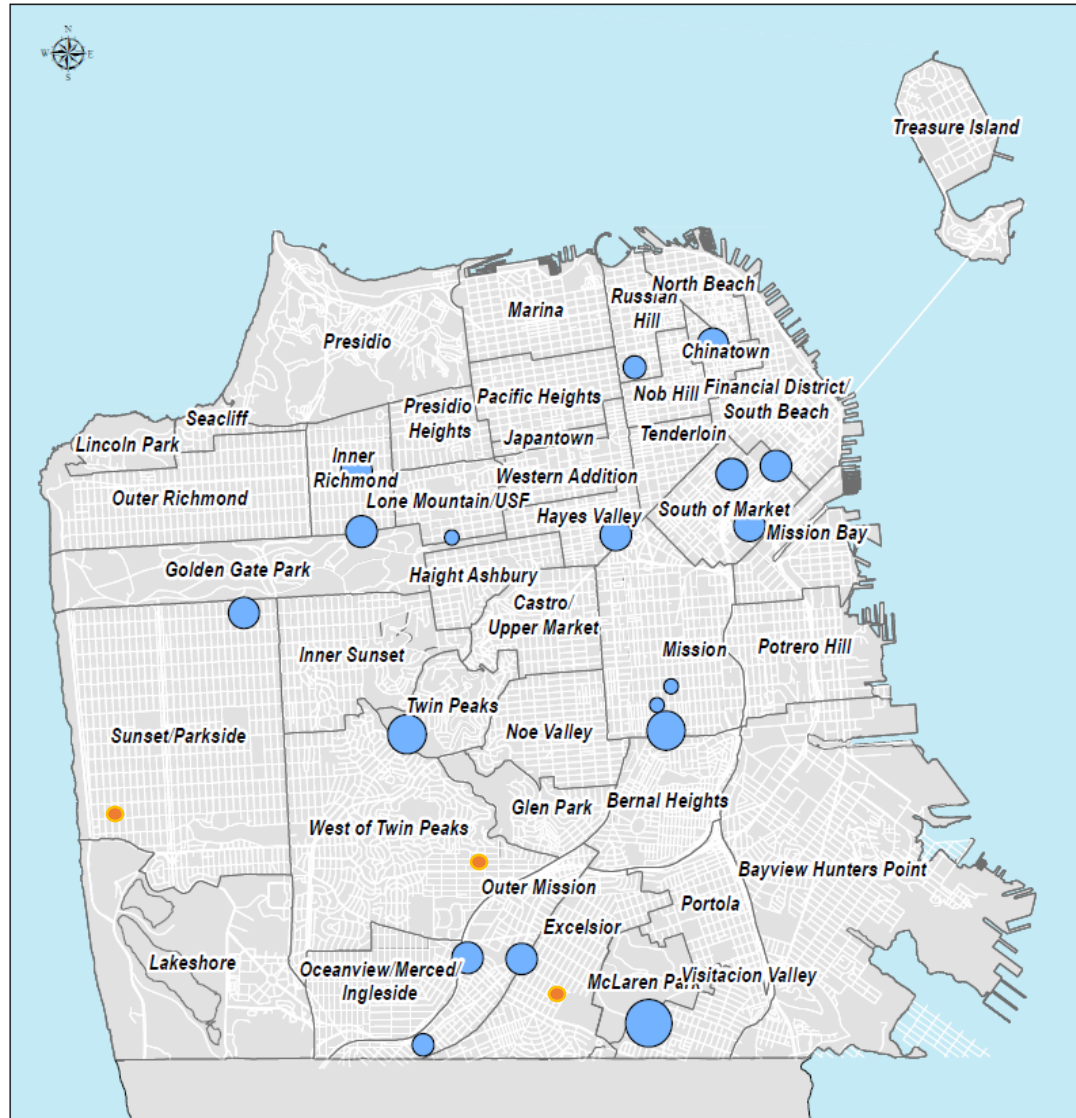
\* Cost of issuance amounts are included in Other Issuances.

# 2015 GO Housing Bond

- \$310 Million
- 1,568 units funded
- 99% expended
  - Will be fully expended by mid-2024, due to \$25M allocation to educator housing at 43rd & Irving that began construction in fall 2022

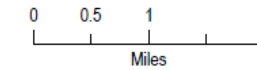
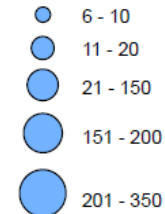
	<b>Issuance 1</b>	<b>Issuance 2</b>	<b>Issuance 3</b>	<b>TOTAL</b>
Public Housing	\$ 41.0	\$ 0.4	\$ 38.6	\$ 80.0
Low-Income Housing	\$ 24.2	\$ 68.4	\$ 7.4	\$ 100.0
Low-Income Housing (Mission)	\$ 6.1	\$ 43.1	\$ 0.8	\$ 50.0
Middle-Income Housing	\$ 3.8	\$ 30.2	\$ 46.0	\$ 80.0
<b>TOTAL</b>	<b>\$ 75.1</b>	<b>\$ 142.1</b>	<b>\$ 92.8</b>	<b>\$ 310.0</b>

# 2019 GO Housing Bond Projects



2019 Affordable Housing Bond Projects as of December 31, 2022

## Number of Multifamily Units



● Down Payment Assistance Loans / Teacher Next Door



# 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

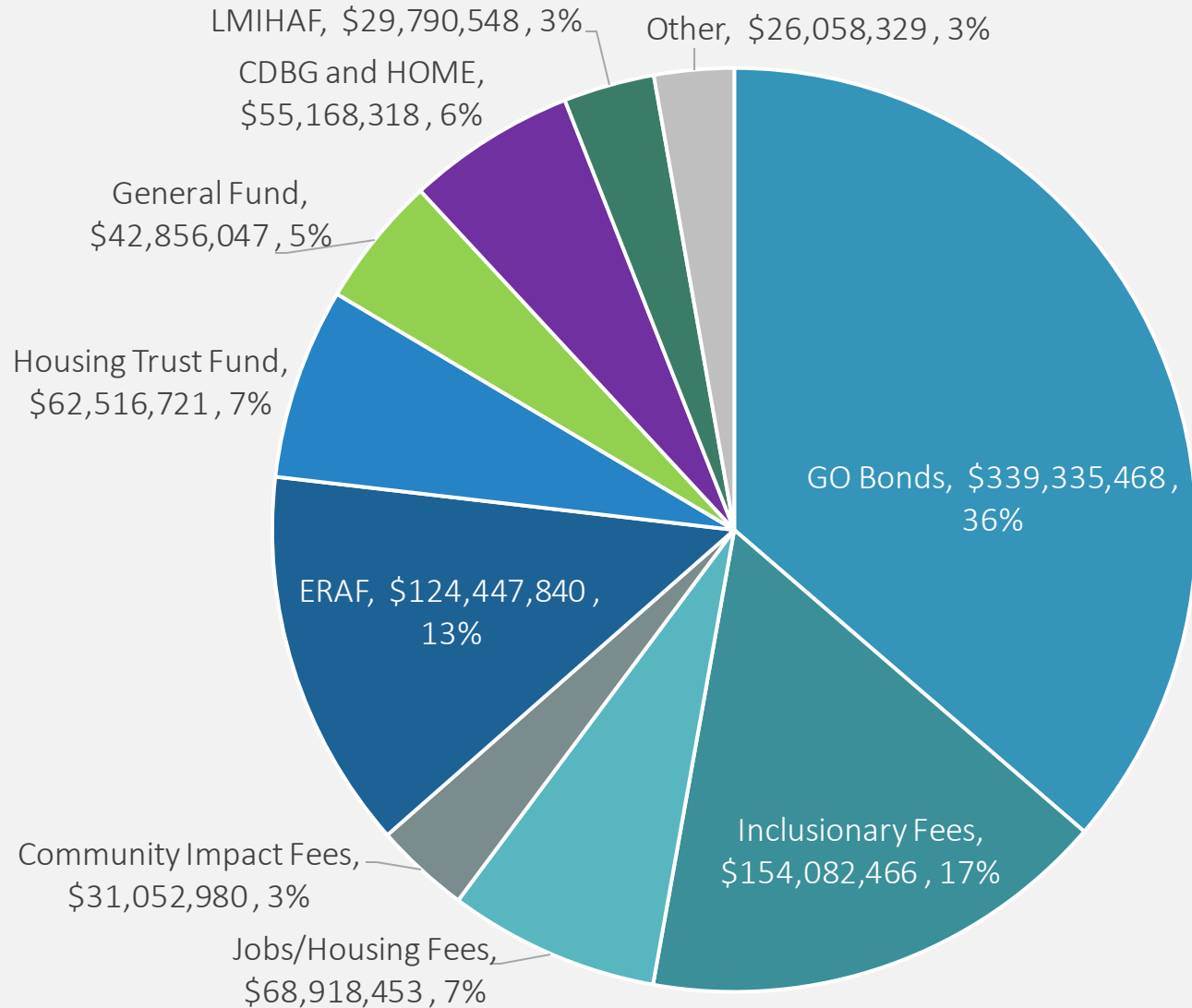


# Affordable Housing Funding

## **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

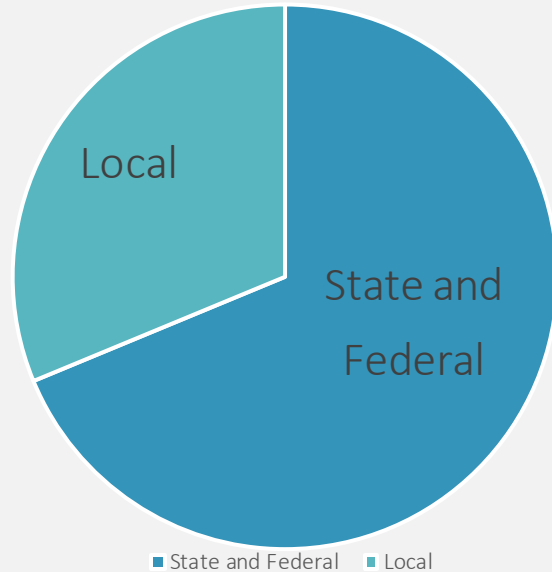
# Local Funding 2018-2022



- Nearly \$1 Billion in local funding over last 5 years
- \$200 million per year on average
- Most funding comes from property taxes (GO Bonds, ERAF, Housing Trust Fund, OCII tax increment) or **development fees**
- Gross receipts tax for homelessness ~\$200 million (not shown here)

# The Importance of Leveraging

SF Affordable Housing Funding

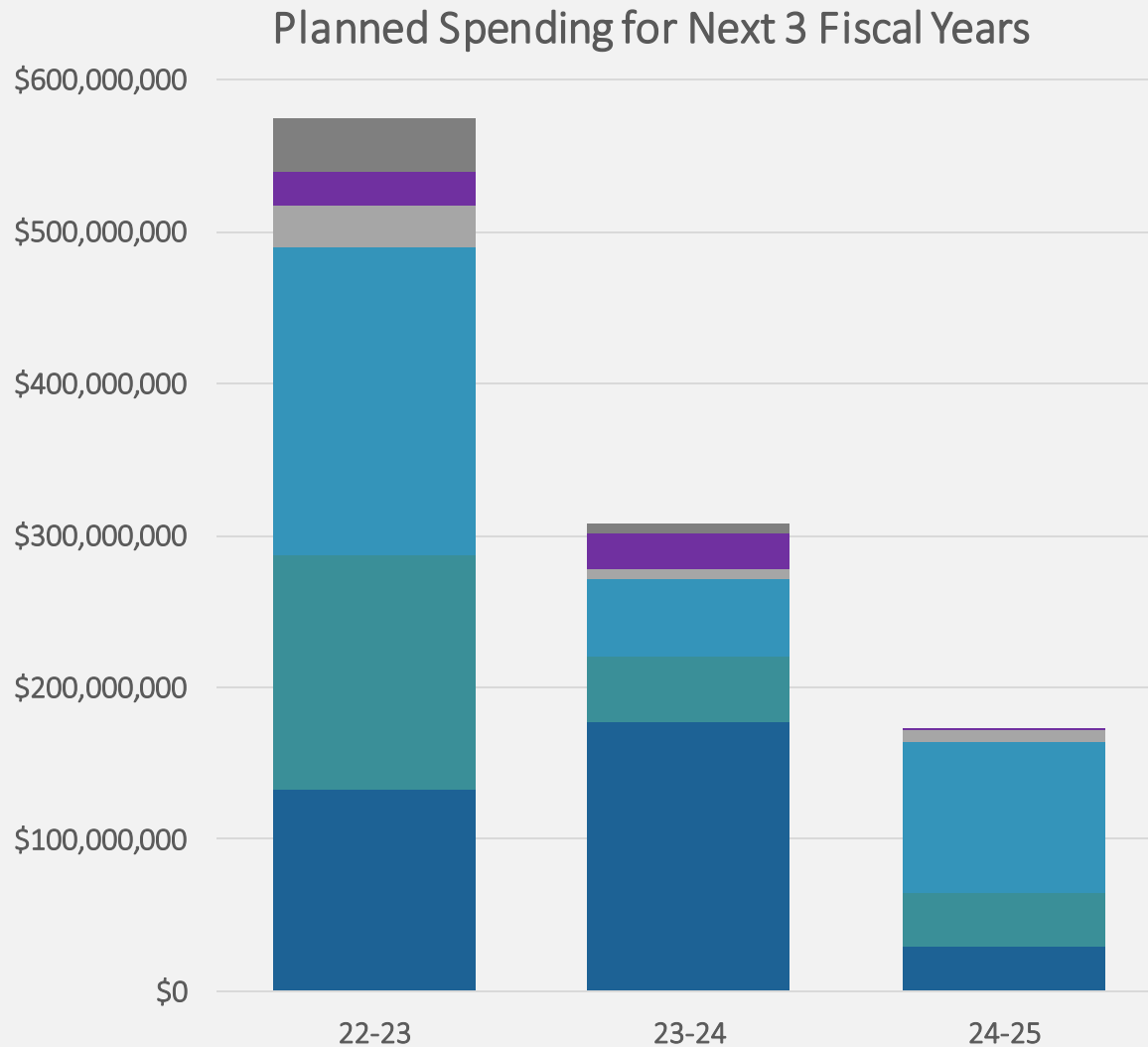


Every local housing dollar leverages almost two state and/or federal housing dollars

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



# Local Funding Trends



- Local funding is volatile, depending on voter approvals, development cycle, and one-time allocations
- Dramatic drop in inclusionary fees
- Available funding sources are being used up: \$770M+ anticipated funding gap from FY24-25 to FY26-27
- Substantial local spending in FY22-23 after State bottleneck was cleared

- State and Regional Sources
- Federal Sources (CBDG/HOME)
- Prop I/Bond Fees
- GO Bonds
- City Fees (Inclusionary, Job/Housing, etc)
- General Fund (HTF, HOPE SF, LMIHAF, ERAF)

# 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 26-27

\*\*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

# 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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