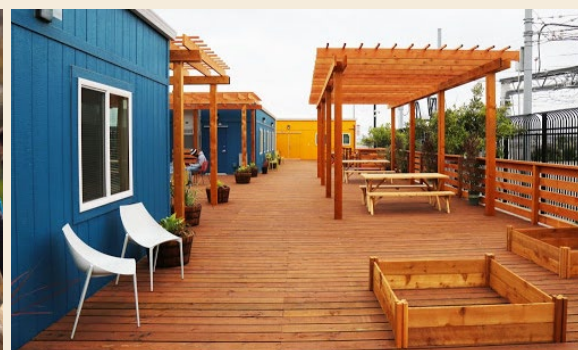


2020 Health and Recovery Bond

GO Bond Sale Resolution and Supplemental Appropriation/De-Appropriation
Budget & Finance Committee
July 9, 2025



Gigi Whitley, **Department of Homelessness and Supportive Housing**
Isabel Ochoa, **Department of Public Health**
Vishal Trivedi, **Controller's Office of Public Finance (OPF)**



San Francisco
Department of Public Health



Action Items

- **File No. 250677** Resolution authorizing the sale of not to exceed \$150,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds, Series 2025G (Health and Recovery, 2020)
- **File No. 250678** Ordinance appropriating a total of \$150,000,000 of General Obligation (GO) bond proceeds from Series 2025G Health and Recovery GO Bonds to DPH, MOHCD for behavior and mental health facilities and permanent supportive housing or shelters. **We are requesting some technical amendments to this item.**
- **File No. 250679** Ordinance de-appropriating a total of \$160,497,200 of General Obligation (GO) bond proceeds from Series 2021D Health and Recovery GO Bonds from DPH and HOM

General Obligation Bonds (Health and Recovery, 2020)

HSH Supportive Housing and Shelter Projects

Gigi Whitley
**Homelessness and
Supportive Housing**



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

2020 Health & Recovery General Obligation Bond

Budget and Finance Committee | July 9, 2025



2020 Health & Recovery G.O. Bond Overview

Scope: Stabilization, acquisition, construction, expansion and improvement of permanent supportive housing units and emergency shelters.

- **Authorization Total:** \$147M
- **Amount Issued to Date:** \$30.1M
- **Anticipated Date of Next Issuance:** Q3 2025

2020 Health & Recovery Bond

HSH Issuance Summary

| | First Issuance | Second Issuance | Future Issuance(s) |
|--|-------------------|--------------------|-----------------------|
| Shelter | | | |
| <i>Lower Polk Navigation Center</i> | 29.1 | | |
| Permanent Supportive Housing | | | |
| <i>835 Turk</i> | | 23.0 | |
| <i>685 Ellis</i> | | 30.0 | |
| <i>1035 Van Ness</i> | | 5.9 | |
| <i>1633 Valencia</i> | | 41.0 | |
| <i>TBD</i> | | | 10.4 |
| Contingency | | 5.2 | |
| Administration - Audit & Issuance | 1.0 | 1.4 | |
| TOTAL | 30.1 | 106.5 | 10.4 |

Overview

| Program | Description | Key Deliverables/Milestones |
|------------------------------------|--|--|
| Permanent Supportive Housing (PSH) | <p>Original Bond Goal: 250 units</p> <ul style="list-style-type: none"> Acquire and improve approximately 250 housing units to house and serve people exiting chronic homelessness | <p>Planned: 453 units</p> <ul style="list-style-type: none"> Rehabilitate two sites acquired in FY23 (835 Turk, 685 Ellis) leveraging state Homekey and Homekey+ (Prop 1) funds Acquire and rehabilitate new site for veterans, leveraging state Homekey + funds (1035 Van Ness) Fund 145 newly constructed units for older adults (1633 Valencia) |



835 Turk Street

| Program | Accomplishments/Milestones |
|--|---|
| <p>Adult Permanent Supportive Housing – Rehabilitation</p> <p>835 Turk</p> <p>114 units</p> <p>7-story residential hotel</p> <p>106 units post rehabilitation to create ADA units</p> | <p>835 Turk is a residential hotel built in 1929 and acquired by the City in March 2022.</p> <ul style="list-style-type: none"> Five Keys Schools and Programs (Sponsor) entered into a master lease and property management agreement with HSH on March 1, 2023. Currently operating as permanent supportive housing. Five Keys and the City, through HSH, applied for a state Homekey+ grant funds in May 2025 to fund rehabilitation on the site. 53 units to be supported by Homekey+, eligible to formerly homeless adults with mental health and/or substance use challenges. If awarded state funds, the Sponsor will return to Citywide Affordable Housing Loan Committee with final gap funding request (August 2025). Request Board of Supervisors approval for permanent funding loan (September 2025). Long term ground lease and construction start in October 2025, with estimated construction completion in October 2026. Operating funds will include Our City, Our Home Fund and if awarded, Homekey+ operating grant (COSR). MOHCD will administer the operating funds through the Local Operating Subsidy Program (LOSP). HSH will administer the supportive services agreement. |



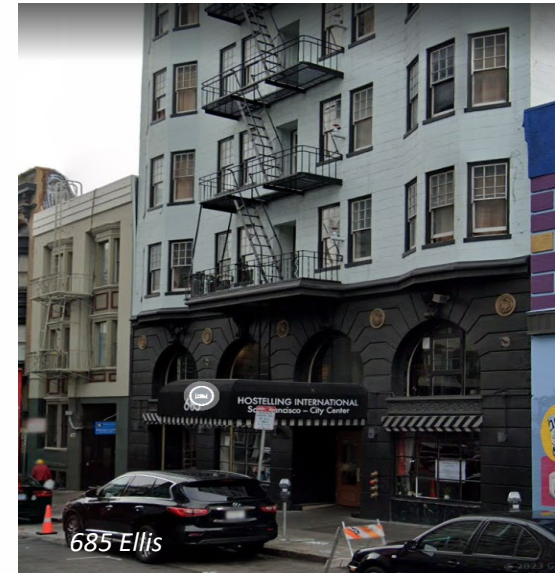
| | |
|-----------------------------|--------------|
| Health & Recovery GO Bonds* | \$ 9,629,000 |
| OCOH Housing Funds | \$ 3,293,000 |
| Homekey+ | \$13,300,000 |
| Homekey+ COSR | \$ 4,500,000 |

Total Budget: \$30,722,000

**Note: HSH is requesting authority to issue for \$23M if the City is not awarded Homekey+ award.*

685 Ellis Street

| Program | Accomplishments/Milestones |
|---|---|
| Adult Permanent Supportive Housing – Rehabilitation | 685 Ellis is a 78-unit, 7-story building built in 1927 and acquired by the City in 2022. |
| 685 Ellis | <ul style="list-style-type: none"> • Final Project Budget: Pending selection of affordable housing development team |
| 67 shelter rooms | <ul style="list-style-type: none"> • Interim use as adult shelter through a HSH contract with Five Keys Schools and Programs until conversion to PSH |
| 7-story residential hotel with basement | <ul style="list-style-type: none"> • Received state Homekey Funding award in fall 2023 for interim use. Conversion from interim use to permanent supportive housing required after 5 years (min) to 30 years (max) from recordation of declaration of restrictions. HSH to request HCD approval for earlier delivery of PSH. |
| ~78 PSH units post-rehabilitation | <ul style="list-style-type: none"> • Rehabilitation scope will include: <ul style="list-style-type: none"> - Seismic retrofit - Building systems upgrades - Accessibility barrier removals - Build-out of additional community and administrative spaces - Other improvements to convert the former hotel to PSH |



| | |
|----------------------------|----------------------|
| Health & Recovery GO Bonds | \$ 30,000,000 |
| OCOH Housing Funds | \$ 5,000,000 |
| TOTAL SOURCES | \$ 35,000,000 |

1035 Van Ness Avenue

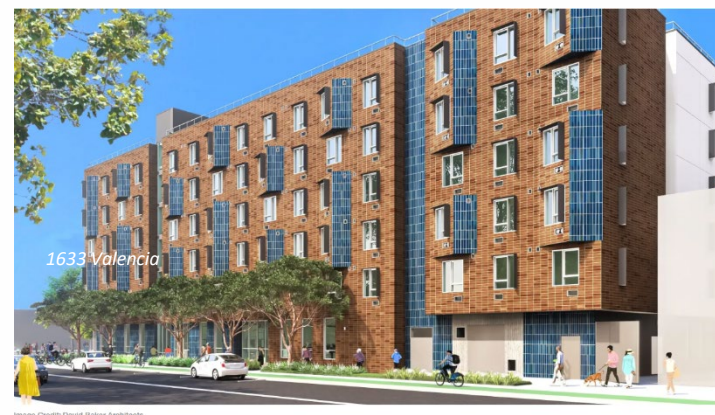
| Program | Accomplishments/Milestones |
|--|--|
| Permanent Supportive Housing for Veterans – Rehabilitation 1035 Van Ness 124 units 9-story assisted living ~124 units post rehabilitation | <ul style="list-style-type: none"> • Acquisition of an existing 106-unit assisted living facility, to be repurposed as 124-unit supportive housing for homeless veterans • Swords to Plowshares (Sponsor) and the City, through HSH, applied for a state Homekey+ grant funds in May 2025 • Acquisition of the property by sponsor will occur by Fall 2025 • Operating funds will include City’s Local Operating Subsidy Program (LOSP), SFHA’s Veterans Affairs Supportive Housing (VASH) vouchers, HUD Continuum of Care funds, and if awarded, Homekey+ operating grant • If awarded Homekey+, the Sponsor will return to Citywide Affordable Housing Loan Committee with final gap request in summer 2025 and Board of Supervisors’ approval requested in September 2025 • Construction start - October 2025 • Construction completion - October 2026 |



| | |
|----------------------------|---------------------|
| Health & Recovery GO Bonds | \$ 5,912,794 |
| OCOH Housing Funds | \$ 2,087,206 |
| Homekey+ | \$ 32,800,000 |
| Homekey+ COSR | \$ 2,524,030 |
| TOTAL SOURCES | \$43,324,030 |

1633 Valencia Street

| Program | Accomplishments/Milestones |
|---|--|
| <p>Senior 55 year+ Permanent Supportive Housing – New Construction</p> <p>1633 Valencia</p> <p>6-stories</p> <p>145 studio units</p> | <ul style="list-style-type: none"> Newly constructed permanent supportive housing for older adults ages 55+ Developer – Mercy Housing California Currently under construction with completion in December 2025 Board of Supervisors approval: May 7, 2024 Local Operating Subsidy Program contract for ongoing operations. HSH grant agreement for supportive services. |



| | |
|----------------------------|---------------------|
| SFHAF Permanent Loan | \$16,000,000 |
| Health & Recovery GO Bonds | \$ 41,036,048 |
| Tax Credit Equity | \$ 27,569,430 |
| Sponsor | \$ 100 |
| TOTAL SOURCES | \$84,605,578 |

Future Costs Not Covered by Bond Proceeds

• Ongoing Costs

• **Operations and Maintenance**

- Rent contribution capped at no more than 30% of tenant income.
- Anticipated funding source(s): Our City, Our Homes Fund (Prop C); Local Subsidy Operating Program (LOSP); federal VASH and HUD Continuum of Care subsidies.

• **Supportive Services**

- Permanent supportive housing for formerly homeless tenants, including chronically homeless, provide on-site supportive services estimated at approximately \$590/tenant/month.
- Anticipated funding source(s): Our City, Our Home Fund and General Fund including funds reallocated within existing HSH base budget.



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Questions?

Public Health Projects

Isabel Ochoa
DPH



2020 Health & Recovery Bond



2026

Psychiatric Emergency Services (PES)

- Expansion of PES capacity from 22 to 38
- Increases safety features and provides a more comfortable patient experience



2027

Treasure Island Residential Step-Down Facility

- Expansion of residential care capacity on Treasure Island
- Project prioritizes substance use disorder step-down beds, identified as a gap in the continuum of care



2028

Health, Recovery and Connection Center

- Consolidation of key behavioral health care services
- Co-location of behavioral health administrative functions



Treasure Island Residential Step-Down Facility

- Facility will replace 172 existing beds on Treasure Island and add 84 more (49% increase in capacity)
- This facility will house clients exiting residential substance use disorder (SUD) programs to provide continued support for their sobriety in the least restrictive environment appropriate for this phase of their recovery
- SUD Residential Step-Down beds were identified as a priority in the behavioral health continuum of care
- This project is also funded by Prop C, a Community Care Expansion (CCE) grant, and TIDA developer housing subsidy fees



Total Bond Budget: \$47.1M

Amount in Current Issuance: \$42.1M

Amount Spent To-Date: \$0.6M

Design
Completed

Permitting
In Progress

Bid/Award
Feb 2026

Construction
Apr 2026

Substantial Completion
Nov 2027



Health, Recovery and Connection Center

- **Creates a Centralized Hub for Care:** co-locates key behavioral health programs, including OBIC, BHAC, Office of Coordinated Care, a full-service pharmacy, and administrative functions into one accessible, purpose-built facility to streamline services and improve client experience
- **Maximizes Value Through Co-Location:** Consolidating services under one roof increases coordination of care, reduces long-term operating costs, and enhances system efficiency
- **Leverages Diverse and Time-Sensitive Funding:** Project is also supported by Prop C, BHCIP state grant funding, and DPH capital investments, totaling \$33.4M in project funds
- **Proposed New Location for City Clinic:** With a signed Letter of Intent for 1660 Mission St, the building's size and layout allow for the long-overdue relocation of City Clinic, ensuring continuity of high-quality sexual health services in a modern, ADA-accessible space

Total Bond Budget: \$1M

Amount in Current Issuance: \$1M

Amount Spent To-Date: \$0



Financing Information & Proposed Amendment

Vishal Trivedi
OPF

2020 Health and Recovery Bond

Series 2025G – Proposed Amendment to Appropriation

Current Appropriation

| <u>Estimated Sources:</u> | <u>Series 2025G</u> |
|---------------------------------|----------------------|
| <u>Not-to-Exceed Par Amount</u> | \$150,000,000 |
| Estimated Par | \$144,730,000 |
| Reserve for Market Uncertainty | 5,270,000 |
| Total Sources | \$150,000,000 |

Estimated Uses:

Project Fund Deposit

Public Health

| | |
|--------------------------------------|---------------------|
| Treasure Island Behavioral Health | \$42,082,246 |
| <u>Mental Health Services Center</u> | <u>\$1,000,086</u> |
| Subtotal Public Health | \$43,082,332 |

Housing

| | |
|-------------------------|---------------------|
| 835 Turk | \$23,000,000 |
| 685 Ellis | \$30,000,000 |
| 1633 Valencia | \$41,036,048 |
| <u>1035 Van Ness</u> | <u>\$5,800,000</u> |
| Subtotal Housing | \$99,836,048 |

| | |
|-----------------------------------|-----------------------------|
| <u>Total Project Funds</u> | <u>\$142,918,380</u> |
|-----------------------------------|-----------------------------|

Transaction Costs & Oversight

| | |
|--|--------------------|
| Cost of Issuance | \$831,423 |
| City Services Auditor | \$285,837 |
| CGOBOC Fee | \$144,730 |
| Underwriter's Discount | <u>\$549,630</u> |
| Total Transaction Costs & Oversight | \$1,811,620 |

| | |
|--------------------------------|----------------------|
| Reserve for Market Uncertainty | \$5,270,000 |
| Total Uses | \$150,000,000 |

Proposed Amendment

| <u>Estimated Sources:</u> | <u>Series 2025G</u> |
|---------------------------------|----------------------|
| <u>Not-to-Exceed Par Amount</u> | \$150,000,000 |
| Estimated Par | \$144,845,000 |
| Reserve for Market Uncertainty | 5,155,000 |
| Total Sources | \$150,000,000 |

Estimated Uses:

Project Fund Deposit

Public Health

| | |
|--------------------------------------|---------------------|
| Treasure Island Behavioral Health | \$42,082,444 |
| <u>Mental Health Services Center</u> | <u>\$1,000,086</u> |
| Subtotal Public Health | \$43,082,530 |

Housing

| | |
|-------------------------|---------------------------|
| 835 Turk | \$23,000,000 |
| 685 Ellis | \$30,000,000 |
| 1633 Valencia | \$41,036,048 |
| <u>1035 Van Ness</u> | <u>\$5,912,794</u> |
| Subtotal Housing | \$99,948,842 |

| | |
|-----------------------------------|-----------------------------|
| <u>Total Project Funds</u> | <u>\$143,031,372</u> |
|-----------------------------------|-----------------------------|

Transaction Costs & Oversight

| | |
|--|-------------------------|
| Cost of Issuance | \$832,515 |
| City Services Auditor | \$286,063 |
| CGOBOC Fee | \$144,845 |
| Underwriter's Discount | <u>\$550,205</u> |
| Total Transaction Costs & Oversight | \$1,813,628 |

| | |
|--------------------------------|----------------------|
| Reserve for Market Uncertainty | \$5,155,000 |
| Total Uses | \$150,000,000 |

2020 Health and Recovery Bond



Series 2025G - Fiscal Impact

Estimated Financing Costs*

- Projected par: **\$144,845,000** (not-to-exceed \$150,000,000)
- Estimated interest rate (blend of tax-exempt and taxable): **5.89%**
 - Estimated total interest cost: \$101.15 million
 - Estimated total debt service: \$246 million (average \$12.3M annually)
 - Estimated Annual Property Tax Impact: \$3.50 per \$100,000 (\$20.76 for a \$600K home)
 - Anticipated final maturity: 6/15/2045

Debt Capacity

- Certified Net Assessed Valuation for FY24-25 (Net AV): \$351.3 billion
 - 3% GO Debt Capacity: \$10.5 billion
- GO debt outstanding as of 6/1/25: \$2.80 billion (**0.80%** of Net AV)
- GO debt outstanding including proposed 2025G Bonds: \$2.95 billion (**0.84%** of Net AV)

Capital Planning Constraint

Issuance of Series 2025G bonds is consistent with FY2006 property tax rate cap policy.

** Interest rate and cost estimates provided by Fieldman, Rolapp & Associates, an MSRB-registered municipal advisory firm.*

2020 Health and Recovery Bond

Series 2025G – Financing Schedule

| Tentative Financing Schedule | |
|------------------------------|---|
| June 23 | Capital Planning Committee |
| July 9 | Board of Supervisors Budget & Finance Committee |
| July 15 | Board of Supervisors Adoption of Sale Resolution 1 st Reading of Appropriation/De-Appropriation |
| July 22 | Board of Supervisors 2 nd Reading of Appropriation/De-Appropriation |
| Aug/Sep 2025 | Tentative Bond Issuance and Closing |