

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST
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Budget Analysis Report

To: Budget and Appropriations Committee
From: Budget and Legislative Analyst's Office *David Johnson*
Re: Budget and Policy Analysis Report of the Mayor's Office of Housing and Community Development (MOHCD), a division within the Office of the Mayor
Date: June 19, 2020

Executive Summary

- The current year (FY 2019-20) original budget for the Mayor's Office of Housing and Community Development (MOHCD) is \$317,206,973, \$151,473,174 (47.8 percent) of which comes from General Fund Support.
- MOHCD is made up of four functional divisions. These include: (1) Housing; (2) Community Development; (3) Homeownership and Below Market Rate; and, (4) Finance and Administration. These divisions are further broken down into programs, as follows:
 - **Housing** includes Housing Development; Portfolio Management and Preservation; Public Housing Initiatives; and, Policy and Legislative Affairs
 - **Community Development** includes Public Services; Data, Evaluation and Compliance; Housing Services; Program Evaluation and Operations; Capital; and, Community Building and Neighborhood Planning
 - **Homeownership and Below Market Rate** includes Lending; Below Market Rate Ownership; Below Market Rate Rental, Lotteries and Housing Preferences; and, Compliance and Monitoring
 - **Finance and Administration** includes Fiscal; Human Resources and Operations; and, Information Technology Special Projects

The City structures its budgetary controls by department and fund, not by departmental divisions or programs. However, prior to the migration to the new financial accounting system in FY 2018-19, MOHCD used programs to budget for Affordable Housing, Community Investment, Homeless Services and smaller, emerging programs. Budgetary detail provided in the body of this report has been classified into functional areas that align with these programs for historical comparison purposes.

- MOHCD's original budget has grown over the last 10 years by \$309,110,138 or 39-fold, from \$8,096,835 in FY 2010-11 to \$317,206,973 in FY 2019-20. MOHCD's total General

Fund Support has grown over the last 10 years by \$149,946,503 or 99-fold, from \$1,526,671 in FY 2010-11 to \$151,473,174 in FY 2019-20.¹

- MOHCD's total authorized full-time equivalent positions (FTEs) in FY 2019-20 are 131.54. This is 71.98 more than the 59.56 authorized FTEs 10 years earlier in FY 2010-11. These totals include non-operating positions that are funded by special revenue funds (a.k.a. "off-budget" positions). MOHCD's total net operating FTEs in FY 2019-20 are 37.56. This is 37.06 more than the 0.50 authorized FTEs 10 years earlier in FY 2010-11. These figures do not account for attrition resulting from position vacancies. MOHCD reports that there are nine vacant positions as of June 3, 2020. Additionally, approximately six of 17.83 Temporary FTEs funded for the San Francisco Housing Authority transition have been utilized.
- MOHCD reports that over the last 10 years, the number of affordable units (exclusive of inclusionary or homeownership units) in MOHCD's portfolio has increased from 8,670 to 22,877, an increase of 164 percent. The number of inclusionary and homeownership units increased from 1,574 to 4,414, an increase of 180 percent. In the same period, Community Development grants to CBOs funded each year have increased from approximately \$10 million to over \$60 million, an increase of 500 percent.
- Contracted services accounted for \$196,957 in FY 2019-20, or less than 0.1 percent of MOHCD's original budget. Grants to community-based organizations accounted for \$52,318,660 in FY 2019-20, or 16.5 percent of the MOHCD's original budget. A further breakdown of contracted services and grants is included in the body of this report.
- Award notifications for Community Development grants to community-based organizations were to be sent February 24, 2020, with negotiations with grantees expected to occur during April 2020, award notifications were not sent in light of COVID-19 and due to uncertainties surrounding the budget process, funding availability, and in consideration of input received at the public hearing. MOHCD reports that the Department has not received final approval as to a revised timeline or funding levels for these grants.
- MOHCD has received several new significant funding streams in the last 10 years for affordable housing. Some funding sources (such as Charter amendments, voter-approved bonds, or specific developer fees) restrict the use and allocation of funding. However, MOHCD reports that within these constraints it has discretion on: (1) the timing of putting projects out by Requests for Qualifications (RFQ) based on staff and developer capacity, (2) the timing of when to take projects to loan committee for predevelopment and gap funding based on the project's schedule and the availability of local and state funding, and (3) the programming of local sources to match project schedule and need. MOHCD must take loans to the Citywide Affordable Housing Loan Committee for review and to the Board of Supervisors for approval, with the exception of loans that the Board has granted delegated authority to the MOHCD Director to approve. MOHCD staff assert that these restrictions and several open and public review

¹ FY 2019-20 includes \$174.55 million appropriated from the Education Revenue Augmentation Fund (ERAF) surplus. Of this amount, \$84.8 million pertains to prior year surplus and can be considered a one-time funding source. With the establishment in 2019 of the Affordable Housing Production and Preservation Fund, which will receive 50 percent of the annual ERAF surplus, ERAF funding going forward will be on-going unless the State makes changes to the way that County ERAF surplus funds are calculated and/or allocated.

processes increase oversight and assist in the decision-making process. However, even within these constraints, there is a degree of departmental discretion in the use of these funds, as well as constraints imposed by the real estate market, that influence decision-making. Funding and allocation decisions must be made in terms of scope of projects and programs, precise geographic locations and populations served, project timing, delivery and funding methods, ability to leverage other financing, and more. According to Mr. McCloskey, MOHCD works with members of the Board of Supervisors, the Mayor, and community stakeholders when considering the allocation of funds to housing projects. Further, Mr. McCloskey notes that MOHCD may pursue direct acquisition of real estate when a market opportunity arises and there is funding available.

- At the request of the Board of Supervisors, affordable housing is being brought into the capital planning process. On April 20, 2020, the Capital Planning Committee was presented an off-year update to the Capital Plan by Capital Planning staff that addressed the progress made and presented a methodical approach to incorporating affordable housing into the Capital Plan. On May 11, 2020, the Capital Planning Committee approved a resolution formally incorporating affordable housing into the FY 2022-2031 Capital Plan, and the resolution (File #20-0487) was received and assigned to the Budget and Finance Committee on May 12, 2020.

Policy Options

1. *The Board of Supervisors should consider amending the Administrative Code to require MOHCD, in its quarterly reports on affordable housing development, to include details regarding how developments have come to them for approval and how approvals have been determined.*

<i>Project staff: Dan Goncher, Amanda Guma, Christine Martin</i>
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Background and Organizational Structure

Mission

The mission of the Mayor's Office of Housing and Community Development (MOHCD) is to support San Franciscans with affordable housing opportunities and essential services to build strong communities.²

Organizational Structure

MOHCD is organized functionally into four divisions, as shown in Exhibit 1 below and as follows:

Housing - This division administers and invests in affordable housing projects including new construction as well as acquisition and rehabilitation of existing public and private housing stock. Further, this division guides and coordinates the City's housing programs and policies, with responsibility for the financing of affordable housing and expenditure of significant Federal, State, and local funding.

Community Development - This division works with community-based organizations to provide services to City residents such as legal services, HIV/AIDS housing and support services, service connection and case management, housing counseling, and neighborhood planning and community support. As part of this function, the division is responsible for administering major Federal grant programs, including the Community Development Block Grant (CDBG) and Housing Opportunities for Persons with AIDS (HOPWA) programs.

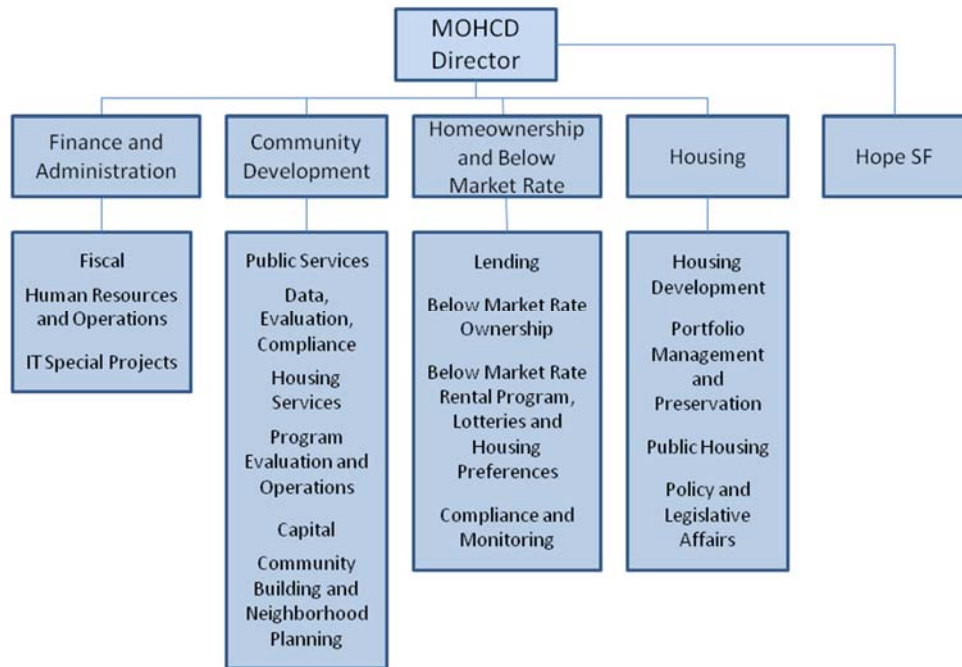
Homeownership and Below Market Rate (HBMR) - This division implements, manages, and monitors the City's Inclusionary Housing Program wherein City-sponsored affordable housing remains accessible to the people it is intended to and legally required to serve. This division also manages homeownership loan programs for low and middle-income households as well as all affordable housing lotteries and preference programs.

Finance and Administration - This division manages the financial, human, and technological resources of MOHCD.

In addition to these divisions, MOHCD administers the HOPE SF program, which is the cross-sector initiative to rebuild four large public housing developments in the City.

² Mayor's Office of Housing and Community Development 2018-2019 Annual Progress Report.

Exhibit 1: Mayor's Office of Housing and Community Development Organization Chart



Source: MOHCD

While MOHCD is functionally divided into these divisions, MOHCD's accounting structure is not set up to track, monitor, or control budget expenditures by these divisions. Rather, the City's accounting structure utilizes funds and accounts for budgetary control. Therefore, MOHCD can transfer funds freely between these divisions as long as they are within the same fund and account or authority level, and comply with any statutory and regulatory restrictions on the use of funds.

Historically, MOHCD utilized programs for budget classification with the primary programs being Affordable Housing, Community Investment, and Homeless Services. With the migration to the new financial accounting system in FY 2018-19, MOHCD no longer uses program accounting. However, utilizing historical classification and the various funds and coding in the financial system, budgetary detail provided in the body of this report has been classified into functional areas for historical comparison purposes as they remain very similar to MOHCD's current organizational structure.

Significant Organizational Changes

Over the past 10 years, MOHCD has undergone several significant organizational changes that have broadened the scope of the Office and increased its complexity.

Redevelopment Agency Dissolution

In February 2012, MOHCD assumed the San Francisco Redevelopment Agency's residual obligations as well as its remaining resources, including \$124.5 million in housing assets and a budgetary increase of approximately \$12.9 million and 10 FTEs. In 2013, residual obligations were transferred to the newly established Office of Community Investment and Infrastructure (OCII), ultimately the successor agency to the San Francisco Redevelopment Agency. OCII continues to fulfill the residual obligations of the former Redevelopment Agency. MOHCD continues to manage residual assets and disburse related revenues in accordance with State laws directing the dissolution. As of June 30, 2019, the City held \$103 million in housing assets related to the former Redevelopment Agency and \$48.3 million in cash and investments. In FY 2018-19, MOHCD received \$24.9 million in revenue from these assets, and expended \$5.2 million on housing development and administration.

San Francisco Housing Authority Absorption

Additionally, in 2019, MOHCD assumed oversight responsibility for the San Francisco Housing Authority at the request of the U.S. Department of Housing and Urban Development (HUD). According to Mr. Benjamin McCloskey, Deputy Director of Finance and Administration at MOHCD, the MOHCD budget increased \$2 million to fund 17.83 Temporary FTE that were added as placeholders for San Francisco Housing Authority transition staffing.

Growth in Funding

Finally, while not specifically a change to organizational structure, significant increases in funding, especially those related to voter-approved bonds, have increased the size and complexity of MOHCD's operations. These increases are presented in more detail in the Affordable Housing sections of this report.

Current and Historical Budgeted Expenditures and Positions

MOHCD's current year (FY 2019-20) total original budget is \$317,206,973, \$151,473,174 (47.8 percent) of which comes from General Fund support.

Exhibits 2 and 3 below show a summary of the MOHCD's 10-year historical and current year budgeted expenditures, FTE authority, and General Fund support. Rapid growth began in FY 2012-13 with the shift of the Redevelopment Agency's assets. Significant year-over-year increases and one-time funding increased MOHCD's budget more than 233 percent and staffing by 40.4 percent between FY 2013-14 and FY 2018-19. These increases were primarily driven by the

establishment of the Housing Trust Fund with a mandated General Fund contribution beginning at \$20 million in FY 2013-14 and increasing annually thereafter. The increase was also driven by growing appropriations to Community Development and grants to community-based organizations. In FY 2018-19, MOHCD received \$40 million in one-time funding from developer exactions for the establishment of the Downtown Neighborhood Preservation Fund.³

During this same time period, MOHCD reports that work and outputs have also increased. Over the last 10 years, the number of affordable units (exclusive of inclusionary or homeownership units) in MOHCD's portfolio has increased from 8,670 to 22,877, an increase of 164 percent. The number of inclusionary and homeownership units increased from 1,574 to 4,414, an increase of 180 percent. In the same period, Community Development grants to CBOs funded each year have increased from approximately \$10 million to over \$60 million, an increase of 500 percent.

In FY 2019-20, MOHCD's original budget increased by \$165.6 million, or 109 percent, primarily from Education Revenue Augmentation Funding (ERAF) surplus and General Fund support. Staffing increased by 35.35 FTEs or 36.7 percent from FY 2018-19 to FY 2019-20. Almost half of this growth is related to temporary FTEs for the SFHA transition, with much of the balance related to increases to funding Community Development initiatives and grants to community-based organizations.

³ The Downtown Neighborhoods Preservation Fund was established by the Board of Supervisors as a result of the sale of City-owned property and approval of a street vacation necessary for the development of the Oceanwide Center located at 50 First Street. The funds are to be used for the acquisition and preservation of affordable housing within a one-mile radius of the Oceanwide Center.

Exhibit 2: 10-Year Historical Budgets and FTE Authority

Fiscal Year	Original Budget	FTE Authority
FY 2010-11	\$8,096,835	59.56
FY 2011-12	\$9,096,756	58.56
FY 2012-13	\$24,846,086	68.51
FY 2013-14	\$45,566,344	68.50
FY 2014-15	\$82,776,440	77.26
FY 2015-16	\$104,452,405	82.54
FY 2016-17	\$158,459,431	90.37
FY 2017-18	\$116,788,878	92.43
FY 2018-19	\$151,578,420	96.19
FY 2019-20	\$317,206,973	131.54
10-Year Change	\$309,110,138	71.98
10-Year % Change	3,818%	121%

Sources: Annual Appropriations Ordinances and Annual Salary Ordinances, FY 2010-11 to FY 2019-20

In addition to the original adopted budget as presented in the Annual Appropriations Ordinance (AAO), MOHCD receives significant supplemental appropriations and additional expenditure authority throughout the year. MOHCD staff report that approximately 65 percent of MOHCD's budget does not go through the annual budget process, but acceptance of these sources of funding requires Board of Supervisors approval.⁴ For example, in FY 2019-20 through April 13, MOHCD received, among other increases, the following additional expenditure authority:

⁴ MOHCD's presentation for the public meeting regarding the Proposed Budget, February 12, 2020.

- A supplemental appropriation approved on December 20, 2019 for an amount not-to-exceed \$83,600,000 of Certificates of Participation proceeds (COPs) to fund project costs of HOPE SF, with the anticipated 28-year debt service of approximately \$6.5 million annually to be funded from the General Fund.
- A resolution approved on August 9, 2019 to accept and expend an award amount not-to-exceed \$18,250,554 from the California Department of Housing and Community Development No Place Like Home Program for the development of multifamily housing for homeless persons with mental illness.
- A resolution approved on May 24, 2019 to apply for, accept, and expend the FY 2019-20 Community Development Block Grant (CDBG) Program entitlement from the United States Department of Housing and Urban Development (HUD) in the amount of \$18,139,217 and to expend program income and reprogrammed funds in the amount of \$5,835,000 for a combined total appropriation of approximately \$23,974,217.

While the current year (FY 2019-20) original budget approved in the AAO for MOHCD totaled \$317.2 million, as of April 13, 2020, supplemental appropriations and additional expenditure authority granted to MOHCD added \$92.7 million and \$153.2 million, respectively, for a total of \$563.1 million in new expenditure authority. Combined with \$780.3 million in funds carried forward from prior year appropriations, MOHCD had a total of \$1.3 billion in expenditure authority for FY 2019-20 as of April 13, 2020. Of the \$1.3 billion total, \$851.9 million, or approximately 65.5 percent, is appropriated for affordable housing loans for development, rehabilitation, or other programs. While much of these funds are restricted in use per Federal or State guidelines, bond restrictions, or enabling legislation, the AAO clearly represents only a portion of MOHCD's operations.

General Fund Support

Over the last 10 years, the City's total General Fund more than doubled, from \$3.0 billion in FY 2010-11 to \$6.1 billion in FY 2019-20 as shown in Exhibit 3 below. Although its share of citywide General Fund is relatively low, MOHCD's direct General Fund support has grown significantly over the last 10 years by \$149,946,503 or 99-fold, from \$1,526,671 in FY 2010-11 to \$151,473,174 in FY 2019-20. In one year, from FY 2018-19 to FY 2019-20, General Fund Support for MOHCD grew from \$33,770,811 to \$151,473,174, or 349 percent. \$76.0 million, or 65 percent, of this growth is attributable to one-time prior year ERAF surplus.

Additionally, there has been a 37.06 increase in net operating FTEs from 0.50 FTE in FY 2010-11 to 37.56 FTE in FY 2019-20. Almost half of this growth is related to temporary FTEs for the SFHA transition, with much of the balance related to

increases to funding Community Development initiatives and grants to community-based organizations.

Exhibit 3: Citywide and MOHCD General Fund Support and Net Operating FTE

Fiscal Year	Citywide General Fund	MOHCD General Fund	Net Operating FTEs
FY 2010-11	2,967,374,828	1,526,671	0.50
FY 2011-12	3,261,908,817	1,915,229	0.50
FY 2012-13	3,486,708,960	3,461,211	0.50
FY 2013-14	3,949,764,316	6,366,514	6.50
FY 2014-15	4,270,953,200	9,099,156	10.27
FY 2015-16	4,587,552,026	16,686,841	13.27
FY 2016-17	4,859,781,042	19,218,472	13.35
FY 2017-18	5,147,557,828	25,512,984	18.50
FY 2018-19	5,511,633,982	33,770,811	20.27
FY 2019-20	6,142,885,797	151,473,174	37.56
10-Year Change	\$3,175,510,969	\$149,946,503	37.06
10-Year % Change	107%	9,822%	

Sources: Annual Appropriations Ordinances and Annual Salary Ordinances, FY 2010-11 to FY 2019-20

While these amounts reflect direct General Fund support as provided for in the AAO, indirect General Fund support may also fund MOHCD activities, but the impact is less transparent. Most significantly, both ERAF surplus funding and the Housing Trust Fund allocation are transferred into MOHCD's budget from special funds and are not directly classified as "General Fund Support" in the AAO, but rather as "Intra-fund Transfers In" and "Operating Transfers In." However, both of these funding sources are derived from the General Fund. For FY 2019-20, these two line items totaled \$106,890,000, of which Mr. McCloskey reports \$70.1 million pertains to ERAF and \$36.8 million is from the Housing Trust Fund.

Another example of indirect General Fund support is the Homeless Services program that fund grants to community-based organizations for the Local Operating Subsidy Program (LOSP). The expenditure, which totaled \$9,625,974 in FY 2019-20, is reimbursed by the Homelessness and Supportive Housing Department and is General Fund supported.

COVID-19 Impacts

COVID-19 Impacts on Departmental Services

According to Mr. McCloskey, the primary impact of COVID-19 impacts on departmental services has been a partial slow-down of housing development, with materials and supplies more difficult to obtain. It is unclear at present how COVID-19 will impact the real estate market and efforts to provide affordable housing. As of June 11, 2020, \$1.3 million had been collected from philanthropic and private donations and distributed to five community-based organizations for short-term housing subsidies in response to COVID-19. An additional \$5.0 million donation is in the process of being allocated and distributed by MOHCD.

Additionally, the Community Development RFP and grant process to award funding to community-based organizations has been placed on hold pending funding and timeline decisions to be made by the Mayor's Office. MOHCD's nonprofit partners have also had to pause or significantly modify many programs, which provided in-person services to low-income San Franciscans.

COVID-19 Impacts on Departmental Revenues

Mr. McCloskey reports that at present, there are no direct impacts to departmental revenues. However, MOHCD does anticipate that developers may ask for deferral of required amortized loan payments on projects funded by the 2016 General Obligation bonds since the developer revenue is supported by tenant rent. The Board of Supervisors is considering a package of COVID-19 emergency relief policies for affordable housing owners that could reduce annual loan repayments to MOHCD by up to \$16 million. Additionally, a slowdown in market-rate residential and office construction may result in reduced future in-lieu fee revenues.

COVID-19 Impacts on Departmental Expenditures

As of June 4th, MOHCD had expended or encumbered \$2.0 million on COVID-19 response activities, of which \$1,637,853 is for janitorial services, cleaning supplies and miscellaneous expenses for congregate living facilities with shared kitchens and bathrooms, and includes a \$1,046,110 contract encumbrance remaining for such services. Additionally, MOHCD had expended \$3,930 and encumbered \$222,813 for security services at COVID Safe Sleeping Sites. The balance of \$139,717 was for the personnel costs of staff deployed to the EOC.

Historical Budgets by Function

Affordable Housing

The current year budget allocation for MOHCD's Affordable Housing function is \$240,730,506, \$112,514,977 or 46.7 percent of which comes from General Fund support and primarily backed by ERAF surplus.⁵ Even before the receipt of ERAF funding, the Affordable Housing function had grown significantly in the last 10 years due to the development of several new funding streams, including the establishment of the Housing Trust Fund in FY 2013-14, several voter-approved bond issuances, and the creation of additional housing-related special funds. These are described in detail in the policy section of this report. A year-by-year itemization of budget allocation and FTE authority is shown in Exhibit 4 below.

⁵ The Controller's Office recorded ERAF-backed funding of MOHCD using three different methodologies in the FY 2019-20 AAO. \$61.29 million was classified as an Operating Transfer In, \$8.8 million was classified as an Intra-fund Transfer In, and \$104.46 million defaulted to General Fund Support.

**Exhibit 4: Affordable Housing 10-Year Historical Budget Allocation,
General Fund Support and FTE Authority**

Fiscal Year	Budget Allocation	General Fund Support	FTE Authority
FY 2010-11	\$1,297,537	\$166,000	47.55
FY 2011-12	\$1,813,560	\$166,000	46.55
FY 2012-13	\$14,395,379	\$166,000	56.50
FY 2013-14	\$31,456,143	\$3,316,000	56.49
FY 2014-15	\$62,292,138	\$1,600,000	61.48
FY 2015-16	\$76,467,373	\$4,114,534	62.76
FY 2016-17	\$112,981,397	\$1,890,173	66.51
FY 2017-18	\$71,641,644	\$957,474	67.42
FY 2018-19	\$102,305,146	\$1,155,670	68.42
FY 2019-20	\$240,730,506	\$112,514,977	105.30
10-Year Change	\$239,432,969	\$112,348,977	57.75

Sources: Annual Appropriations Ordinances and Annual Salary Ordinances, FY 2010-11 to FY 2019-20

Community Development

The current year budget allocation for MOHCD's Community Development function is \$66,850,493, \$38,958,197 or 58.3 percent of which comes from General Fund support. Over 10 years, this function experienced significant growth totaling \$65.0 million—from FY 2018-19 to FY 2019-20 alone, the budget increased 68 percent as shown in Exhibit 5 below. Direct General Fund support of grants to community-based organizations has driven much of this increase, and include Mayoral enhancements and Board of Supervisors "add-backs" during the budget process. In FY 2019-20, similar to the Affordable Housing function, some of the Community Development function's budget growth resulted from the ERAF surplus of \$18.6 million.

**Exhibit 5: Community Development 10-Year Historical Budget Allocation,
 General Fund Support and FTE Authority**

Fiscal Year	Budget Allocation	General Fund Support	FTE Authority
FY 2010-11	\$1,871,671	\$1,360,671	12.01
FY 2011-12	\$2,219,229	\$1,749,229	12.01
FY 2012-13	\$3,815,211	\$3,295,211	12.01
FY 2013-14	\$4,480,514	\$3,050,514	12.01
FY 2014-15	\$8,252,156	\$7,499,156	15.78
FY 2015-16	\$14,480,461	\$12,572,307	19.78
FY 2016-17	\$31,530,716	\$17,328,299	23.86
FY 2017-18	\$30,486,318	\$24,555,510	25.01
FY 2018-19	\$39,909,605	\$32,615,141	27.78
FY 2019-20	\$66,850,493	\$38,958,197	26.24
10-Year Change	\$64,978,822	\$37,597,526	14.23

Sources: Annual Appropriations Ordinances and Annual Salary Ordinances, FY 2010-11 to FY 2019-20

Homeless Services

MOHCD awards grants to community-based organizations for the Local Operating Subsidy Program (LOSP), which pays the difference between the cost of operating supportive housing that serves formerly homeless persons and all other operating revenue. At present, these grants are 100 percent reimbursed to MOHCD by Homelessness and Supportive Housing, but historically were reimbursed by the Human Services Agency and the Department of Public Health. Historically and at present, the General Fund supports the LOSP work-order to MOHCD. Declining appropriations starting in FY 2018-19 are the result of increased Federal funding through the SF Housing Authority Housing Choice Voucher (HCV) program for units that were formerly subsidized by LOSP. That funding does not pass directly

through the City. The historical Homeless Services budget allocation is shown in Exhibit 6 below.

**Exhibit 6: Homeless Services 10-Year Historical Budget Allocation,
 General Fund Support and FTE Authority**

Fiscal Year	Budget Allocation	General Fund Support	FTE Authority
FY 2010-11	\$4,927,627	\$0	0
FY 2011-12	\$5,063,967	\$0	0
FY 2012-13	\$6,635,496	\$0	0
FY 2013-14	\$9,629,687	\$0	0
FY 2014-15	\$12,232,146	\$0	0
FY 2015-16	\$13,504,571	\$0	0
FY 2016-17	\$13,947,318	\$0	0
FY 2017-18	\$14,660,916	\$0	0
FY 2018-19	\$9,363,669	\$0	0
FY 2019-20	\$9,625,974	\$0	0
10-Year Change	\$4,698,347	\$0	0

Sources: Annual Appropriations Ordinances and Annual Salary Ordinances, FY 2010-11 to FY 2019-20

Contracted Services and Grants by Function

Contracted services accounted for \$196,957 in FY 2019-20, or less than 0.1 percent of MOHCD's original budget. Grants to community-based organizations accounted for \$52,318,660 in FY 2019-20, or 16.5 percent of MOHCD's original budget. The following is a breakdown of contracted services and grants by function.

Contracted Services and Grants for Affordable Housing

Exhibit 7 below shows contracted services and grants to community-based organizations by year since FY 2010-11. Contracted services were for professional services, such as environmental consulting, housing finance technical assistance, and appraisal services. The significant appropriation in FY 2012-13 included \$5.5 million of Hotel Tax revenues to fund loans to affordable housing developers at two project sites.⁶

The majority of contracted services expenditures in the last 10 years has been for information technology professional services for the development of DAHLIA, the on-line housing portal, which began in FY 2015-16. Exhibit 7 does not reflect these expenditures as they were funded by non-AAO appropriations. In FY 2015-16 and FY 2016-17, actual professional services expenditures paid from the Affordable Housing program totaled \$548,424 and \$473,462, respectively. According to Mr. McCloskey, because the development of DAHLIA was incremental and funded by a variety of sources, total system cost has not been calculated. However, Mr. McCloskey reports that approximately \$6 million was spent on professional service contracts with two vendors for development.

Funding for Affordable Housing-related grants to community-based organizations began in FY 2013-14 with the establishment of the Housing Trust Fund. The large one-time increase in FY 2015-16 is the result of \$8.3 million funded by a reimbursement from OCII. These grants are typically for eviction prevention and housing counseling.

⁶ This appears to be a misclassification of the budgeted expense. According to Mr. McCloskey, expenditures were ultimately paid from Subobject 03920 - Loans Issued by City.

Exhibit 7: Affordable Housing 10-Year Contracted Services and Grants

Fiscal Year	Contracted Services	Grants
FY 2010-11	\$500,000	\$0
FY 2011-12	\$600,000	\$0
FY 2012-13	\$6,123,400	\$0
FY 2013-14	\$925,000	\$925,000
FY 2014-15	\$339,078	\$2,200,000
FY 2015-16	\$365,000	\$11,530,000
FY 2016-17	\$0	\$4,568,000
FY 2017-18	\$0	\$5,386,949
FY 2018-19	\$173,445	\$5,263,373
FY 2019-20	\$177,517	\$5,450,205

Sources: Annual Appropriations Ordinances and related budgetary detail, FY 2010-12 to FY 2019-20.

Contracted Services and Grants for Community Development

Exhibit 8 below shows the contracted services and grants by year for Community Development since FY 2010-11. While contracted services were for professional services such as non-profit capacity building and cultural districts and urban impact consulting, grants to community-based organizations funded programs such as legal services, HIV housing services and support, service connection and case management, housing counseling, organizational capacity building, and neighborhood planning. According to Mr. Brian Cheu, Director of Community Development, almost all of these grants are disbursed through Request for Proposals (RFP) processes. The largest RFP that MOHCD issues is the five-year Community Development RFP, which is described in the policy section of this report.

As shown in Exhibit 8 below, there has been significant growth in grants to community-based organizations in the last several years. This growth has been

driven by new funding sources including the Housing Trust Fund, ERAF surplus, as well as Mayoral enhancements and Board of Supervisor "add-backs."

Exhibit 8: Community Development 10-Year Contracted Services and Grants

Fiscal Year	Contracted Services	Grants
FY 2010-11	\$255,440	\$1,547,735
FY 2011-12	\$269,440	\$1,879,576
FY 2012-13	\$319,440	\$3,273,847
FY 2013-14	\$369,440	\$3,199,195
FY 2014-15	\$269,440	\$7,118,133
FY 2015-16	\$159,440	\$12,647,759
FY 2016-17	\$851,746	\$17,336,811
FY 2017-18	\$251,816	\$23,578,429
FY 2018-19	\$19,440	\$30,928,831
FY 2019-20	\$19,440	\$37,242,481
10-Year Change	-\$236,000	\$35,694,746

Sources: Annual Appropriations Ordinances and related budgetary detail, FY 2010-12 to FY 2019-20.

Contracted Services and Grants for Homeless Services

Exhibit 9 below shows total grant amounts by year for Homeless Services since FY 2010-11. As noted above in this report, the Homeless Services function at MOHCD awards grants to community-based organizations for the Local Operating Subsidy Program (LOSP). There are no contracted services in this functional budget. Reductions in grants for the last two years reflect an increase in Federal funding that does not pass directly through the City.

Exhibit 9: Homeless Services 10-Year Contracted Services and Grants

Fiscal Year	Contracted Services	Grants
FY 2010-11	\$0	\$4,927,627
FY 2011-12	\$0	\$5,063,967
FY 2012-13	\$0	\$6,635,496
FY 2013-14	\$0	\$9,629,687
FY 2014-15	\$0	\$12,232,146
FY 2015-16	\$0	\$13,504,571
FY 2016-17	\$0	\$13,947,318
FY 2017-18	\$0	\$14,660,916
FY 2018-19	\$0	\$9,363,669
FY 2019-20	\$0	\$9,625,974
10-Year Change	\$0	\$4,698,347

Sources: Annual Appropriations Ordinances and related budgetary detail, FY 2010-12 to FY 2019-20.

Policy Questions

The Budget and Appropriations Committee asked us to provide additional information regarding the decision-making processes for (1) Community Development grants to community-based organizations and (2) the allocation of funding for housing projects. The following subsections summarize our findings on these topics.

Community Development Grants

MOHCD funds a variety of community-based services, which include eviction prevention, legal services, and HIV supporting housing. For most of these services, MOHCD conducts a competitive process every five years by issuing a Request for Proposals (RFP). MOHCD also issues other RFPs throughout the year on an as-needed basis, such as for Mayoral enhancements and Board of Supervisors "add-

backs" in the fall or for federally-funded capital grants. For the five-year funding cycle, RFP allocations to specific program areas are categorized into different strategies and given an estimated allocation range.⁷ The RFP notes that these allocation decisions are informed by the Consolidated Plan, a five-year strategic plan developed with considerable public input for the U.S. Department of Housing and Urban Development (HUD). While the Consolidated Plan for July 1, 2020 through June 30, 2025 has not yet been finalized, MOHCD along with the Office of Economic and Workforce Development and other City departments have been conducting community forums, focus groups, and other planning activities to inform the current RFP process. See Appendix I for additional details from the RFP regarding grant terms and funding allocations.

The most recent RFP was issued in August 2019 for funding from July 1, 2020 through June 30, 2025, a five-year funding cycle that aligns with the Consolidated Plan. Grant awards are initially established as three-year contracts with a two-year extension. Proposals were due in October 2019 and MOHCD reports receiving 316 eligible proposals totaling \$102.5 million. When developing the RFP, MOHCD anticipated that approximately \$42.0 million would be available annually, which Mr. Cheu reports is the same funding level as the current year. According to Mr. Cheu, the current level of funding for all grants to community-based organizations in FY 2019-20 is \$67.9 million, of which \$38.0 million or 56 percent is funded directly from the General Fund, \$12.2 million or 18 percent is from Federal funding sources, and \$17.7 million or 26 percent is funded from the Housing Trust Fund, ERAF, or other funding sources.⁸

MOHCD established two scoring rounds to vet the submissions and then provided a "Full Slate Review" to ensure the entire portfolio of grants meets MOHCD's overarching goals, especially with regard to priority populations. Appendix II provides the scoring and deliberation details provided in the RFP. Of note, while the first scoring round provides for participation of community members with expertise in the related areas, the scoring process heavily relies on MOHCD staff, and MOHCD and the City maintain control over funding decisions. Of the 81 people serving on review committees, 69 were City employees of which 35 were staff of MOHCD, 18 were staff from the Department of Children, Youth and Their Families, and the remaining were staff from six other City departments. The 12 reviewers that were not City staff represented nine community and governmental

⁷ While funding in the current RFP is appropriated from MOHCD, in prior funding cycles, the RFP also included funds appropriated by Homelessness and Supportive Housing and the Office of Economic and Workforce Development.

⁸ This amount excludes \$1.3 million collected and distributed to five community-based organizations for housing access in response to COVID-19.

organizations such as the Citizen's Committee on Community Development, HOPE SF, San Francisco Foundation, and the Oakland Housing Authority.

Draft funding recommendations were made public on January 15, 2020. A review of the funding recommendations by the Budget and Legislative Analyst found that the amounts were not necessarily within the estimated allocation ranges presented in Appendix I. A public hearing, attended by at least 144 individuals, was held on February 4, 2020. According to Mr. Cheu, public dialogue included positive comments from those organizations recommended for funding and criticism from those who did not.

The public comment period ended on February 21, 2020 and award notifications were to be sent February 24, 2020 with negotiations with grantees expected to occur during April 2020 and contracts starting on July 1, 2020. However, Mr. Cheu reports that the Mayor's Office has requested that award notifications be delayed in light of COVID-19 and due to uncertainties surrounding the budget process, funding availability, and in consideration of input received at the public hearing. Mr. Cheu reports that he has not received final approval as to a revised timeline or funding levels for these grants to community-based organizations.

Allocation of Funding to Housing Projects

MOHCD has developed a "pipeline" of projects, a dynamic document that provides a breakdown of funding sources by use restrictions and allocates the funding either to specific projects identified by geographic location or to general programs or development phases. These projects are specifically named (e.g. 4840 Mission Acquisition and Predev 2) unless a project has not yet been identified for a funding source that has specific constraints (e.g. Geographic Equity Acquisitions (Senior/Family)). The pipeline provides a financial forecast for the projects and includes estimated balances, revenues, and uses for the current year and for two years out. For FY 2019-20, the pipeline reflects a prior year fund balance of \$483.8 million, \$341.5 million in new funds, and \$446.7 million in uses, ending the year with an estimated balance of \$378.6 million.

Most of these funding sources have varying degrees of restriction related to:

- use (housing development, public housing revitalization, housing rehabilitation, eviction prevention, loan or subsidy programs, etc.);
- income levels of occupants (30% AMI, 50% AMI);
- size of housing (single occupancy up to large multi-unit housing);
- geographic location (Mission, Downtown, Octavia, etc.); or
- population served (seniors, HIV/AIDS, teachers, homeless, etc.).

Some restrictions provide for additional processes that increase oversight and assist in ensuring the funds are appropriately expended. Typically, housing development or housing rehabilitation funding is made available through Notice of Funding Availability (NOFA) or Request for Proposals/Qualifications (RFP/RFQ) processes that are public and competitively bid.

Additionally, the Citywide Affordable Housing Loan Committee, an advisory committee currently comprised of the directors (or their designees) of MOHCD, OCII, the Department of Homelessness and Supportive Housing, and the San Francisco Housing Authority (when items pertaining to the Housing Authority are on the agenda), holds public meetings to review and make recommendations to the Mayor. This committee specifically reviews loans to developers for predevelopment or gap financing of affordable housing.⁹ While MOHCD does not readily have an exact count of loans that the Committee has recommended, Mr. McCloskey reports that approximately 23 multi-family housing loans totaling approximately \$167 million were encumbered in FY 2018-19. While loan agreements greater than \$10 million or terms of 10 years or more are subject to Board of Supervisors approval pursuant to City Charter Section 9.118(b), the Board approved an ordinance (File #19-0679) on July 30, 2019 that amended the Administrative Code and delegated the authority to approve loans under \$10 million, but with terms of 10 years or more, to the Director of MOHCD. These loans are still subject to review by the Citywide Affordable Housing Loan Committee and MOHCD is required to provide an annual report to the Board detailing such loans.

MOHCD staff assert that these restrictions and open and public review processes increase oversight and assist in the decision-making process. However, even within these constraints, there is a degree of departmental discretion in the use of these funds, as well as constraints imposed by the real estate market, that influence decision-making. Funding and allocation decisions must be made in terms of scope of projects and programs, precise geographic locations and populations served, project timing, delivery and funding methods, ability to leverage other financing, and more. According to Mr. McCloskey, MOHCD works with members of the Board of Supervisors, the Mayor, and community stakeholders when considering the allocation of funds to housing projects. Further, Mr. McCloskey notes that MOHCD may pursue direct acquisition of real estate when a market opportunity arises and there is funding available.

Outside of the restrictions on certain funds (described in more detail below) MOHCD reports that local funding decisions are made largely based on: (1) availability of funding sources; (2) timing of application and awards of other

⁹ The Controller's Office will have a representative on the Committee pursuant to the amended Administrative Code (File #19-0679).

leveraged funding sources; and, (3) project's development timeline. While MOHCD seeks required approvals from the Board of Supervisors throughout housing development phases and provides quarterly status reports pursuant to City Ordinance (File #18-0547), there are no formal overarching policies or procedures that define how funding decisions are to be made between these various sources. Further, the quarterly status reports do not include details regarding how developments have come to MOHCD for approval or how approvals have been determined.

During the Board of Supervisors review of the FY 2020-29 Capital Plan in April 2019, the Board added language to the approving resolution to include affordable housing to the capital planning process. On April 20, 2020, the Capital Planning Committee was presented an off-year update to the Capital Plan by Capital Planning staff that addressed the progress made and presented a methodical approach to incorporating affordable housing into the Capital Plan. On May 11, 2020, the Capital Planning Committee approved a resolution formally incorporating affordable housing into the FY 2022-2031 Capital Plan, and the resolution (File #20-0487) was received and assigned to the Budget and Finance Committee on May 12, 2020.

Funding Streams

The following is a brief description of significant funding streams for affordable housing that MOHCD receives:

Affordable Housing Fund (est. circa 2002)

The Affordable Housing Fund accounts for developer fees collected pursuant to various Planning Code sections for inclusionary housing or jobs-housing linkage fees, typically to be used as gap financing for rental housing. Some of these fees are required to be expended in specific geographic areas, while others are less restrictive. As of June 30, 2019, the Affordable Housing Fund balance was **\$210.9 million**.

Housing Trust Fund (November 2012)

The Housing Trust Fund was established by Proposition C in 2012 and was intended to replace \$50 million received annually from the San Francisco Redevelopment Agency, which had been dissolved. The Housing Trust Fund is funded by the City's General Fund according to formula, beginning with \$20 million in FY 2013-14 and increasing \$2.8 million per year until the annual appropriation reaches \$50.8 million in FY 2024-25. After FY 2024-25, the annual appropriation will be indexed to the increase or decrease in General Fund discretionary revenues. In FY 2019-20, the annual allocation was \$36.8 million. Pursuant to the San Francisco Charter Section 16.1101(d), these funds are to be used primarily for the creation, acquisition, or rehabilitation of affordable rental or ownership housing, the Down Payment Assistance Loan Program, and the

Housing Stabilization Program. According to Mr. McCloskey, as of June 30, 2019, the Housing Trust Fund balance was **\$11.8 million**.

Low and Moderate Income Housing Asset Fund (2012)

This special revenue fund was created to account for affordable housing assets transferred from the former RDA at the time of dissolution, as well as from OCII once projects have been completed. Use of these funds is guided by State law and the City is required to provide an annual report of fund assets and activities. MOHCD utilizes these funds for affordable housing rehabilitation and new construction. In FY 2019-20, these funds have been specifically directed toward HOPE SF and projects previously developed by the San Francisco Housing Authority. For FY 2018-19, audited revenues totaled \$24.9 million and expenditures totaled \$5.2 million. As of June 30, 2019, the audited Low and Moderate Income Housing Asset Fund balance was **\$42.5 million**.

Prop A Housing Bond Issue (November 2015)

In November 2015, voters approved Proposition A providing for a \$310 million bond issuance for affordable housing, including low-income housing development, public housing redevelopment, Mission housing development, and middle-income rental housing and homeownership programs. The debt service on the general obligation bonds are funded through increased property tax assessments. The third and final issuance of bonds totaling \$92.8 million was issued in October 2019. According to the Citizens' General Obligation Bond Oversight Committee report, **\$98.9 million** remained unexpended and unencumbered as of December 2019.

Prop C Affordable Housing Bond Issue (November 2016)

Proposition C approved by voters in 2016 diverted the remaining bond authority of \$260.7 million previously approved by voters in 1992, but never used, for seismic safety improvements to fund the acquisition and rehabilitation of at-risk multi-unit housing. The debt service on the general obligation bonds will be funded through increased property tax assessments. The first issuance of bonds totaling \$72.4 million was issued in February 2019. MOHCD is directing these funds to the Preservation and Seismic Safety Program for acquisition and rehabilitation subsidy loans for preservation of small and large sites. According to the Citizens' General Obligation Bond Oversight Committee report, \$26.7 million had been loaned to 10 Preservation and Seismic Safety Program projects and a balance of **\$45.7 million** remained as of December 2019.

Downtown Neighborhood Preservation Fund (July 2016)

The Downtown Neighborhood Preservation Fund was established to receive developer fees and the proceeds from the sale of City property related to the Oceanwide Center project at 50 First Street. The \$40 million is to be used for new

construction, acquisition, and/or rehabilitation of affordable housing within a one-mile radius of 50 First Street. Any unspent funds after 10 years are to be returned to the Affordable Housing Fund. Fee and interest revenue relating to the project of \$17.7 million and \$22.4 million was received in FY 2017-18 and FY 2018-19, respectively. As of June 30, 2019, the Downtown Neighborhood Preservation Fund had a fund balance of **\$34.2 million**. Mr. McCloskey reports that a portion of these funds may be due to the payee if the project does not proceed as planned.

Affordable Housing Production and Preservation Fund and ERAF (June 2019)

The Affordable Housing Production and Preservation Fund was established to receive 50 percent of surplus ERAF funds beginning in FY 2019-20 to be used for the new construction, acquisition, and/or rehabilitation of affordable housing. Prior to the establishment of the fund, a supplemental appropriation totaling \$111.5 million of ERAF surplus was approved on February 26, 2019 and allocated to various affordable housing projects and programs, including \$40 million to the Small Sites program and \$9 million to HOPE SF repairs. During the FY 2019-20 budget process, an additional \$174.6 million was appropriated for more affordable housing projects as well as debt repayment, rental subsidies, loan programs and more. In total, ERAF appropriations for affordable housing have totaled \$286.0 million and, as of April 8, 2020, these funds had an unencumbered balance of **\$167.6 million**.

Prop A Bond Issue for Affordable Housing (November 2019)

In November 2019, voters approved Proposition A providing for a \$600 million bond issuance for affordable housing, including low-income housing development, public housing redevelopment, senior and educator housing programs, and middle-income housing and preservation programs. The debt service on the general obligation bonds is funded through increased property tax assessments. Mr. McCloskey reports that MOHCD is working with the Office of Public Finance on the timing of the initial bond issuance.

Policy Options

1. *The Board of Supervisors should consider amending the Administrative Code to require MOHCD, in its quarterly reports on affordable housing development, to include details regarding how developments have come to them for approval and how approvals have been determined.*

APPENDIX: I. 5-Year Community Development Grant Terms and Funds Available (July 1, 2020 to June 30, 2025)

GRANT TERMS & FUNDS AVAILABLE

This RFP will provide approximately \$42,000,000 annually in grant funding from July 1, 2020 through June 30, 2025. Grant awards will be setup initially as three-year contracts, from July 1, 2020 through June 30, 2023, with an option by MOHCD for a two-year extension to June 30, 2025. Annual grant allocations are subject to availability of funds. MOHCD has, at its sole discretion, the option to renew the grant agreement. The final terms and conditions of the grant are subject to negotiation.

All funding allocations are strategy specific, and the funds provided must be used for the specific program purposes outlined under each strategy. The following chart (which continues on the next page) details all of the strategies that will be included in this RFP with their estimated allocation ranges as well as the page of this document where more information is located.

Program Area	Strategy	Allocation Range	Page
Eviction Prevention & Housing Stabilization	Tenant Right to Counsel	\$8,500,000 - \$9,500,000	38
	Tenant Counseling & Education	\$2,000,000 - \$3,000,000	42
	Tenant-Based Rental Subsidies	\$1,000,000 - \$1,500,000	44
	Tenant & Landlord Assistance	\$500,000 - \$700,000	47
	Housing Stabilization Services & Shared Housing	\$300,000 - \$700,000	49
Access to Civil Justice	Immigrant Justice	\$8,200,000 - \$8,700,000	61
	Worker Justice	\$500,000 - \$700,000	67
	Housing Justice	\$250,000 - \$350,000	70
	Consumer Justice	\$250,000 - \$350,000	73

GRANT TERMS & FUNDS AVAILABLE

Program Area	Strategy	Allocation Range	Page
Access to Civil Justice (continued)	Benefits Advocacy	\$200,000 - \$300,000	76
	Family Justice	\$150,000 - \$300,000	79
	Community Legal Navigators	\$100,000 - \$150,000	82
Access to Opportunity	Community-Based Services	\$5,000,000 - \$5,500,000	91
	Housing Place-Based Services	\$2,000,000 - \$2,250,000	97
HIV Supportive Housing	RCFCI Operating Costs & Supportive Services	\$3,750,000 - \$4,000,000	108
	Housing Stability Services for Long-Term Rental Subsidies	\$350,000 - \$400,000	111
	Transitional Housing	\$100,000 - \$150,000	114
Access to Housing	Rental Housing Counseling	\$1,500,000 - \$1,700,000	123
	Homeownership Pre-Purchase	\$915,000 - \$1,115,000	133
	Homeownership Post-Purchase	\$200,000 - \$250,000	142
	Home Modifications	\$700,000 - \$800,000	151
Community Building	Convening & Collaboration	\$900,000 - \$1,000,000	156
Financial Capability	Financial Capability Services	\$700,000 - \$750,000	166

APPENDIX: II. 5-Year Community Development Grant RFP Scoring and Deliberation Details

SCORING & DELIBERATION

Phase One Proposal Scoring

Proposals that meet our Minimum Eligibility Criteria (see page 12) will receive Community Scores, Internal Staff Scores and an Equity Score. For each proposal, these three score types are combined into a single Proposal Score. To form the Proposal Score, the Equity Score is added to an average of the Community and Internal Staff Scores. Proposals with a Proposal Score of at least 75 points advance from the Phase One Proposal Scoring to the Phase Two Proposal Scoring part of the RFP process. Proposals that do not satisfy the Minimum Eligibility Criteria will be determined as non-responsive to this RFP and will not be further reviewed.

Community Scores

Proposals in each strategy will be read and scored by community members with expertise in that strategy. Before reading proposals, community scorers are trained by MOHCD on the goals and requirements of the strategies for which they are reading proposals. Each community scorer will use a rubric provided by MOHCD to assign a score between 0 and 100 points to each proposal they read. The point value of each section in the scoring rubric is below.

Proposal Section	Point Value
Target Population Need	25
Program Design	45
Program Impact	15
Agency Approach	15

Internal Staff Scores

MOHCD staff will read and score proposals submitted in response to this RFP. These internal MOHCD staff scorers are trained to read and score proposals using the same scoring rubric as community scorers. MOHCD staff received a comprehensive implicit bias training, provided by the City's Department of Human Resources, in 2018. All staff have been active participants in MOHCD's internal racial equity initiative.

SCORING & DELIBERATION

Proposal Equity Score

To support MOHCD's focus on equity, proposals that will serve at least 75% of participants from one or more of the following populations receive 10 additional points on their Proposal Score:

- Households experiencing a legacy of exclusion
- Households destabilized by systemic trauma
- Households at risk of displacement
- Households with barriers to accessing opportunities
- Extremely and very low income households

The populations above are based on areas of need identified through MOHCD's Consolidated Planning process.

Phase Two Proposal Scoring

Proposals that receive a Proposal Score of 75 points or higher advance into the deliberation phase of the process. This deliberation phase includes 2 steps: (1) determining the fundability of proposals, and (2) selecting potential grantees. To determine the fundability of a proposal, MOHCD staff will deliberate on and provide a final, consensus score for each proposal based on the following Deliberation Factors:

1. Phase One Proposal Score (40 points)
2. Strategy Alignment: Does the proposal align with the requirements and expectations of the funding strategy? MOHCD will not spend its funding on services that fall under the mission and/or grant making strategy of other public entities, such as other City departments or the San Francisco Unified School District (SFUSD). For instance, we will not fund youth workforce development programming that aligns with the grant making strategies of the Department of Children, Youth & Their Families (15 points)
3. Target Population: Does the proposal indicate the ability to reach and serve priority populations under each funding strategy? (15 points)

SCORING & DELIBERATION

4. Applicant's Commitment to Equity: Does the applicant ensure equity is a central part of their planning and execution of proposed services? This includes appropriate outreach strategies for the proposed service and target population, as well as budgeting for and hiring multilingual staff or other solutions to improve language access for limited English proficient clients (10 points)
5. Past Performance: Does the applicant's past performance indicate an ability to deliver the proposed services, including compliance with applicable federal, state, and/or local laws? (10 points)
6. Fiscal Health: Does the applicant have the fiscal health to manage grant funds? (10 points)

Scoring proposals against these Deliberation Factors allows MOHCD to develop a final ranking of the fundable proposals. MOHCD staff will then allocate funds to those proposals until no dollars are left in the funding strategy. Once this step is complete, MOHCD will have generated a proposed list of proposals, with grant funding amounts, for each strategy in the RFP.

Full Slate Review

To ensure that our proposed list of grants meet our goals and address our priority populations, MOHCD staff will conduct a "Full Slate Review" of the entire proposed 2020-25 portfolio. The purpose of this analysis is to identify the following:

- Service Populations: we will seek to determine if any gaps in service population emerge due to the proposals submitted or decisions made.
- Coverage: for some funding strategies it is important to ensure wide coverage or availability of services across neighborhoods, community-based locations, etc. We encourage collaborative proposals from teams of agencies with complementary skills and experience. We prefer awarding grants to agencies who can increase their impact through collaboration.
- Capacity: for some funding strategies it is important to ensure that there is enough service capacity available to meet the needs of target population(s).
- Variety: for some funding strategies it is important to ensure that a range of approaches to the services are available.

SCORING & DELIBERATION

- **Distribution of Resources:** we will analyze the distribution of grant funds across agencies, districts, neighborhoods, communities, etc.
- **Final Allocations of Program Areas:** we provide funding ranges in this RFP and the “Full Slate Review” allows MOHCD to determine the final allocations for each program area and strategy.

As a result of the “Full Slate Review,” MOHCD staff may make additional adjustments to our proposed list of grants. After completing these adjustments, we will have generated a final list of grants to be funded in our 2020-25 Funding Cycle.

