

Affordable Housing Bond Inducement Process Streamlining

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Goals of new process

- Speed up affordable housing production process
- Avoid cost increases for affordable housing from administrative delays
- Focus staff time on moving projects forward by reducing red tape
- Maintain same level of review and oversight for Board of Supervisors
- Follow industry best practices

What kind of bonds are these?

- Conduit Tax-Exempt Bond Issuances
- No liability or obligations for the city
- City Issues to create tax-exemption
- Bonds allow projects to access Low Income Housing Tax Credits

What's an inducement?

- Resolution setting the earliest date bond proceeds can be spent
 - Doesn't matter for affordable housing because of many sources of funds
- Required by CDLAC before bond application
- Create no obligations to the city and projects may not even move forward

Current Process

- Projects come to MOHCD 4 months before applying to CDLAC
- MOHCD works with City Attorney to draft inducement resolution
- Resolution goes to Budget and Finance Committee and then the full Board
- Procedural item – 9 went to board last year and no questions were received
- Can delay a project up to 7 months if deadline is missed, costing \$3-4 million per project

Proposed Process

- Board approves resolution allowing Mayor or MOHCD Director to sign inducement certificates to apply to CDLAC
- Board still approves issuance resolutions when projects are actually moving forward

Anticipated Outcomes of Changes

- Faster application process for affordable housing projects
- Reduce chances for administrative delays that inflate affordable housing per unit costs
- Focus staff time on moving more projects forward
- Provide same level of Board oversight on projects

Questions?

