



Administration of Loans and Grants for Affordable Housing

Mayor's Office of Housing and
Community Development

July 22, 2019

CITY AND COUNTY OF
SAN FRANCISCO

MAYOR LONDON N. BREED

100679

Existing Requirements

MOHCD must obtain these project-related approvals from the Board of Supervisors:

City Charter Section 9.118

- Loans and grants over \$10 million or with terms of 10 years or more

Administrative Code Chapter 23 and 23A

- Acquisitions and leases of real property
- Jurisdictional transfers of surplus sites from City departments

Planning Code Section 413 and 415

- Land dedications to comply with Jobs Housing Linkage or Inclusionary Requirements

State Requirements

- State programs like the Affordable Housing/Sustainable Communities (AHSC) and No Place Like Home (NPLH) require local governing bodies to approve applications for and expenditures of grant funding
- California Debt Limit Allocation Committee (CDLAC) requires that local governing bodies approve tax-exempt bond financing applications



Proposal for Delegated Authority

MOHCD is seeking delegated authority to the Director to approve the following:

1. Loans and grants under \$10 million but over 10 years (includes Down Payment Assistance Loans)
2. Local Operating Subsidy Program (LOSP) contracts
3. Emergency loans over \$10 million for life safety repairs

What stays the same under this legislation:

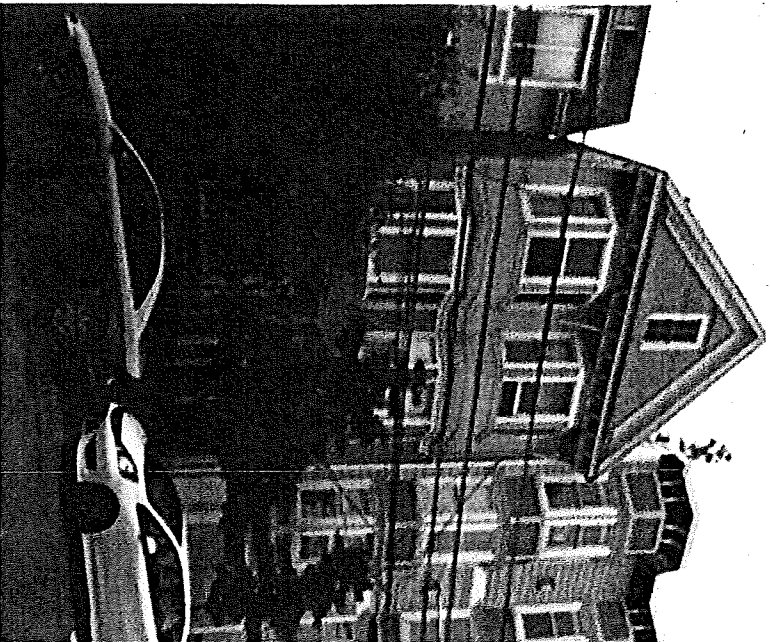
- New construction projects will still need BOS approval for land acquisitions or transfers, ground leases, and tax-exempt bond issuances
- Any (non-emergency) MOHCD loan over \$10 million and receipt of state funding will still require BOS approval
- LOSP program funding from the General Fund will still be subject to annual budget appropriations
- MOHCD loans for affordable housing projects will still require long-term affordability restrictions and compliance with all applicable program regulations and laws



Small Sites and Acq./Preservation

City's anti-displacement programs must be able to act quickly to preserve at-risk properties

- BOS approval process adds 4-5 weeks on top of the typical 100 days required to close on City financing



70 Belcher (Duboce Triangle Neighborhood)

Sponsor: San Francisco Community Land Trust

Preserved as permanently affordable housing in July 2017

- 5 residential units serving very low- to moderate-income households, including seniors and disabled tenants who faced an Ellis Act eviction.
- \$2.12M SSP financing funded acquisition and substantial rehabilitation including: seismic retrofits, electrical upgrades, new roof, siding, windows, kitchens and bathrooms.
- Purchase contract provided less than 115 days to close
(Currently market provides only 90-105 days)



Down Payment Assistance Loans

Issue:

- 1) MOHCD has an obligation to protect the privacy of its individual clients – DALP loan documentation includes personal financial data
- 2) DALP borrowers would not be able to compete in the market if DALP loans required BOS approval

Example:

- DALP borrowers, including educators and first responders, are competing with buyers that are able to close in 30 days or less with conventional lending or all-cash offers, whereas DALP closings require 60 days.
- Sellers need confidence that transactions can close in a reasonable amount of time.
- Additional 4-5 weeks for BOS approval would preclude DALP borrowers from being able to purchase a home in today's market



Local Operating Subsidy Program (LOSP)

Issue:

- LOSP contract are grant agreements that fund the operating costs of supportive housing
- MOHCD/HSR currently funds approximately 1,100 supportive housing units with another 1,300 units in pipeline
- BOS approval for new and renewal contracts adds 4-5 weeks to the process
- BOS already approves annual appropriations from the General Fund to LOSP
- Projects that receive LOSP funding still go to BOS for other project-related approvals like ground lease and bond financing



Emergency Loans for Life Safety

Issue: Emergency loans are rare, but MOHCD must act immediately if life/safety issues are present.

Example: Discovery of damaged or inadequate structural system that puts a building at imminent collapse risk in the case of an earthquake

Constraints: Delegated authority would require:

- The Controller's determination that adequate funds are available and appropriated for the proposed disbursement
- The MOHCD Director's determination that owners have utilized all other possible funding sources
- The Mayor and the Board received at least 10 days' advance notice of the loan





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