

# Permanent Local Housing Allocation (PLHA) Accept & Expend – Item #5

*Board of Supervisors Budget and Finance Committee  
September 8, 2021*



**Mayor's Office of Housing and Community Development**  
City and County of San Francisco

# Background



- September 2017 – Building Homes and Jobs Act (SB2) approved and chaptered into law
  - Funding for affordable housing by imposing a fee of \$75 on all real estate recording transactions in California
- 2019 – CA Department of Housing and Community Development launches Permanent Local Housing Allocation (PLHA) program with SB2 funds
- June 2020 – Board of Supervisors approves MOHCD application for an allocation of PLHA funds
  - Application proposed use of funds as permanent, project-based operating subsidy for 15% and 25% MOHCD AMI households, including transition reserves and administrative fees.

## PLHA Award

- February 2021 – MOHCD awarded an estimated \$52,308,210 for next five years
- Funds are awarded in five-year increments, with via five-year Standard Agreements with the State
- As the State-imposed recording fee is intended to be permanent, MOHCD anticipates PLHA being a long-term source for affordable housing operating subsidies

# Need for Senior Operating Subsidies



- Seniors ages 60+ were 21.7% of City's population in 2018 and will increase to 26% by 2030.
- 38% of the City's seniors live just above or below the Federal Poverty Line and cannot afford rents set at 50% AMI.
- City created SOS pilot program in 2019, subsidizing units at 1296 Shotwell (40 units) and 735 Davis (13 units).
- No dedicated source for City's SOS program.
- PLHA would serve as permanent funding source for SOS program.

# SOS Pilot Program Status



- FY19-20 budget included \$5M of one-time ERAF funding in HSA's budget
  - 1296 Shotwell SOS contract executed in October 2019; 20 units at 15% and 25% AMI; total \$1,832,438 for five years
  - Category Four fund in Admin Code 10.100-324
- Starting in FY20-21 budget, MOHCD requests \$125k per year in General Funds for additional SoS units
  - 735 Davis SOS contract in 2021 for 13 units at 30% AMI; total \$1,716,823 for 15 years
- FY21-22 budget included \$1.9M General Funds addback to support additional projects
- Remaining balance from ERAF and addback will increase number of units

## PLHA Uses

The PLHA award will:

- provide 15 years of operating subsidies per project for households at 15% and 25% MOHCD AMI who are living in 50% and 60% AMI units
- fund the expansion of the SOS Program to new projects
- fund existing SOS pilot projects which do not currently have an ongoing source of funding past the initial years
- support program administration
- fund a City-held transition reserve in the rare event that the operating subsidy is discontinued by the State

## PLHA Projects



### ***City has ~1,000 units in senior housing pipeline***

- PLHA subsidies will be applied to ~40% of units in senior housing pipeline projects and structured as a 15-year project-based contract.
  - over-the-counter
  - first come, first served basis
- Upcoming senior housing pipeline projects include:
  - 1005 Powell (sole acquisition/rehab project)
  - Transbay West 2
  - 4200 Geary
  - 1939 Market
  - 772 Pacific
  - 967 Mission

# 2021-2026 Funding Projections



City Fiscal Year	Total Funds Committed via Contract*	Project(s) (First 15 Years Unless Otherwise Noted)	15% AMI Units	25% AMI Units	Total Units	City-Held Transition Reserve***
2021-2022	\$ 5,774,002	1009 Powell	15	20	35	\$511,830
2022-2023	\$ 1,631,083	735 Davis (contract Years 2-15)		13**	13	\$154,413
2023-2024	\$ 5,214,594	1296 Shotwell (contract Years 5-15)	20	20	40	Already funded
2024-2025	\$ 21,508,259	Transbay 2 West and 4200 Geary	38	41	79	\$1,906,575
2025-2026	\$ 11,235,454	1939 Market	20	20	40	\$995,954
Total	\$ 45,363,392		93	114	207	\$3,568,772

\*Committed amounts will be disbursed annually.

\*\*Thirteen (13) units at 735 Davis restricted at 30% AMI.

\*\*\*Sized at Year 15 of contract escalated by 4%.



# Permanent Local Housing Allocation (PLHA) Accept & Expend – Item #5

*Board of Supervisors Budget and Finance Committee  
September 8, 2021*



**Mayor's Office of Housing and Community Development**  
City and County of San Francisco