



# Mayor's Office of Housing and Community Development

Budget Preview for Budget & Finance Committee

March 3, 2021



# MOHCD - Overview

- Support San Franciscans with affordable housing opportunities and essential services to build strong communities
- The overall budget for FY 2020-21 is \$197 million and includes approximately 114 positions
- Divisions include:
  - Housing
  - Community Development
  - Homeownership and Below Market Rate (HBMR)
  - Finance and Administration





# MOHCD Divisions

- Housing division focuses on creating housing policies and programs that create safe, stable, and affordable housing.
- Community Development division works with a broad network of community-based partners to create an inclusive and equitable City where all residents can thrive.
- Homeownership and Below Market Rate (HBMR) division focuses on implementing Inclusionary programs and ensuring that City-sponsored affordable housing is accessible to the people it is intended to serve.
- Finance and Administration division ensures that the department has the financial, human, and technological resources necessary to manage our investments and policies.



# MOHCD Policy Priorities

- Anti-displacement
- Housing stabilization
- Housing opportunities for vulnerable communities



# MOHCD Budget Overview

- Approximately 60% of MOHCD's budget does not go through the Board's annual budget process (AAO) and is appropriated at other times.
- Fund sources not included in the AAO:
  - *GO Bonds* – FY19-20: 21% of expenditures
  - *Federal and State Grants* – FY19-20: 11% of expenditures
  - *Development impact fees* – FY19-20: 23% of expenditures
  - *Loan repayments* – FY19-20: 4% of expenditures
  - *Other* – fees supporting bond issuance and monitoring; legal settlements; development agreements - FY19-20: 1% of expenditures



# MOHCD FY 20-21 AAO Budget

Total budget of \$197.2M, including:

- One-time revenues of \$57.0M from Development Agreements, dedicated to affordable housing development
- \$43.7M General Fund grants to CBOs, of which \$5.0M is one-time
- \$39.8M Housing Trust Fund (HTF) and \$20M for possible HTF loan
- \$12.4M Local Operating Subsidy Program (LOSP)
- \$11.9M housing impact fees and former SFRA housing assets
- \$4.3M General Fund HOPE SF investment
- \$3.7M payments to other departments
- \$2.4M Cultural Districts
- \$2.0M San Francisco Housing Authority transition





# MOHCD FY 21-22 Proposed Budget

Total proposed budget of approximately \$126.0M, a reduction of \$71.2M from FY 20-21.

Major increases include:

- \$5.9M LOSP subsidies due to new buildings entering the program
- \$2.8M continuation of rental subsidies & assistance previously funded by one-time FY19-20 ERAF
- \$2.8M Housing Trust Fund per Charter
- \$1.2M operating subsidy for Midtown Apartments



# MOHCD FY 21-22 Proposed Budget

Total proposed budget of approximately \$126.0M, a reduction of \$71.2M from FY 20-21.

Major decreases include:

- \$57M in one-time Development Agreement revenues for affordable housing
- \$20M in one-time affordable housing loan repayments
- \$8.7M grants to non-profits (\$5M in one-time General Fund and \$3.7M to meet Mayor's budget instructions)



# MOHCD FY 22-23 Proposed Budget

Total proposed budget of approximately \$134.8M, an increase of \$8.8M from FY 21-22.

Major increases include:

- \$4.9M debt service for HOPE SF COPs
- \$4.5M LOSP subsidies due to new buildings entering the program
- \$2.8M Housing Trust Fund per Charter



# MOHCD FY 22-23 Proposed Budget

Total proposed budget of approximately \$134.8M, an increase of \$8.8M from FY 21-22.

Decreases result from prior year one-time expenditures, including:

- \$1.9M funding for Senior Operating Subsidies program
- \$.8M for emergency rental assistance
- \$.7M expenditure of commercial rental revenue



# MOHCD Budget Instruction Targets

MOHCD budget reduction target is \$3,718,684, with an additional \$1,239,561 contingency.

- Majority of MOHCD budget is not eligible for contributing to budget reduction target because funds are legally obligated to be spent on activities related to affordable housing. Only unrestricted General Fund dollars may be used for budget reduction target.
- If required to implement Mayor's Office primary budget reduction target, MOHCD proposes to reduce General Fund grants to CBOs by approximately 10% from FY21-22 Base budget



# Equity and Gaps within our COVID reality: Community Development



- Community Development division is conducting a new RFP process focused on equitable community stabilization and pandemic relief
- Prioritizing solutions and investments in the specific areas identified in the Economic Recovery Task Force report released last October including:
  - anti-displacement and eviction prevention strategies
  - protecting the rights of vulnerable residents, particularly immigrants
  - pursuing economic justice for Black, Brown, Indigenous and low-income households

# Equity and Gaps within our COVID reality: Community Development



- MOHCD's COVID-19 emergency rental assistance program targets assistance to the most vulnerable tenants.
- Program is implemented by nonprofit organizations with deep roots in the community, especially those organizations whose primary focus are serving Latino, African American and indigenous clients.
- To date, 68% of our rental assistance recipients identify as Latino, reflecting that community's significant over representation in the impacts of the COVID pandemic.

# Equity and Gaps within our COVID reality: Housing



- In recognition of COVID impacts to affordable housing tenants and project owners, we have rolled out residual receipts policies which allow project owners to retain more cashflow to deploy to projects in need. 52 projects have applied to date.
- We have provided technical assistance and monitoring of new construction and rehab projects to include COVID protections for tenants (where applicable) and workers.
- We have maintained our affordable housing development pipeline, including the recent RFQ for 9 new development sites.

# Equity and Gaps within our COVID reality: HBMR



- In April 2020, MOHCD pivoted our Housing Trust Fund Homeownership Emergency Loan Program (HELP) to serve low-income households experiencing job loss due to COVID-19.
- The COVID HELP program provides relief from HOA dues by paying a full year of monthly dues in advance.
- The program also assists homeowners who will have forbearance balloon payments due when the COVID foreclosure moratoriums expire.

# Equity and Gaps within our COVID reality: HOPE SF



- Resident leaders joined effort to distribute over 400 laptops to residents.
- Ensured residents had access to reliable free internet or hotspots for distance learning.
- Delivered meals, groceries, and supplies to residents. Food bags are distributed to 940 households each week.
- Established the HOPE SF Relief Response Fund to help residents who have experienced a loss in income pay for rent, medical expenses, and bills.
- Assisted residents in applying for unemployment insurance and stimulus income and heightened financial coaching to help plan for the months ahead.



# Contracting Transparency & Performance

- We conduct public RFPs or NOFAs for all funding opportunities in each of our divisions.
- Each grant or loan has a dedicated project manager assigned who carefully reviews all payment requests.
- We are committed to using data to inform our investment decisions, prioritizing capacity building for Black and Brown-led community partners, and tying performance measurement directly to improved outcomes for Black, Brown, Indigenous and low-income residents. We are de-prioritizing funding that does not have a demonstrated track record of improving outcomes for Black, Brown, Indigenous and low-income households.

