

1. **§302(c)(4)(A)** Describe the manner in which allocated funds will be used for eligible activities.

The City and County of San Francisco (City) Mayor's Office of Housing and Community Development (MOHCD) intend to use the PLHA allocation for project based rental assistance to subsidize households at 15% and 25% AMI levels. Specifically, MOHCD intends to subsidize units that are restricted to 50% AMI to 60% AMI rents in the City portfolio in order to support households at 15% and 25% AMI levels. PLHA funds will be used to pay the delta between the 50% and 60% AMI rents and the 15% or 25% AMI household's portion of rent, for a period of 15 years. The PLHA funds would also be used to fund a transition reserve for projects identified to utilize the PLHA funds. The reserve is equal to year 16 subsidy amounts for the project.

2. **§302(c)(4)(B)** Provide a description of the way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of Area Median Income (AMI).

Given the estimated amount of funds available for the PLHA in the first year, this activity could subsidize, at minimum, 35 units of housing at 15% or 25% AMI levels in the 1st year at 60% AMI levels. Subsequent years of allocation could subsidize another 170 units. MOHCD expects to bring on 413 of new housing units in 2020, of which 85% are estimated at between 50% and 60% AMI rents. Only 53 units are below @ 30% AMI, and very few of these units are served by an operating subsidy. The City's housing portfolio could easily target lower income AMIs in conjunction with the PLHA subsidy. This will open up housing opportunities for households that generally have been underserved within the current housing market and also due to the higher income targeting of the City's traditional affordable housing financing limitations.

3. **§302(c)(4)(C)** Provide a description of how the Plan is consistent with the programs set forth in the Local Government's Housing Element.

This plan is consistent with the City and County of San Francisco's Housing Element plan as well as the City's 5 year Consolidated plan. As noted in the 2014 Housing Element, low income household tend to overpay as more of their income is spent on housing, particularly as housing costs rise. This is exacerbated for extremely low income households. Project-based rental assistance will allow households to limit their rent contributions to a reasonable level.

4. **§301(a)(1)** The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-,very low-, low-, or moderate-income households, including necessary Operating subsidies.

- a. **§302(c)(4)(E)(i)** Provide a description of how allocated funds will be used for each proposed Affordable Rental Housing Activity.

In 2020, MOHCD has approximately 352 units of affordable housing coming on line for households earning between 50% AMI and 60% AMI. As affordable housing projects approach construction completion, MOHCD and the project sponsor will identify units between 50% and 60% AMI rents that will be marketed to households making 15-20% AMI. MOHCD will provide the rental subsidy directly to the Sponsor through an agreement for 15 years, including a 1 year

transition reserve. As is standard City policy, all developments will have a 55 year Declaration of Restriction placed on the property to ensure ongoing affordability.

5. **§302(c)(4)(E)(iii)** A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.

MOHCD has extensive experience developing, funding and implementing other City funded project based rental subsidies, most notably the Local Operating Subsidy Program (\$12 million annually in City Funds in 2020-2021). Under this program, MOHCD would:

- identify projects under construction currently
- obtain approval from lenders/investors
- seek Board of Supervisors approval, if applicable
- amend marketing, services and Fair Housing plans
- execute necessary contract(s) before lease up start, in order to market units at the 15% and 25% AMI levels.

Below is the project activity breakdown per the allocation workbook, using transition reserves in the application numbers and accounting for a 5% admin

Funding Allocation Year	2019	2019	2020	2020	2021	2021	2022	2022	2023	2023
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Affordable Rental Housing Activity	49%	46%	49%	46%	49%	46%	49%	46%	49%	46%
§302(c)(4)(E)(ii) Area Median Income Level Served	15% AMI	25% AMI	15% AMI	25% AMI	15% AMI	25% AMI	15% AMI	25% AMI	15% AMI	25% AMI
§302(c)(4)(E)(ii) Unmet share of the RHNA at the AMI Level	4619	6214	4619	6214	4619	6214	4619	6214	4619	6214
§302(c)(4)(E)(ii) Projected Number of Households Served	13	25	17	29	17	28	17	27	17	26

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