



**Adding to Our Affordable Housing Resources:  
Up to \$95 Million in Certificate of Participation  
(Affordable Housing Projects) secured by the  
Housing Trust Fund**

Capital Planning Committee  
November 16, 2015

CITY AND COUNTY OF  
**SAN FRANCISCO**

MAYOR EDWIN M. LEE

# Housing Trust Fund Overview

- **Housing Trust Fund is a Charter-mandated General Fund set-aside for affordable housing approved by the voters in November 2012**
- **Allowable uses of the Housing Trust Fund include multifamily housing development, down payment assistance for first-time homebuyers, and housing stabilization programs to help owners and tenants stay in their existing homes.**



# Budget Context

- **In order to address the current housing crisis, recent budgets have leveraged the Housing Trust Fund as allowed by the Charter**
- **Repayment of COP borrowing will be solely from future Housing Trust Fund allocations.**
- **The adopted FYs 2014-15, 2015-16, and 2016-17 AAO's have each appropriated \$25M in COP revenue from HTF leveraging, for a total of \$75M.**



# Request

**Today we are requesting Capital Planning Committee's approval of the issuance for one or more series of COPs:**

<b>Item</b>	<b>\$ (millions)</b>
FY2014-15 Authority	25.0
FY2015-16 Authority	25.0
FY2016-17 Authority*	25.0
Cost of Issuance/Reserves	8.4
Market Conditions Flexibility	11.6
<b>Total</b>	<b>95.0</b>

*\*FY2016-17 authority is assumed; no COPs will be issued until the FY2016-17 and 2017-18 budget is adopted.*



# Proposed Uses

<b>Proposed Uses</b>	<b>\$ (millions)</b>
RAD	64.0
<i>MOHCD Pipeline Predevelopment:</i>	
1950 Mission	2.0
490 South Van Ness	5.9
17th and Folsom	3.1
<b>Totals</b>	<b>75.0</b>

# RAD

- **\$64 million will be directed to funding the City's share of the Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) program**
- **RAD changes the way the Federal government subsidizes public housing and also moves the ownership and property management of the properties to community based non-profit affordable housing developers for the rehabilitation of over 3,475 public housing units.**
- **Rental subsidies from HUD will repay permanent loans and subsidize operating costs.**



# RAD Buildings

- 227 Bay Street
- 990 Pacific
- 939-951 Eddy
- 666 Ellis
- 430-440 Turk
- 25 Sanchez
- 462 Duboce
- Robert B. Pitts
- 345 Arguello
- Ping Yuen and Ping Yuen North
- Westside Courts
- 1750 McAllister
- Rosa Parks
- 320 & 330 Clementina
- 350 Ellis
- Alemany
- 3850 18th Street
- Mission Dolores
- 1760 Bush
- 2698 California
- Kennedy Towers
- Westbrook Apartments



# MOHCD Pipeline Predevelopment

- **Approximately 15% of the revenue from proposed COP proceeds will fund predevelopment costs for future construction of new affordable housing at three different City-owned parcels.**
  - 490 S. Van Ness
  - 17<sup>th</sup> and Folsom
  - 1950 Mission
- **Total development costs of these parcels is expected to be approximately \$200 million, with total City financing of approximately \$100 million.**
- **Actual allocation of funds to projects may vary, however in all cases the expenditures will be consistent with the affordable housing requirements of the Housing Trust Fund as described in Section 16.110 of the San Francisco Charter.**





# Timing

- **Initially, RAD-related COPs were projected to be used for upfront financing or potentially to reimburse existing expenses; MOHCD financing is typically used as a construction loan because it is the cheapest money**
- **Since then, the projects have received:**
  - **\$20M in fines/penalties levied by the Department of Justice against large banks for their role in the 2008 financial crisis.**
  - **Savings >\$10M from a previous lender who elected not to require pre-payment penalties on a Housing Authority debt**
- **Due to a variety of tax reasons, MOHCD will be the permanent take-out lender at the end of construction**



# Timing

- **The first phase of projects closed financing on November 13**
- **However, the bulk of the COP revenue is not needed until late 2016 or 2017**
- **Approval is requested today to provide MOHCD and OPF with the ability to move quickly and respond to changing market conditions while beginning work on the three pipeline projects**



# Questions/Discussion

