

**Preservation and Seismic Safety Program (PASS)
General Obligation Bond
(2016 Affordable Housing GO Bond)**



Example project: Ambassador Hotel

**CGOBOC Report
June 2024**

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Executive Summary

In November of 2016, San Francisco voters authorized the City and County of San Francisco to repurpose existing bond authority, and issue up to \$260.7 million of general obligation bonds to address critical housing needs, protect residents, and stabilize communities. The bonds fund the Preservation and Seismic Safety Program (PASS), and enable the City, acting by and through its Mayor’s Office of Housing and Community Development (MOHCD), to:

- **Preserve affordability in existing housing at risk of market-rate conversion**
- **Protect San Franciscans living in apartments at risk of displacement**
- **Improve the earthquake resilience of San Francisco’s building stock**

The estimated PASS program funding is as follows:

Program Categories	PASS Program Funding ¹
Affordable (average of 80% AMI & up to 120% AMI)	\$90 million – Below Market Rate Loans <u>\$14.7 million</u> – Deferred Loans \$104.7 million
Market Rate (unrestricted)	\$156 million – Market Rate Loans
TOTAL	\$260.7 million

MOHCD estimates that the PASS program will facilitate the preservation of up to 1,400 apartments. Demand for PASS program financing continues to be strong, especially in the current environment where preservation projects have limited access to tax-exempt bond financing allocated through the State. Since the first loan closing in May 2019, the PASS program has provided \$132 million of low-cost, long-term financing to permanently preserve affordability at 43 projects, including 1,072 residential units and 42 commercial spaces.

¹ PASS Program Funding (Below Market Rate Loans, Deferred Loans, and Market Rate Loans) is expected to be combined, as allowable, to create a blended interest rate for each project and maximize the total bond proceeds available to preserve affordable housing.

MOHCD is also working to leverage PASS financing to complete additional rehabilitation and provide stable long-term funding for earlier small sites projects that were financed before the PASS program was in operation. This will allow additional accessory dwelling units to be built as well providing fully amortizing permanent financing that will set the project up for long-term financial success. MOHCD has also used the PASS funds to provide low-cost debt for rehabilitations of existing affordable housing and in one case, to preserve an affordable housing project threatened with foreclosure.



Background

Since 2012, City leaders and voters have repeatedly demonstrated their support for policies and investments that address the housing needs of San Francisco’s workforce and vulnerable residents. In 2012, voters approved the creation of the Housing Trust Fund. In 2015, 74% of voters approved Proposition A, a \$310 million general obligation affordable housing bond. Then in 2016, 76% of voters approved Proposition C to repurpose \$260.7 million in unused bond capacity to fund the Preservation and Seismic Safety Program (PASS).

The repurposed bond capacity originated from the Seismic Safety Loan Program (SSLP), which was passed by the voters in 1992 Proposition A. The SSLP provided low-cost financing for property owners to perform seismic retrofits after the 1989 Loma Prieta earthquake. A total of \$350 million of SSLP funding was authorized to finance affordable and market rate buildings, as follows:

- \$150 million for affordable buildings
 - \$90 million for Below Market Rate Loans
 - \$60 million for Deferred Loans
- \$200 million for Market Rate Loans to unrestricted buildings

Over the 20 years that followed, the SSLP was underutilized with only \$89.3 million of bonds issued, of the original \$350 million in bond authority. Affordable housing advocates responded with a proposal to broaden the scope of the unused funding to finance the acquisition, improvement, and rehabilitation of at-risk multifamily residential buildings and to convert those buildings to permanent affordable housing. The 2016 approval to expand the eligible uses of the SSLP has resulted in the development of the PASS Program.



Key Differences From Other City Bonds

With most General Obligation bonds, the City hires contractors to complete infrastructure improvements. For affordable housing, the City does not engage contractors directly or own the improvements directly. Rather, the City makes loans to developers (Sponsors) who then hire contractors and own the improvements through Limited Liability Companies (LLCs). This approach allows projects to leverage outside investment. City loans help jump start development, as it is usually the least costly funding the project will receive. Loans to developers include affordability covenants to ensure that projects are affordable for the long-term.



Need for the Investment

Since 2011, market-rate rental costs have far outpaced income increases for most working households. This “affordability gap” leaves families and individuals vulnerable to displacement and homelessness. Though there has been significant affordable housing production and preservation in the last five years, a critical need for more affordable housing continues. High costs and low supply bring personal hardship, accelerate displacement, undermine balanced economic growth, and cause environmental damage as workers endure longer daily work commutes.

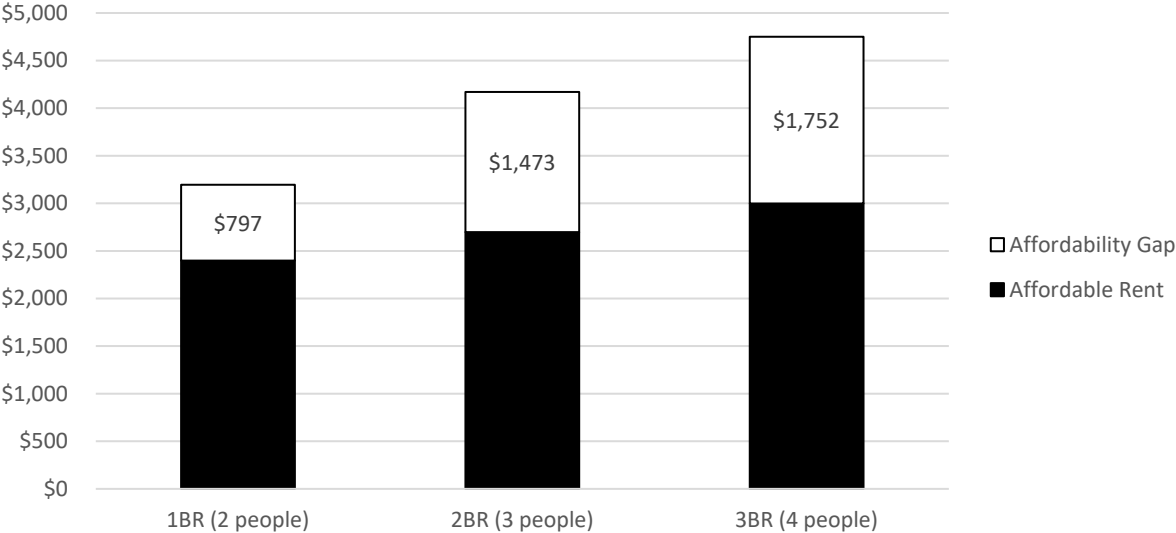
As housing prices have risen, market pressures on the existing housing stock has increased. SF Planning estimates that over the last ten years, approximately 400 units per year were removed from protection under the City’s Residential Rent Stabilization Ordinance. This Bond assists in the acquisition and preservation of multifamily properties throughout San Francisco that are particularly vulnerable to market pressure resulting in property sales, increased evictions and rising tenant rents.

Widening Affordability Gap

The Affordability Gap is the difference between what housing costs and what households of various sizes can afford to pay. It is pegged to income level using the percentage of San Francisco’s Area Median Income (AMI) and household size.

San Francisco has among the highest AMI in the nation, but for many it is still not enough to afford a market-rate apartment. For example, in 2024, a two-person household at 80% AMI earned \$95,900, which translates to an affordable rent of approximately \$2,398 for a one-bedroom apartment. Median one-bedroom market-rate apartments rent for \$3,195, leaving a gap of approximately \$797 more than what is affordable. Larger households face an even greater affordability gap. For a household of four earning 80% of AMI, the monthly shortfall is \$1,752 for a three-bedroom apartment. For those earning less than 80% AMI a market-rate apartment can be completely out of reach.

**Market Rate Rent vs. Affordable Rent
(80% AMI Households)**



Target Populations

The PASS Program funds expand and preserve the affordable housing supply by:

- Taking at-risk multifamily properties off the speculative market and preserving them as permanent affordable housing
- Investing in properties with years of deferred maintenance to make them safer and healthier homes for San Franciscans
- Investing in neighborhoods to promote and preserve economic diversity
- Creating housing opportunities for a broad population, including families, seniors, single working adults, veterans, disabled households, and income levels ranging from extremely low- to moderate.



PASS Program Overview

PASS plays a critical role in the City's anti-eviction and preservation strategy by financing the acquisition and rehabilitation of at-risk multifamily buildings, removing them from the speculative market, and preserving them as permanently affordable housing. Specifically, PASS provides access to a nimble source of low-cost and long-term financing that is not currently available on the conventional market, or through MOHCD's existing financing programs. It is anticipated that in aggregate, the PASS Program will facilitate the preservation of up to 1,400 apartments, reduce the need for other public resources, support the long-term financial feasibility of participating developments, and allow preservation-oriented sponsors to compete more effectively in the acquisition of at-risk buildings offered in the open market.

PASS provides MOHCD's borrowers with low-cost and long-term access to debt financing to acquire, rehabilitate, and preserve existing buildings as permanently affordable housing. Eligible projects may be small buildings like those typically funded by the City's Housing Preservation Program (formerly known as Small Sites).

Eligible Uses

- Acquisition/rehabilitation, preservation of affordable housing, and seismic retrofits
- Small sites (5 to 25 unit buildings)
- Larger multifamily and mixed-use residential buildings (25+ units)
- Single-Room Occupancy hotels

What is not PASS Eligible?

- New construction
- Acquisition without rehabilitation

PASS loans are fully secured by a first-position lien against the fee interest of the property and may be structured as either Acquisition/Construction Loans (Direct Financing), or Permanent Loans (Take-out Financing). Loans may be comprised of a combination of (i) Below Market Rate Loans, (ii) Deferred Loans, or (iii) Market Rate Loans. With little to no anticipated demand for market rate properties, MOHCD expects that each eligible affordable property will be financed with a combination of all three funding sources to maximize the utilization of the bond proceeds at the lowest interest rate to borrowers.

MOHCD's occupancy restrictions are recorded against the deed and permanently restrict all units to households earning no more than 120% of AMI at turnover and require that the project's combined average rents are no higher than 80% of AMI.



PASS and the Housing Preservation Program

The Housing Preservation Program (HPP), formerly Small Sites Program (SSP) is an acquisition and rehabilitation subsidy loan program for existing, typically rent-controlled, buildings. The program was created to protect and establish long-term affordable housing in properties throughout San Francisco that are particularly vulnerable to market pressure resulting in property sales, increased evictions, and rising tenant rents. In the face of this increasing pressure on tenants, the City developed the program in 2014 to support non-profit and for-profit entities to successfully remove these sites from the market and restrict them for the long-term. The overarching program goals are to:

- 1) Protect and stabilize housing for current tenants at a range of income levels**
- 2) Remove SSP properties from the speculative market while increasing the supply of permanently affordable rental housing**
- 3) Create financially stable, self-sustaining housing that serves multiple generations of low to moderate income households**

To date, HPP has provided approximately \$237 million in financing to preserve 56 developments with 711 residential units and 43 commercial spaces. Since the introduction of the PASS program in 2019, nearly all new HPP projects have been financed with senior loans from PASS and subsidy loans from HPP. The PASS program complements and enhances MOHCD's ongoing anti-displacement and preservation work under the HPP Program by replacing more expensive conventional debt with low-cost, long-term PASS financing.



Ani Rivera - Small Sites Property
Ani is Director of Galeria de la Raza
Renter for 20 years



PASS vs. Conventional Bank Financing

PASS financing significantly reduces borrowing costs and the need for other public resources, such as SSP gap financing. Additional benefits of PASS financing include improved project financial sustainability, deeper levels of affordability, and expedited execution that enable MOHCD's partners to compete more effectively in the acquisition of at-risk buildings offered in the open market.

A detailed comparison of conventional bank vs PASS financing is below:



1201 Powell Street

Sponsor: CCDC
 Neighborhood: Nob Hill, District 3
 Loan Closing Date: June 28, 2019
 Program Type: PASS, SSP
 Number of Units: 13 studios
 4 one bedrooms
 17 total units

OPERATING BUDGET

Affordable Rents	247,303	~50% AMI rents
Operating Expenses	139,207	
Net Operating Income	108,096	Amount available for debt service

SOURCES & USES

	<u>Conventional Loan</u>	<u>PASS Loan</u>	<u>Remarks</u>
	3.86%	3.41%	Interest Rate
	30	40	Loan Term (years)
	1.15	1.10	Debt Coverage Ratio
	93,997	98,269	Net Available for Debt Service
SOURCES			
Senior Loan	1,669,000	2,143,000	
Small Sites Program (SSP) Gap	6,402,000	5,928,000	\$474k reduction in City funded gap
Total Sources	8,071,000	8,071,000	
USES			
Acquisition	4,312,000	4,312,000	
Rehabilitation	1,819,000	1,819,000	
Soft Costs	1,940,000	1,940,000	
Total Uses	8,071,000	8,071,000	

Note: Figures are for illustrative purposes only.



First Issuance – Series 2019A

Highlights

- February 2019 – the City issued the first round of funding for the PASS Program in the amount of \$72.42 million.
- March 2019 – PASS Program Regulations adopted by Citywide Affordable Housing Loan Committee.
- May 2019 – First PASS loan closing.
- As of December 2019:
 - Ten additional PASS loan closings representing a funding amount of \$26.7 million.
- As of June 2020:
 - Three additional PASS loan closings representing a funding amount of \$7.6 million.
- As of June 2021:
 - Five additional PASS loan closings representing a funding amount of \$13.2 million and an aggregate PASS utilization of \$47.4 million to preserve 294 residential units and 22 commercial spaces.
- As of December 2021:
 - Two additional PASS loan closings representing a funding amount of \$4.7 million and an aggregate PASS utilization of \$52.1 million to preserve 312 residential units and 24 commercial spaces.
- As of August 2022
 - One additional PASS loan closing representing a funding amount of \$4.4 million and an aggregate PASS utilization of \$56.5 million to preserve 320 residential units and 26 commercial spaces
- As of August 2023
 - One additional PASS loan closing representing a funding amount of \$1.6 million and an aggregate PASS utilization of \$58 million to preserve 328 residential units and 26 commercial spaces
- As of December 2023
 - One additional PASS loan closing representing a funding amount of \$11.8 million and an aggregate PASS utilization of \$69 million to preserve 435 residential units and 28 commercial spaces.



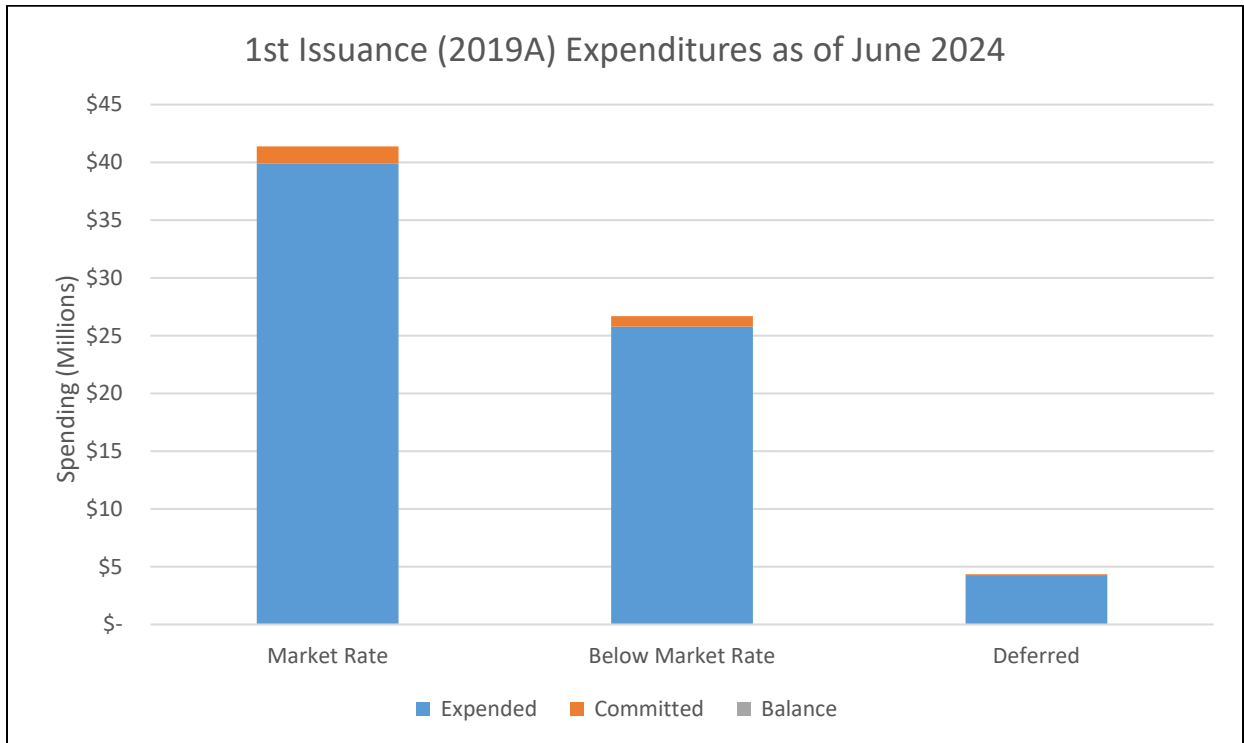
SOURCES AND USES

Sources:

	Total Amount	Market Rate Loans	Below Market Rate Loans	Deferred Loans
Series 2019A Par Amount	<u>72,420,000</u>	<u>41,382,961</u>	<u>26,683,149</u>	<u>4,353,890</u>
Total Sources	72,420,000	41,382,961	26,683,149	4,353,890

Uses:

Project Fund Deposits				
Project Fund	71,461,128	40,835,032	26,329,853	4,296,243
CSA Audit Fee	<u>142,922</u>	<u>81,670</u>	<u>52,660</u>	<u>8,592</u>
Total Project Fund Deposits	71,604,050	40,916,702	26,382,512	4,304,836
Cost of Issuance	538,011	307,435	198,230	32,345
Underwriter's Discount	205,519	117,440	75,723	12,356
CGOBOC Fee	<u>72,420</u>	<u>41,383</u>	<u>26,683</u>	<u>4,354</u>
Total Delivery Expense	814,839	465,623	300,227	48,988
Total Uses	72,420,000	41,382,961	26,683,149	4,353,890



Figures above include costs of issuance expenditures.



First Issuance – Series 2019A Anticipated Pipeline

Project Name	Sponsor	Residential Units	Commercial Units	Market Rate (MR)	Below Market Rate (BMR)	Deferred (D)	Total PASS Loans	Status
60 28th Street	MEDA	6		584,001	376,556	61,443	1,022,000	Closed
Purple House	SFCLT	10		610,399	394,461	64,140	1,069,000	Closed
1201 Powell Street	CCDC	17	1	1,224,575	789,588	128,837	2,143,000	Closed
1411 Florida Street	MEDA	7		821,669	530,991	86,340	1,439,000	Closed
3280 17th Street	MEDA	11	5	3,078,832	1,989,648	323,520	5,392,000	Closed
4830 Mission Street	MEDA	21	6	5,225,221	3,376,719	549,060	9,151,000	Closed
462 Green Street	CCDC	7		368,295	238,005	38,700	645,000	Closed
305 San Carlos Street	MEDA	12	2	1,373,826	887,814	144,360	2,406,000	Closed
65-69 Woodward Street	MEDA	6		734,877	474,903	77,220	1,287,000	Closed
654 Capp Street	MEDA	7		1,191,677	770,103	125,220	2,087,000	Closed
937 Clay Street	CCDC	73	3	2,515,255	1,625,445	264,300	4,405,000	Closed
520 Shrader Street	SFHDC	7		1,140,287	736,893	119,820	1,997,000	Closed
70 Belcher Street	SFCLT	5		685,771	443,169	72,060	1,201,000	Closed
1353 Stevenson Street	MEDA	3		1,115,734	721,026	117,240	1,954,000	Closed
3544 Taraval Street	MEDA	6		341,458	220,662	35,880	598,000	Closed
270 Turk Street	TNDC	86		4,638,804	2,997,756	487,440	8,124,000	Closed
1382 30th Avenue	MEDA	4		383,141	247,599	40,260	671,000	Closed
3254-3264 23rd Street	MEDA	6	5	1,033,510	667,890	108,600	1,810,000	Closed
369 3rd Avenue	MEDA	12	1	1,847,756	1,194,084	194,160	3,236,000	Closed
2260 Mission Street	MEDA	6	1	825,666	533,574	86,760	1,446,000	Closed
3158 Mission Street (El Rio)	MEDA	8	2	2,505,548	1,619,172	263,280	4,388,000	Closed
239 Clayton Street	MEDA	8		901,038	582,282	94,680	1,578,000	Closed
South Park Scattered Sites	MHDC	107	2	6,753,788	4,364,532	709,680	11,828,000	Closed
1535 Jackson Street	CCDC	30		752,897	430,008	84,223	1,267,128	Committed
Sub-Total	24 projects	465	28	40,654,025	26,212,880	4,277,223	71,144,128	
				40,835,032	26,329,853	4,296,243	71,461,128	
				(181,007)	(116,973)	(19,020)	(317,000)	



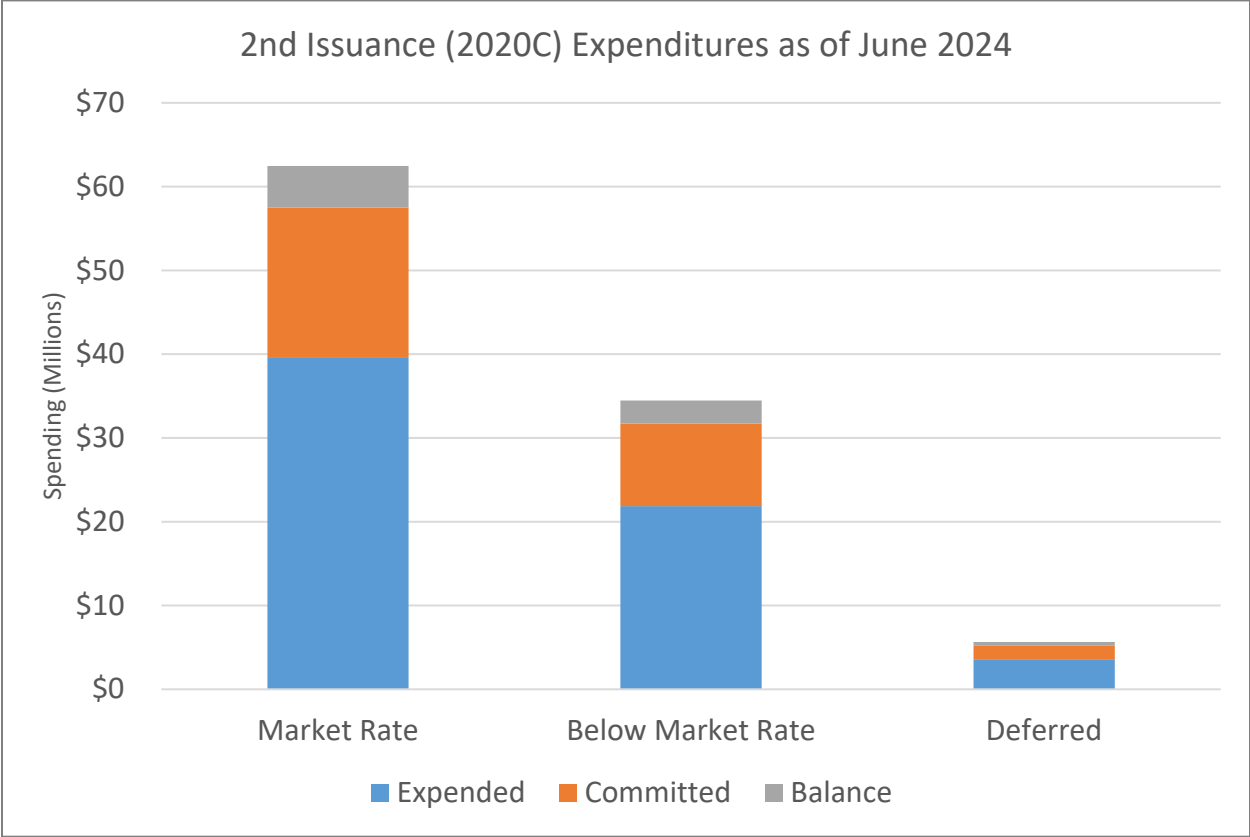
Second Issuance – Series 2020C

Highlights

- November 2020 – 2nd Issuance for the 2016 Affordable Housing bond (Series 2020C) closed for \$101.7 million.
- March 2022 – first Series 2020C PASS loan closes for \$8.5 million to preserve 88 residential units and 3 commercial units
- February 2023 – 2 additional projects close with a total of 24 residential units and \$5.4 million in PASS funds
- August 2023 – 8 additional projects close with 138 residential units and \$17.3 million in PASS funds
- December 2023 – 3 additional projects closed with 23 residential units and \$3 million in PASS funds
- June 2024 – 6 additional projects closed with 364 units and \$29.7 million in PASS funds for a total of \$62.1 million in 2020C funds released

	2020C		Market Rate	Below Market Rate	Deferred
			60.90%	33.60%	5.50%
Maximum Not to Exceed Amount:	102,580,000.00		62,471,220.00	34,466,880.00	5,641,900.00
Sources:					
Par Amount	102,580,000.00	100.0%	62,471,220.00	34,466,880.00	5,641,900.00
Total Sources:	102,580,000.00	100.0%	62,471,220.00	34,466,880.00	5,641,900.00
Uses:					
Project Fund Deposits:					
Project Fund	101,519,782.72	99.0%	61,825,547.68	34,110,646.99	5,583,588.05
CSA Audit Fee	203,039.57	0.2%	123,651.09	68,221.30	11,167.18
Total Project Fund Deposits:	101,722,822.29	99.2%	61,949,198.77	34,178,868.29	5,594,755.23
Cost of Issuance	548,486.71	0.5%	334,028.41	184,291.53	30,166.77
Underwriter's Discount	206,111.00	0.2%	125,521.60	69,253.30	11,336.10
CGOBOC Fee	102,580.00	0.1%	62,471.22	34,466.88	5,641.90
Total Delivery Expense:	857,177.71	0.8%	522,021.23	288,011.71	47,144.77
<i>Additional Proceeds</i>	-	0.0%	-	-	-
Total Uses:	102,580,000.00	100.0%	62,471,220.00	34,466,880.00	5,641,900.00





Figures above include costs of issuance expenditures.

Second Issuance – Series 2020C Anticipated Pipeline

Project Name	Sponsor	Residential Units	Commercial Units	Market Rate (MR)	Below Market Rate (BMR)	Deferred (D)	Total PASS Loans	Status
Through Line Apartments	CCDC	88	3	5,175,891	2,855,664	467,445	8,499,000	Closed
168 Sickles	SFHDC/MEDA	12		1,246,623	687,792	112,585	2,047,000	Closed
3661 19th St	MEDA	12		1,845,270	1,018,080	166,650	3,030,000	Closed
3225 24th Street	MEDA	6	0	973,182	536,928	87,890	1,598,000	Closed
125 Mason	TNDC	81		3,532,200	1,948,800	319,000	5,800,000	Closed
4042 Fulton Street	SFCLT	5		487,167	268,782	43,997	799,946	Closed
568 Natoma	SFCLT	5		405,973	223,985	36,664	666,622	Closed
40 Sycamore	MEDA	5		578,550	319,200	52,250	950,000	Closed
308 Turk Street	SFCLT	20		1,623,890	895,939	146,657	2,666,486	Closed
Pigeon Palace	SFCLT	6		487,167	268,782	43,997	799,946	Closed
2676 Folsom	MEDA	10		1,563,303	862,512	141,185	2,567,000	Closed
1130 Fillbert	SFCLT	4		858,081	473,424	77,495	1,409,000	Closed
Merry-Go-Round House	SFCLT	14		370,272	204,288	33,440	608,000	Closed
566 Natoma	MEDA	5		612,045	337,680	55,275	1,005,000	Closed
3975 24th St	SFCLT	4	2	560,280	309,120	50,600	920,000	Closed
300 Ocean Ave	MEDA	8		1,158,927	639,408	104,665	1,903,000	Closed
San Cristina	HomeRise	58	2	4,886,616	2,696,064	441,320	8,024,000	Closed
El Dorado	Conard Jsco	65		1,272,810	702,240	114,950	2,090,000	Closed
Ambassador Ritz	TNDC	198	5	7,520,541	4,149,264	679,195	12,349,000	Closed
936 Geary	Novin/SFHDC	31	2	2,679,600	1,478,400	242,000	4,400,000	Closed
375 14th St	SFHDC	16		1,155,882	637,728	104,390	1,898,000	Closed
Maria Alicia	MHDC	20	2	413,511	228,144	37,345	679,000	Committed
528 Natoma	SFHDC	4		144,333	79,632	13,035	237,000	Committed
3182-3198 24th	MEDA	8	5	2,282,532	1,259,328	206,140	3,748,000	Committed
63 Lapidge Street	MEDA	6		873,306	481,824	78,870	1,434,000	Committed
344 Precita Avenue	MEDA	3	1	515,823	284,592	46,585	847,000	Committed
3329-3333 20th Street	MEDA	8		646,149	356,496	58,355	1,061,000	Committed



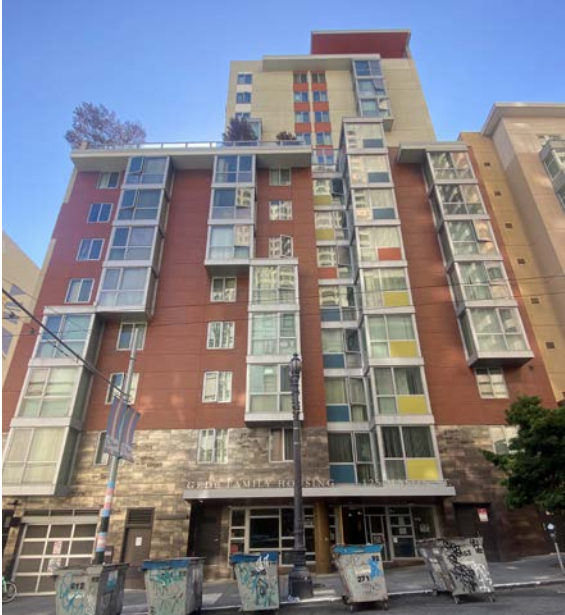
3800 Mission	MEDA	5	1	724,710	399,840	65,450	1,190,000	Committed
1015 Shotwell	MEDA	10		1,590,099	877,296	143,605	2,611,000	Committed
19-23 Precita	MEDA	3		494,508	272,832	44,660	812,000	Committed
1652 Eddy	Bernal	7		2,259,999	1,246,896	204,105	3,711,000	Committed
3434 18th St	MHDC	11		1,161,972	641,088	104,940	1,908,000	Committed
1535 Jackson Street		0		-	-	-	-	
642-646 Guerrero Street	MEDA	4		408,639	225,456	36,905	671,000	Prospect
3353 26th Street	MEDA	10	1	1,268,547	699,888	114,565	2,083,000	Prospect
2217-2221 Mission Street	MEDA	8	1	1,228,962	678,048	110,990	2,018,000	Prospect
35 Fair Avenue	MEDA	4		608,391	335,664	54,945	999,000	Prospect
Derek Silva	Mercy	70	3	6,762,336	3,730,944	610,720	11,104,000	Committed
Sub-Total	37 projects	834	28	60,378,087	33,312,048	5,452,865	99,143,000	
				61,825,548	34,110,647	5,583,588	101,519,783	
				(1,447,461)	(798,599)	(130,723)	(2,376,783)	

The PASS program provides MOHCD’s partners with access to low-cost and long-term debt financing that allows them to compete more effectively in the acquisition of at-risk buildings offered in the open market. Due to the speculative nature of potential acquisitions financed by PASS, MOHCD expects that the pipeline will change over time. Since the previous report, the City has continued to make progress to refine the pipeline based on the most updated closings, project development costs, actual vs. expected rents, operating expenses, household income demographics, project feasibility, and project timing. Proceeds from the first issuance are fully subscribed and demand for new PASS financing remains strong with only \$2.3 million in proceeds from the second issuance currently uncommitted. Since the program is an over-the-counter application, the small remainder of funds remains in high demand from additional portfolio rehabilitation projects, which as of late 2023 are increasingly viable as tax-exempt bonds for rehabilitation became available again after 4 years of scarcity due to market and regulatory conditions. MOHCD expects to disburse the vast majority of the remaining funds from the second issuance in 2024.



Example Project Summaries

125 Mason Street



Project Details

Sponsor	Tenderloin Neighborhood Development Corporation
Location	125 Mason Street
Neighborhood	The Tenderloin, District 5
Loan Closing Date	March 2023
Program Type	PASS
Number of Units	22 one bedrooms 34 two bedrooms 20 three bedrooms <u>5 four bedrooms</u> 81 total units
Total Bond Funding	\$5.8 million
Total Development Cost	\$6.8 million

Project Highlights

- Households Served: Average rent affordable at 72% AMI, low- and moderate-income families with children.
- Building was facing foreclosure by predatory lender and PASS financing allowed stable long-term owner (TNDC) to acquire and maintain stable operations.
- PASS will serve as interest only interim financing until permanent loan conversion after upcoming substantial 9% LIHTC rehabilitation.

South Park Scattered Sites



Project Details

Sponsor	Mission Housing Development Corporation
Location	22, 102, 106 South Park Street
Neighborhood	South of Market, District 6
Loan Closing Date	September 2023
Program Type	PASS, SSP, LIHTC
Number of Units	100 Single Room Occupancy (SRO) units 6 studios <u>2 one bedrooms</u> 108 total units 2 commercial units
Total Bond Funding	\$11.8 million
Total Development Cost	\$35.2 million

Project Highlights

- Households Served: Average AMI of 21%, with 106 units for formerly homeless adults referred by HSH.
- Combined with LIHTC financing to serve as permanent debt for rehabilitation of aging SROs
- Scope included rehabilitation of all three buildings, including seismic strengthening, plumbing and HVAC system replacements, electrical upgrades, and fire protection improvements.



3975 24th Street



Project Details

Sponsor	San Francisco Community Land Trust (SF CLT)
Location	3975 24 th St.
Neighborhood	Noe Valley, District 8
Loan Closing Date	January 2024
Program Type	PASS, SSP
Number of Units	2 studios <u>2 one bedrooms</u> 4 total units 2 commercial unit
Total Bond Funding	\$920,000
Total Development Cost	\$4 million

Project Highlights

- Households Served: Average AMI of 49%, predominantly long-term San Francisco tenants that are low-income and self-employed.
- Takeout financing of a loan from Community Housing Capital, Inc. and sponsor financing from CCDC which funded the acquisition and preservation of a four-story building.
- Low-cost and long-term PASS financing allowed SFCLT to acquire and rehabilitate the property, remove it from the speculative market, and preserve it as permanently affordable housing for low- and extremely low-income households.
- Low-cost PASS financing reduced the City's SSP subsidy by \$920,000.



369 3rd Avenue



Project Details

Sponsor	Mission Economic Development Agency (MEDA)
Location	369 3 rd Avenue
Neighborhood	Richmond, District 1
Loan Closing Date	July 2021
Program Type	PASS, Small Sites
Number of Units	4 one bedrooms <u>8 two bedrooms</u> 12 total units 1 commercial unit
Total Bond Funding	\$3.24 million
Total Development Cost	\$8.72 million

Project Highlights

- Households Served: Average AMI < 75%, including low- and moderate-income households at risk of displacement.
- Takeout financing of a SFHAF loan, which funded the acquisition and over \$837,000 in crucial repairs and upgrades, of a three-story building.
- Low-cost and long-term PASS financing allowed MEDA to acquire and rehabilitate the property, remove it from the speculative market, and preserve it as permanently affordable housing for 12 households in the Richmond.

Metrics of Success

The primary metrics of success for the PASS Program are:

1. Total amount invested
 - Demand for PASS financing continues to be strong with \$132 million invested to date
 - Robust pipeline for remaining funds and future issuances
2. Total number of developments, residential units, and commercial units preserved
 - Permanent affordability of at-risk housing stock preserved for
 - 43 projects
 - 1,072 residential units
 - 42 commercial spaces with local businesses
3. Total number of households served by target population
 - PASS financing is keeping San Franciscans in their homes
 - Household incomes averaging <60% AMI, including seniors, multigenerational families, and people of color.
4. Portfolio Rehabilitation & Foreclosure Intervention
 - PASS is supporting the rehabilitation of existing affordable housing desperately in need of life safety repairs and seismic safety improvements. The lower interest rates from PASS can support expanding rehabilitation scope to better serve tenants.
 - 6 Projects
 - 597 residential units
 - 12 commercial spaces
 - PASS has also been used to avoid foreclosure on existing affordable housing projects in crisis.
5. Loan performance
 - Strong loan performance leading up to the COVID-19 pandemic
 - No defaults, no delinquencies, no workouts
 - Workouts all completed as of August 2022 from COVID-19 related forbearance program beginning in April 2020. All loans are now performing.



The following chart provides:

- i) Total Anticipated Units Preserved based on current pipeline:

Total in Pipeline to be Preserved or Rehabilitated as of December 2024

	Total	1st Issuance	2nd Issuance	3rd Issuance
		2019A	2020C	2024X
Par Amount	260,684,550	72,420,000	102,580,000	85,684,550
Projects	67	23	37	7
Residential Units	1,635	435	834	366
Commercial Units	56	28	28	0

MOHCD anticipates issuing the final tranche of PASS debt in 2024 or 2025. PASS has primarily been used to support the Small Sites Program. Those projects require significant amounts of subsidy in the form of soft debt from MOHCD. Currently most Small Sites subsidy funds have been exhausted and the pipeline is currently on hold until additional funds are available. This has meant that PASS debt is being used less rapidly and MOHCD has not needed to issue the remaining available bonds. Now that additional tax credits are available to support rehabilitation of existing affordable housing, MOHCD expects to be able to commit at least a portion of the remaining PASS and complete another issuance to support those projects in 2024 or early 2025. MOHCD has also been hesitant to issue too early given the current high interest rate market.