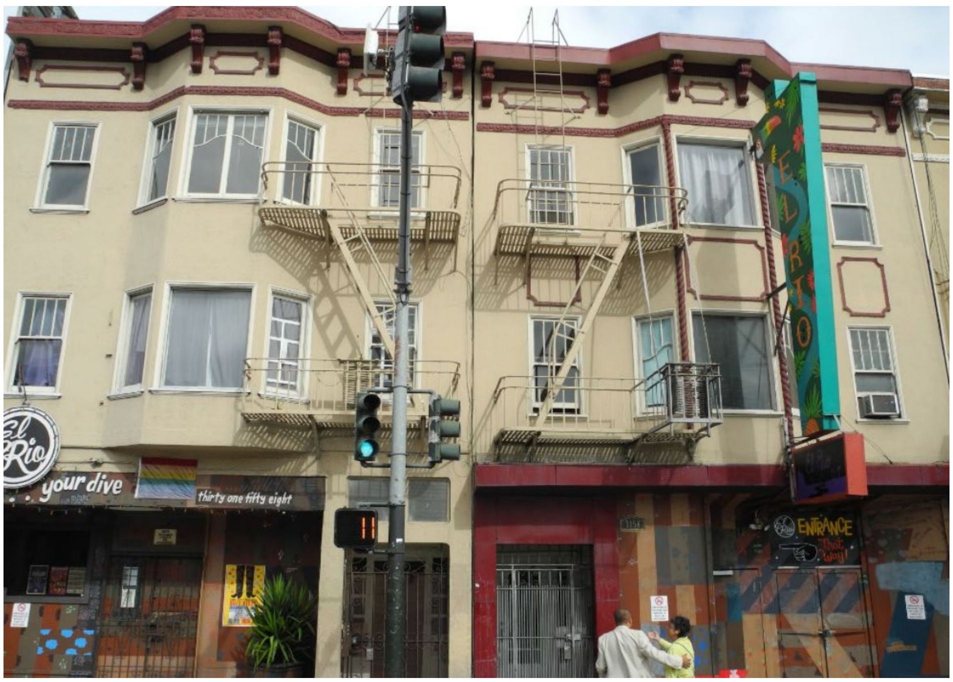
Preservation and Seismic Safety Program (PASS) General Obligation Bond (2016 Affordable Housing GO Bond)



Example project: El Rio

CGOBOC Report
August 2022

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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 $14.7 million – 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 $64.9 million of low-cost, long-term financing to permanently preserve affordability at 22 projects, including 408 residential units and 29 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.

San Franciscans living in affordable housing, and especially low-income people of color, have been disproportionately affected by the coronavirus (COVID-19) pandemic. In response to the pandemic, MOHCD acted quickly to enact moratoriums on residential rent increases and evictions to keep residents in their homes. To ensure the safety and continuity of affordable housing operations, MOHCD is providing sponsors with financial assistance, regulatory relief, and best practices to contain the virus. As of August 2022, all projects which required loan forbearance due to decreased rent collections during the early stages of the pandemic are back in compliance making regular payments. Finally, the City continues to work with its Federal and State partners to mobilize new resources to support San Francisco's recovery.

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.

meda

SFHDC

Chinatown Community Development Center
華協中心

TENDERLOIN NEIGHBORHOOD DEVELOPMENT

MISSION HOUSING DEVELOPMENT CORPORATION

san francisco COMMUNITY LAND TRUST

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.

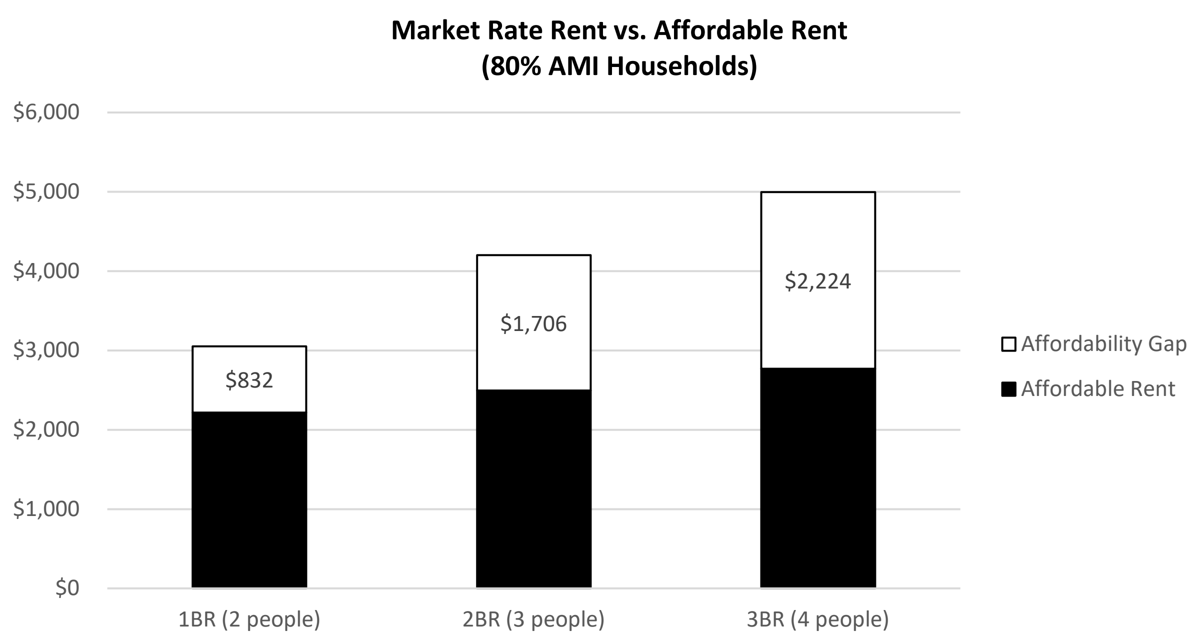
Need for the Investment

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 2022, a two-person household at 80% AMI earned $88,700, which translates to an affordable rent of approximately $2,218 for a one-bedroom apartment. Median one-bedroom market-rate apartments rent for $3,050, leaving a gap of approximately $832 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 $2,224 for a three-bedroom apartment. For those earning less than 80% AMI a market-rate apartment can be completely out of reach.



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 Small Sites Program (e.g. 5 to 25 units), larger multifamily structures (e.g. 25+ units), or Single Room Occupancy hotels (SROs) of all sizes.

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 Small Sites Program

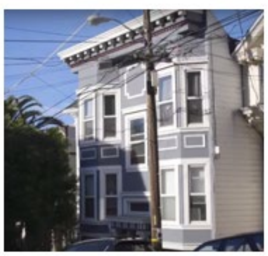
The Small Sites Program (SSP) is an acquisition and rehabilitation subsidy loan program for existing, typically rent-controlled, buildings of up to 25 units. The program was created to protect and establish long-term affordable housing in smaller properties throughout San Francisco that are particularly 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 Small Sites 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, SSP has provided approximately $151 million in financing to preserve 47 developments with 527 residential units and 39 commercial spaces. Since the introduction of the PASS program in 2019, nearly all new SSP projects have been financed with senior loans from PASS and subsidy loans from SSP. The PASS program complements and enhances MOHCD's ongoing anti-displacement and preservation work under the SSP 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

	Conventional Loan	PASS Loan	Remarks
	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.

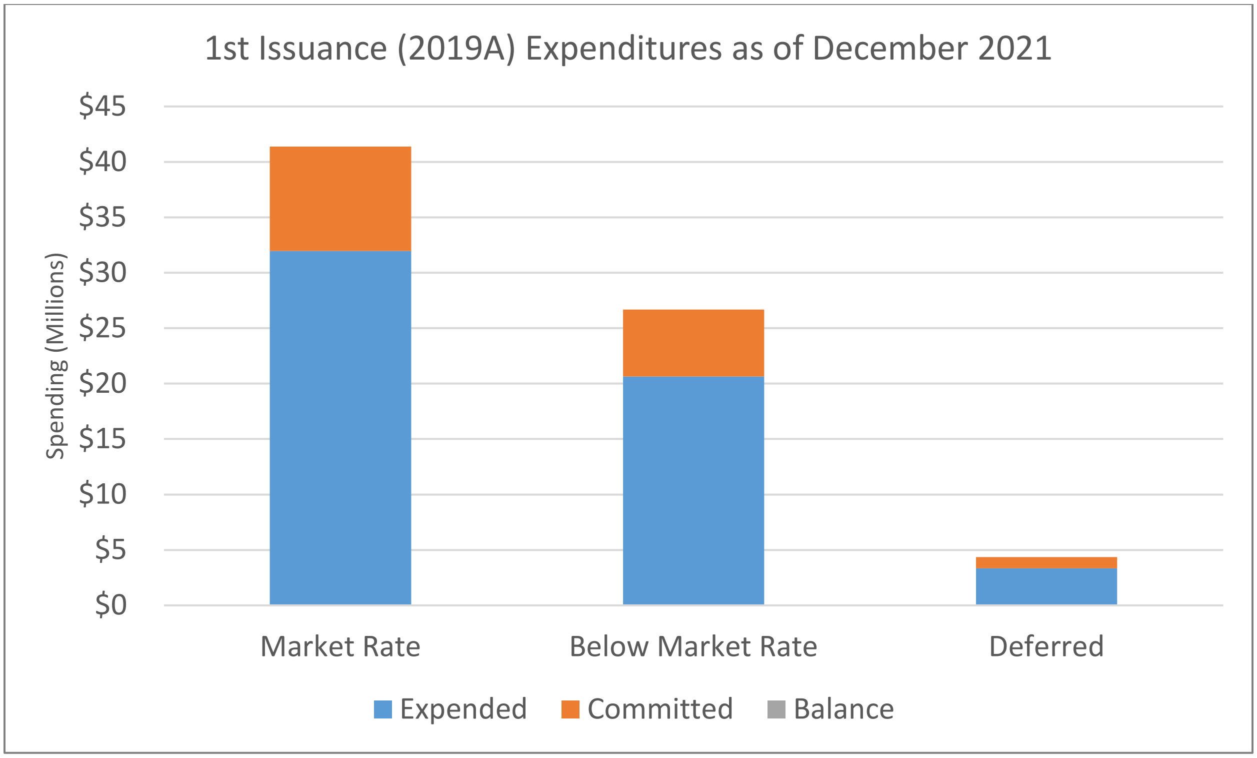
First Issuance – Series 2019A

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

	Total Amount	Market Rate Loans	Below Market Rate Loans	Deferred Loans
SOURCES AND USES				
Sources:				
Series 2019A Par Amount	72,420,000	41,382,961	26,683,149	4,353,890
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	142,922	81,670	52,660	8,592
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

	Total Amount	Market Rate Loans	Below Market Rate Loans	Deferred Loans
CGOBOC Fee	72,420	41,383	26,683	4,354
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
South Park Scattered Sites	MHDC	107	2	6,753,788	4,364,532	709,680	11,828,000	Committed
1535 Jackson Street*	CCDC	3		752,897	430,008	84,223	1,267,128	Committed
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		1,082,045	699,255	113,700	1,895,000	Committed

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 December 2021 report, despite a global pandemic, 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.

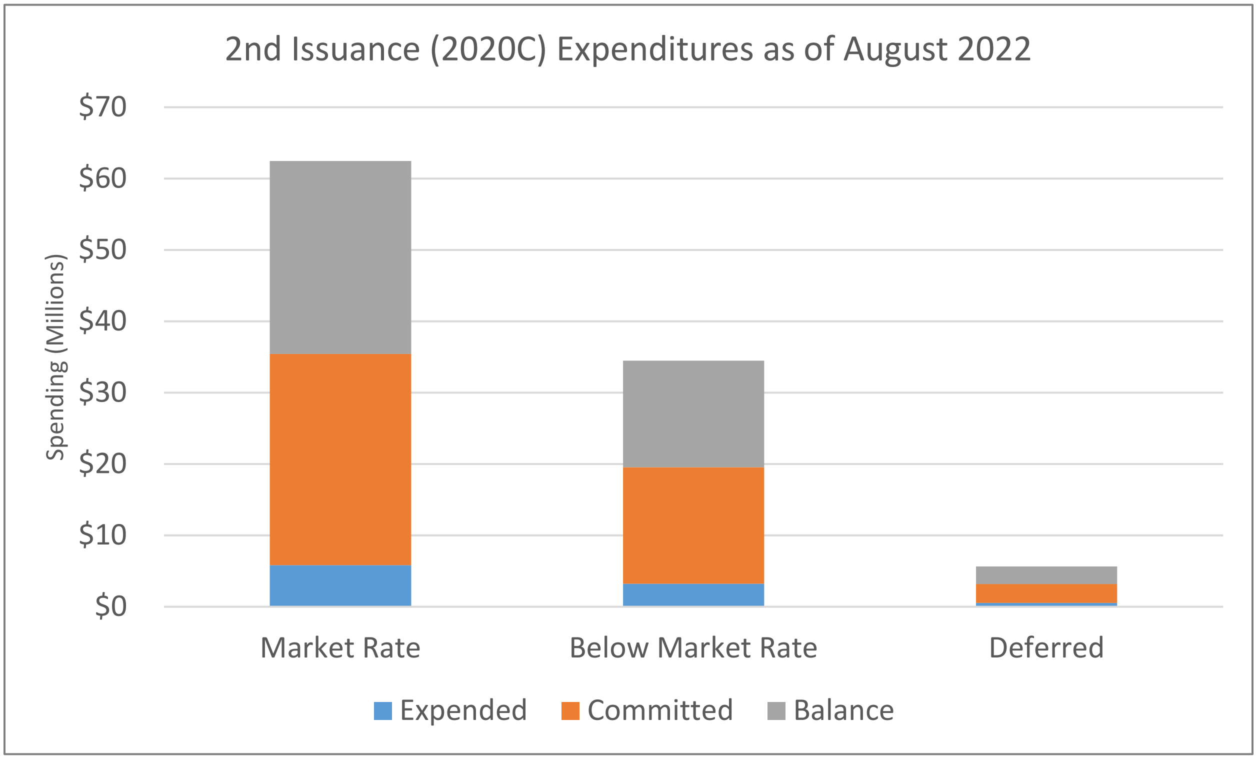
*Jointly financed with 2019A and 2020C Bonds

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

	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
Additional Proceeds	-	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
344 Precita Avenue	MEDA	3	1	652,239	359,856	58,905	1,071,000	Refi
3198 24th Street	MEDA	8	5	2,808,099	1,549,296	253,605	4,611,000	Refi
1535 Jackson Street	CCDC	27		6,655,074	3,671,765	601,033	10,927,872	Committed
308 Turk Street	SFCLT	20		2,105,313	1,161,552	190,135	3,457,000	Refi
Pigeon Palace	SFCLT	6		1,119,342	617,568	101,090	1,838,000	Refi
4042 Fulton Street	SFCLT	5		869,652	479,808	78,540	1,428,000	Refi
53 Columbus Street	SFCLT	21	1	2,696,652	1,487,808	243,540	4,428,000	Refi
534 Natoma Street	SFCLT	5		855,036	471,744	77,220	1,404,000	Refi
644 Guerrero Street	MEDA	4		467,712	258,048	42,240	768,000	Refi
3329 20th Street	MEDA	10		786,828	434,112	71,060	1,292,000	Refi
3225 24th Street	MEDA	6	0	856,863	472,752	77,385	1,407,000	Committed
63 Lapidge Street	MEDA	6		1,065,750	588,000	96,250	1,750,000	Refi
1049 Market Street	THC	15		454,314	250,656	41,030	746,000	Committed
SOMA - TBD	MEDA	4		409,857	226,128	37,015	673,000	Prospect
3353 26th Street	MEDA	10	1	790,482	436,128	71,390	1,298,000	Refi
Ambassador Ritz	TNDC	198	5	7,003,500	3,864,000	632,500	11,500,000	Committed
Bernal - TBD	Oak Impact	26	2	3,728,907	2,057,328	336,765	6,123,000	Prospect
Merry-Go-Round House	SFCLT	14		1,426,887	787,248	128,865	2,343,000	Refi
San Cristina	CHP	58	2	4,886,616	2,696,064	441,320	8,024,000	Committed
168 Sickles	SFHDC/ MEDA	12		1,227,135	677,040	110,825	2,015,000	Committed

566 Natoma	MEDA	5		545,055	300,720	49,225	895,000	Committed
2676 Folsom	MEDA	10		1,418,970	782,880	128,150	2,330,000	Committed
375 14th St	SFHDC	16		1,163,190	641,760	105,050	1,910,000	Committed
300 Ocean Ave	MEDA	8		1,218,000	672,000	110,000	2,000,000	Prospect
4326 Irving	MidPen	17		3,172,890	1,750,560	286,550	5,210,000	Committed
936 Geary	Novin/SF HDC	31	2	2,203,362	1,215,648	198,990	3,618,000	Committed
3661 19th St	MEDA	12		1,586,445	875,280	143,275	2,605,000	Prospect

Example Project Summaries

60 28th Street

Project Details

Sponsor	Mission Economic Development Agency
Location	60 28th Street
Neighborhood	Bernal Heights, District 8
Loan Closing Date	May 2019
Program Type	PASS, SSP
Number of Units	4 one bedrooms
	2 two bedrooms
	6 total units
Total Bond Funding	$1.02 million
Total Development Cost	$3.21 million

Project Highlights

- Households Served: Average rent affordable at 69% AMI, low- and moderate-income families with children, low-income seniors, multigenerational building residents.
- Takeout financing of a SFHAF loan, which funded the acquisition, moderate rehabilitation, and soft-story retrofit.
- Low-cost PASS financing facilitated a more comprehensive rehabilitation, while reducing the SSP subsidy by $59,000.

4830 Mission Street

Project Details

Sponsor	Mission Economic Development Agency
Location	4830 Mission Street
Neighborhood	Outer Mission, District 11
Loan Closing Date	July 2019
Program Type	PASS, SSP
Number of Units	6 one bedrooms
	<u>15 two bedrooms</u>
	21 total units
	6 commercial units
Total Bond Funding	$9.15 million
Total Development Cost	$15.52 million

Project Highlights

- Households Served: Average AMI of 61%, predominantly Latino and Filipino, including several multigenerational families with children and seniors.
- Takeout financing of a SFHAF loan, which funded the acquisition, and a moderate rehabilitation.
- Low-cost and long-term PASS financing will protect existing residents and local businesses.

1201 Powell Street

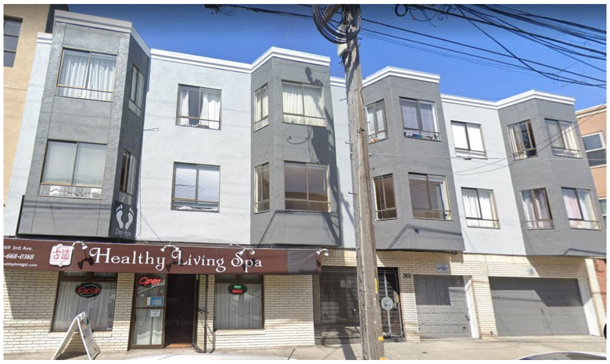
Project Details

Sponsor	Chinatown Community Development Center (CCDC)
Location	1201 Powell/900 Jackson
Neighborhood	Nob Hill, District 3
Loan Closing Date	June 2019
Program Type	PASS, SSP
Number of Units	13 studios
	<u>4 one bedrooms</u>
	17 total units
	1 commercial unit
Total Bond Funding	$2.1 million
Total Development Cost	$8.1 million

Project Highlights

- Households Served: Average AMI of 43%, predominantly low-income Chinese seniors and families at risk of displacement.
- 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 CCDC 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 $764,000.

369 3rd Avenue



Project Details

Sponsor	Mission Economic Development Agency (MEDA)
Location	369 3rd Avenue
Neighborhood	Richmond, District 1
Loan Closing Date	July 2021
Program Type	PASS, Small Sites
Number of Units	4 one bedrooms 8 two bedrooms 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.

270 Turk Street

Project Details

Sponsor	Tenderloin Neighborhood Development Corporation (TNDC)
Location	270 Turk Street
Neighborhood	Tenderloin, District 6
Loan Closing Date	December 2020
Program Type	PASS, Big Sites
Number of Units	69 studios
	17 junior one bedrooms
	86 total units
Total Bond Funding	$8.1 million
Total Development Cost	$27.1 million

Project Highlights

- Households Served: Average AMI < 60%, predominantly low-income individuals and families at risk of displacement, and up to 24 formerly homeless residents.
- Takeout financing of a SFHAF loan, which funded the acquisition and rehabilitation, of a ten-story building.
- Low-cost and long-term PASS financing allowed TNDC 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.

937 Clay Street

Project Details

Sponsor	Chinatown Community Development Center (CCDC)
Location	937 Clay Street
Neighborhood	Chinatown, District 3
Loan Closing Date	April 2020
Program Type	PASS, Big Sites
Number of Units	71 SROs 1 one bedroom 1 three bedroom 73 total units
Total Bond Funding	$4.4 million
Total Development Cost	$16 million

Project Highlights

- Households Served: Average AMI < 60%, predominantly low- and extremely low-income Asian/Pacific Islander individuals and families at risk of displacement.
- Low-cost and long-term PASS financing allowed CCDC 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.

2260 Mission Street

Project Details

Sponsor	Mission Economic Development Agency (MEDA)
Location	2260-2262 Mission Street
Neighborhood	Mission, District 9
Loan Closing Date	August 2021
Program Type	PASS, Small Sites
Number of Units	4 studios 2 one bedroom 6 total units 1 commercial unit
Total Bond Funding	$1.45 million
Total Development Cost	$4.18 million

Project Highlights

- Households Served: Average AMI < 50%, including very low- and extremely low-income Latino individuals, families, and seniors at risk of displacement.
- Commercial unit occupied by a Latinx-owned business.
- 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 very low- and extremely low-income households.

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 $59.1 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
        - 22 projects
        - 408 residential units
        - 29 commercial spaces with local businesses
3. Total number of households served by target population
    - PASS financing is keeping San Franciscans in their homes
        - 563 residents stabilized
        - Household incomes averaging <60% AMI, including seniors, multigenerational families, and people of color.
4. 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.
        - Forbearance Terms:
            - 24-month forbearance period extended to March 2022 to facilitate the workout of all COVID-impacted projects
            - Monthly payments are required as financially feasible
            - Forborne loan payments added to, and extending the tail end of the loan term
            - MOHCD monitors monthly performance
        - Financial Impact to City:
            - Prior to approving the COVID-19 forbearance program, City staff determined that 100% forbearance for a period of up to 12 months, would not adversely impact the City budget.
            - All loans have been worked out and are no longer in forbearance as of August 2022

The following chart provides:

i) Total Anticipated Units Preserved:

Total Anticipated Units Preserved as of August 2022

	Total	1st Issuance 2019A	2nd Issuance 2020C	3rd Issuance 2023X
Par Amount	**260,684,550**	72,420,000	102,580,000	85,684,550
Projects	**82**	24	31	27
Residential Units	**1,815**	443	775	597
Commercial Units	**89**	28	32	29