

Housing Trust Fund Report 2014-2018



Status Update for Board of Supervisors

Mayor's Office of Housing and Community Development

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Executive Summary

In November 2012, San Francisco voters passed Proposition C to amend the City Charter and create the Housing Trust Fund. By this action, the City committed to a specific Housing Trust Fund contribution annually: \$20 million in 2013 as the Year 1 baseline, and an additional \$2.8 million over the previous year's amount annually until the Housing Trust Fund reaches a total of \$50.8 million in 2024. Thereafter, the \$50.8 million would be adjusted based on the annual percentage increase or decrease in the City's General Fund discretionary revenues until 2043, at which time the Housing Trust Fund expires.

The Housing Trust Fund has four express purposes:

- 1) To create, acquire and rehabilitate rental and ownership housing affordable for households earning up to 120% of the area median income (AMI), including acquiring land for the development of affordable housing;
- 2) To provide \$15 million for down payment assistance for moderate-income homebuyers earning up to 120% area median income and first-responders such as police officers and firefighters (the "Down Payment Assistance Loan Program");
- 3) To provide up to \$15 million to help eligible households earning up to 120% area median income avoid foreclosure or eviction or improve the safety, accessibility or efficiency of their homes (the "Housing Stabilization Program"), and
- 4) To fund neighborhood improvements such as streetscapes, childcare facilities and pedestrian safety projects (the "Infrastructure Grant Program").

Since the Housing Trust Fund's inception, the Mayor's Office of Housing and Community Development has expended through March 31 of Fiscal Year 2017-2018 approximately \$39.9 million toward the building, purchasing and improvement of affordable housing; \$13.5 million for down payment assistance; \$16.5 million for foreclosure/eviction prevention and housing safety/accessibility/efficiency; and \$3.2 million for neighborhood improvements.

Affordable Housing Development

Program description:

MOHCD provides capital financing and operating subsidies through a variety of programs to create and preserve affordable housing. MOHCD's housing programs are diverse and confer a wide range of community benefits. These include creating new permanent supportive housing for persons who are homeless or threatened with homelessness; expanding the stock of family rental housing through new construction; producing affordable and accessible housing opportunities for our aging population and people with disabilities, and preserving existing affordable housing whose affordability is threatened by conversion to market-rate housing or the loss of on-going rent or operating subsidies. The Housing Trust Fund, in conjunction with other non-HTF fund sources, has supported the development of 27 buildings and more than 2,295 homes, and is a crucial and flexible component of the City's affordable housing development and preservation strategies.

Program - Creation & Preservation of Affordable Housing 2014-2018			
Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of homes constructed/preserved)	AMIs served
100 Appleton St (Holly Courts)	\$ 306,600	118	50% AMI
1068 Palou Ave (Hunters Point East West)	\$ 12,860	213	50%AMI
1750 McAllister St	\$ 1,129,602	97	50% AMI
1880 Pine St	\$ 309,439	113	50% AMI
227 Bay St	\$ 411,218	50	50% AMI
25 Sanchez St	\$ 485,681	90	50% AMI
255 Woodside Ave	\$ 636,688	109	50% AMI
345 Arguello Ave	\$ 358,267	69	50% AMI
3850 18th St	\$ 1,143,838	107	50% AMI
430 Turk St	\$ 649,424	89	50% AMI
462 Duboce Ave	\$ 793,862	42	50% AMI
491 31st Ave	\$ 191,039	75	50% AMI
666 Ellis St	\$ 636,112	99	50% AMI
939 and 951 Eddy St	\$ 417,114	62	50% AMI
990 Pacific Ave	\$ 1,653,010	92	50% AMI
1855 15 th Street (Mission Dolores)	\$ 1,070,794	91	50% AMI
Potrero Terrace & Potrero Annex	\$ 163,963	n/a	80% AMI
Rosa Park Apartments	\$ 1,655,117	203	50% AMI
San Francisco Housing Authority	\$ 11,668,670	n/a	80% AMI
SFHA Vacant Unit Repairs	\$ 458,589	n/a	80% AMI
55 Laguna	\$ 7,354,189	40	50% AMI
Westside Courts	\$ 2,064,556	135	50% AMI
1095 Connecticut St	\$ 1,096,511	72	50-60% AMI

168-186 Eddy St (Eddy & Taylor)	\$ 2,801,586	113	15% TCAC AMI /50% AMI
681 Florida Street	\$ 372,391	130	40%/50%/60% AMI
Cadillac Hotel (380 Eddy)	\$ 267,000	158	50% AMI
Housing Accelerator Fund	\$ 1,800,000	n/a	120% AMI
Total	\$ 39,908,120	2,295+ homes	

Evaluation and MOHCD Actions for Program Improvements:

With funds from the Housing Trust Fund, MOHCD has been able to preserve or create more than 2,295 rental homes available to households made up of families, individuals, developmentally disabled, veterans, and formerly homeless San Franciscans. These rental homes, to be started or completed by 2019, are all rented to households earning less than 120% of Area Median Income.

In addition to direct investments, MOHCD served as a catalytic public investor to the San Francisco Housing Accelerator Fund (SFHAF), a newly established, independent, non-profit intermediary whose mission is to address the cost, structure, speed and sustainability of development of affordable housing in San Francisco. The SFHAF serves as lender, investor and purchaser for strategic sites for affordable housing and became fully operational in 2017, with \$50 million in capital raised. The SFHAF’s initial investments included a loan for the acquisition of the opportunity site at 4840 Mission and several acquisition loans for small properties under 25 units, which facilitated the speed of acquisitions in a hot real estate market. These preserved homes are/will be rented to households earning an average of 80% of Area Median Income, while new construction will be targeted to those earning less than 60% of Area Median Income.

All of these investments in 100% affordable housing development are supportive of MOHCD’s goal to build or preserve 10,000 homes by 2020, as well as our goals outlined in the Consolidated Plan. Families and individuals supported by these Housing Trust Fund investments are located in the Mission, Tenderloin, Excelsior, Western Addition, Castro/Upper Market, Inner and Outer Richmond, Forest Hill, Bernal Heights, Chinatown, Bayview Hunters Point, and Potrero Hill neighborhoods.

Down Payment Assistance Loan Programs

Down Payment Assistance Loan Program (DALP) and First Responder Down Payment Assistance Program (FRDALP)

Program description:

The Down Payment Assistance Loan Program (DALP) provides down payment assistance, in the form of a deferred payment loan up to \$375,000, to qualified low- and middle-income first time homebuyers for the

purchase of a market-rate principal residence in San Francisco. The DALP is a silent second loan that requires no monthly payments for 30 years. The principal amount plus an equitable share of appreciation become due and payable at the end of the term, or are repaid upon sale or transfer.

The First Responder Down Payment Assistance Program provides qualified Police, Sheriff, and Fire Department homebuyers up to \$375,000 toward the purchase of their first San Francisco market rate home.

Program - Down Payment Assistance Loan Program 2014-2018			
Project/Program	Amount	Impact (i.e. # of households served)	Maximum AMIs served
Down Payment Assistance Loan Program	\$ 11,300,637	117 households	120% AMI
First Responder Down Payment Assistance Program	\$ 2,250,000	12 households	200% AMI
Total	\$ 13,550,637	129 households	

Evaluation and MOHCD Actions for Program Improvements:

All funds prescribed for down payment assistance under the Housing Trust Fund have been encumbered as of April 1, 2018. These first-time homebuyer programs have been very popular and well-utilized by low- to middle-income households seeking San Francisco homeownership. Unfortunately, the rapid increase in housing costs citywide makes it increasingly difficult for a household under 120% area median income (AMI) to purchase a market valued home, even with down payment assistance.

MOHCD will evaluate market trends on a regular basis and adjust the maximum down payment assistance loan amount to meet market demands so that our first time homebuyers at 120% AMI can continue to purchase with Housing Trust Fund assistance.

Housing Stabilization Programs

Healthy Homes/Lead Grants

Program description:

The Healthy Homes/Lead Grants provide low-cost property rehabilitation loans and lead abatement grants to low- and moderate-income households needing to make home repairs.

Program - Housing Stabilization Programs 2014-2018

Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of homes constructed/ preserved)	Maximum AMIs served
Healthy Homes/Lead Grants	\$ 117,245	27 units	120% AMI

Evaluation and MOHCD Actions for Program Improvements:

Since MOHCD discontinued the use of U.S. Department of Housing and Urban Development (HUD) lead funding in 2015 due to HUD’s programmatic restrictions that made it difficult to use that funding in San Francisco, the Healthy Homes program funded by the Housing Trust Fund is the only source of funding for lead hazard abatement in San Francisco.

Energy Efficiency Program

Program description:

The citywide Energy Efficiency Program targets low-income homeowners, providing funding for roof replacement or repair, and subsequent solar panel installation to help offset the homeowner’s utility costs.

Program - Housing Stabilization Programs 2014-2018			
Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of homes constructed/ preserved)	Maximum AMIs served
Energy Efficiency Loans	\$ 291,536	27 homes outfitted with new roofs	120% AMI

Evaluation and MOHCD Actions for Program Improvements:

The Energy Efficiency Program creates savings for every household served by combining needed roof replacements with the installation of solar panels. In addition to economic savings for qualifying households, the program reduces the negative environmental impacts of energy use from traditional sources. The program plans to coordinate even more closely with other City departments such as the Office of Economic and Workforce Development to increase potential resource referrals and identify other existing incentives that may be available.

Emergency Home Repair Program

Program description:

The Emergency Home Repair Program funded a clearinghouse for a citywide emergency repairs program for low-income homeowners.

Program - Housing Stabilization Programs 2014-2018			
Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of homes constructed/preserved)	Maximum AMIs served
Emergency Home Repair Loans	\$ 114,952	12 homes rehabbed	120% AMI

Evaluation and MOHCD Actions for Program Improvements:

The Program’s services included assessment of the home, determining the scope of work, and coordinating repairs installed by vetted trades and contractors. Common emergency repairs included roof, plumbing, electrical, and heating/ventilation/air conditioning (HVAC) repairs as well as accessibility improvements. Of the low-income homeowners who benefited from this program, 75% were seniors or non-senior disabled heads of household. Repairs and installations addressed issues that might have otherwise presented a safety risk or limited access to or within their home. The result of the strategy/investment was more safe, habitable, and affordable housing.

Applications for repair work exceeded the number of homes that could be rehabbed within the current scope of the program years, demonstrating the ongoing need for this type of assistance. MOHCD will refer those homeowners with deferred maintenance issues to community based organizations that offer financial counseling to low-income homeowners.

Housing Counseling and Assistance (Access to Housing and Post-Purchase Counseling)

Program description:

Funds are provided to housing counseling agencies who help clients build the skills and gain the knowledge necessary to successfully find, apply for, and remain successfully housed in affordable housing.

Program - Housing Stabilization Programs 2014-2018			
Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of homes constructed/preserved)	Maximum AMIs served
Access to Housing	\$ 2,606,732	8,275 persons served	120% AMI
Post-purchase Counseling		658 persons served	120% AMI

Evaluation and MOHCD Actions for Program Improvements:

The Access to Housing Program is essential to connecting supply with demand for the diverse residents of San Francisco. The curriculum is designed to educate and equip participants with the tools necessary to navigate the affordable housing application process. Since the Program’s inception and the launch of San

San Francisco’s Database of Affordable Housing Listings, Information, and Applications (DAHLIA) Housing Portal, there has been an enormous increase in utilization of rental housing counseling services for housing opportunities in the City. The need for increased housing opportunities continues to grow each year. A formal partnership with the San Francisco Unified School District was also established to provide specific outreach and counseling to educators in the school district.

MOHCD is creating a HUD-approved curriculum for all access-to-housing programs to establish a standard for consistent, high-quality housing counseling services across all organizations providing such services. These skill-building services will ensure that clients understand the steps needed to secure rental housing and the support systems available to them. All housing counselors funded by MOHCD will be required to become certified housing counselors through HUD’s Housing Certification Process.

MOHCD also funded post-purchase counseling services to serve low and moderate income homeowners in danger of foreclosure and to provide general post-purchase financial counseling.

Eviction Prevention and Tenant Empowerment

Program description:

Funds are provided to grantees to provide legal assistance to tenants served with an eviction lawsuit, counseling for tenants served with an eviction notice, tenant rights education, and eviction prevention rental assistance.

Program - Housing Stabilization Programs 2014-2018			
Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of homes constructed/preserved)	Maximum AMIs served
Eviction Prevention and Tenant Empowerment	\$ 5,915,591	15,892 persons served	120% AMI

Evaluation and MOHCD Actions for Program Improvements:

Funded strategies include a variety of legal services (including full-scope legal representation) for tenants served with an eviction lawsuit, counseling for tenants served with an eviction notice, and tenant rights education to ensure tenants know and exercise their rights. As a result, all tenants facing eviction have access to some level of legal assistance and counseling, and an estimated 20-30% of all tenants served with an eviction lawsuit are provided full-scope legal representation. Legal services, counseling, and education are not enough to prevent evictions. These strategies when paired with flexible rental assistance and voluntary money management (third-party payee) services lead to better results: evictions prevented and tenancies stabilized longer term.

MALP/HOA Relief

Program description:

The purpose of the Mortgage Assistance Loan Program (MALP) is to preserve San Francisco neighborhoods by assisting low- to moderate-income homeowners who are at risk of or in default with their first mortgage loan or Homeowners Association (HOA) due to financial hardship. The MALP provides funds for qualified homeowners to reduce outstanding first mortgage principal balances, and/or pay outstanding HOA dues or assessments.

Program - Housing Stabilization Programs			
Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of homes constructed/preserved)	Maximum AMIs served
MALP/HOA Relief	\$ 33,374	1 household received MALP	120% AMI

Evaluation and MOHCD Actions for Program Improvements:

The MALP program has been under-subscribed in part due to a decline in San Francisco's foreclosure rates. Funding has been primarily used for HOA special assessment relief. The fact that MALP is currently undersubscribed is not a reflection of the necessity of the program. It is vital that MOHCD maintain this fund to meet the financial sustainability needs of low income families as they meet the high cost of HOA monthly dues and special assessments.

Small Sites Acquisition/Rehabilitation (Small Sites Program)

Program description:

The Small Sites Acquisition/Rehabilitation Program (or Small Sites Program) provides acquisition and rehabilitation financing for multi-family rental buildings of 5-25 units. Acquiring and rehabilitating these properties is intended to help stabilize buildings that are occupied by low- to moderate-income tenants throughout San Francisco that are particularly susceptible to market pressure resulting in property sales, increased evictions and rising tenant rents.

Program - Housing Stabilization Programs 2014-2018			
Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of homes constructed/preserved)	Maximum AMIs served
Small Sites Acquisition/Rehabilitation	\$ 7,394,781	37	120% AMI (with 80% AMI average)

Evaluation and MOHCD Actions for Program Improvements:

The Small Sites Program (SSP) launched in July 2014 and immediately began drawing on the Housing Trust Fund for acquisition of at-risk properties. The SSP, in conjunction with other non-HTF fund sources, has successfully financed the acquisition and rehabilitation of 25 buildings, comprised of 160 residential units and nine commercial spaces. The SSP continues to be a crucial component of the City's preservation strategy.

BMR Outreach Campaign

Program description:

The BMR Outreach Campaign is intended to increase participation of underrepresented demographic groups in MOHCD's Below Market Rate (BMR) Homeownership Program by conducting community outreach to these groups. The BMR Outreach Campaign included print advertisements in and around public transit, radio spots, and other media-oriented outreach.

Program - Housing Stabilization Programs 2014-2018			
Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of units constructed/preserved)	Maximum AMIs served
BMR Outreach Campaign	\$ 128,317	See below	N/A

Evaluation and MOHCD Actions for Program Improvements:

In 2016, MOHCD solicited a Request for Proposals to non-profit agencies interested in conducting community outreach to low-income populations underserved in MOHCD's Inclusionary BMR Homeownership program. The San Francisco Housing Development Corporation was granted Housing Trust Funds to survey African American, Filipino and Latino citizens and to work with a professional marketing firm to develop an advertising campaign aimed at these populations to inform them of the below market-rate homeownership opportunities in San Francisco. The campaign was transferred to the City Administrator's Office and launched in 2017 with radio, billboards and bus advertisements and an UnLockSF.org webpage. Between August and October 2017 13,650 people visited the UnLockSF.org webpage while 2,890 people visited MOHCD's homeownership webpages for a total of 4,700 visits. MOHCD will evaluate the demographics of new homebuyers in the BMR program in 2019 to assess any increases in the program uptake of those target populations.

Complete Neighborhoods Infrastructure Grant Program

Program description:

The Complete Neighborhoods Infrastructure Grant Program (CNP) funds publicly-accessible community improvement projects in San Francisco neighborhoods that are expected to experience increased residential growth (Priority Development Areas).

Program - Complete Neighborhoods Infrastructure 2014-2018			
Project/Program	Amount (rolled-up 5-year amount)	Impact (i.e. # of units constructed/preserved)	Maximum AMIs served
Hunters Point Community Youth Park - Youth Park Planning	\$15,000	Youth Planning for Hunters Point Community Youth Park	N/A
Eagle Plaza Pavers	\$100,000	Paving tiles for Eagle Plaza (purchase only)	N/A
Dogpatch Arts Plaza	\$210,375	Purchase materials for build out of a public plaza adjacent to new residential building	N/A
Ivy Street Improvement Project Committee	\$200,000	Raised planters, lighting, murals, concrete benches, repaving	N/A
Potrero Gateway Loop	\$199,470	Land Survey; Schematic Construction Design	N/A
Austin Alley Improvement Project, Phase 1	\$300,000	Shifting parking, repaving of street, rolled curbs, expand sidewalks, installation of rain gardens, planting areas, seating areas, bike parking, accessible ramps, new lighting	N/A
Hunters View Block 10 - Early Care and Education Center	\$200,000	Early care and education center finish work/build out	N/A
JCYC Preschool Program - Chibi Chan Too	\$95,163	Play structure, safety grounds covering, automatic blinds	N/A
Excelsior Family Connections renovation	\$200,000	Buildout of space, including adding classroom, meeting rooms, community space, restrooms, kitchen, and offices	N/A

Precita Eyes Improvement and Expansion	\$157,379	Tenant improvements, including renovation of kitchen and bathroom for ADA compliance, renovation of garage space	N/A
Fillmore Open Space Study	\$14,393	Conduct an urban life study covering Fillmore Street from Bush to McAllister Streets	N/A
Oakdale Community Center	\$200,000	Rehab of Oakdale Community Center	N/A
Public Furniture and Public Mural	\$50,050	Create and Install Outdoor Public Furniture and Sculpture	N/A
Kids and Community Zone	\$20,000	Planning for Kids and Community Zone	N/A
Visitacion Valley Elementary School Green Schoolyard	\$300,000	Green schoolyard and mosaic	N/A
22nd Street Steps	\$101,300	Planning and design to build the 22nd Street Steps	N/A
Park Lab Gardens	\$20,000	Planning and design to create gardens as part of Mission Bay Commons	N/A
Transbay Block 7 Mercy Housing Child Care Center Buildout	\$350,000	Child Care Center Buildout	N/A
New Planter Boxes at Alice Street Gardens	\$150,000	Purchase and install 150 New Planter Boxes (Purchase only)	N/A
Arts Wraps for the Heart of the Tenderloin	\$95,210	Vinyl art wraps on traffic control signal boxes and trash can lids, replacement of old trash cans	N/A
Vietnamese Youth Development Center Facilities Renovation	\$20,000	Planning and architectural design	N/A
Vietnamese Youth Development Center Expansion	\$241,400	HVAC and renovation of basement for program space	N/A
Total	\$3,239,740	22 projects funded	

Evaluation and MOHCD Actions for Program Improvements:

Complete Neighborhood Grant Program (CNP) funds are competitively allocated on an annual basis and all funds allocated to date have been fully committed. The CNP program successfully met its objective to create an opportunity for neighborhood groups and community-based nonprofits to partner with for-profit and nonprofit housing developers in grant applications. Each project has been the result of a nonprofit

community-based organization partnering with a for-profit or nonprofit housing developer. The program also aimed at leveraging its funds in conjunction with other public dollars and other City grant funds to allow for the completion of larger projects. CNP funds have been combined with other funding sources including the State Housing Related Park Projects (VYDC), the City's Small Sites Program (Precita Eyes Project), Community Development Block Grant Funds (Booker T. Washington Community Center), Office of Community Investment and Infrastructure and the SOMA Stabilization Fund (SOMACC Childcare), Neighborhood Housing Impact Fees (Dogpatch Arts Plaza) and Department of Public Works (DPW) (Austin Alley Improvements and MUNI Loop). CNP Funds have also been allocated for projects in the public right-of-way and on school property requiring approval from DPW, SF Planning, SF Arts Commission, SF Public Utilities Commission, SF Public Library and SF Unified School District.

One challenge of the CNP program has been that many smaller neighborhood groups have often lacked capacity to move quickly on grants because of small staff and a lack of experience of managing publicly-funded projects. In other cases, projects with multiple public and private funding sources has meant that some projects have been delayed while projects go through multiple public funding and permit approval processes.

In response to these challenges, MOHCD staff is working with the other City Departments to better coordinate the CNP grant management processes with the processes of other departments that fund into CNP projects to allow for more efficient grant administration. MOHCD staff will also be providing additional education of grantees on MOHCD grant administration requirements. MOHCD will also encourage smaller capacity organizations to incorporate project managers into their budgets to assist grantees with less capacity in carrying out grant requirements, instead of relying only upon volunteers or executive staff with other full-time duties.

Recommendations for Improvements

Currently MOHCD has no recommendations for the programs or charter amendment beyond the program improvements MOHCD is already implementing as noted above.