



The San Francisco Public Housing Story: Why/How One Progressive City is Going RAD While Protecting Residents

Matt Schwartz, President & CEO
California Housing Partnership

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Outline Agenda

1. About the California Housing Partnership
2. Public Housing Funding Trends
3. State Funding Trends
4. San Francisco's RAD Plan
5. LIHTC Basics (only if questions)

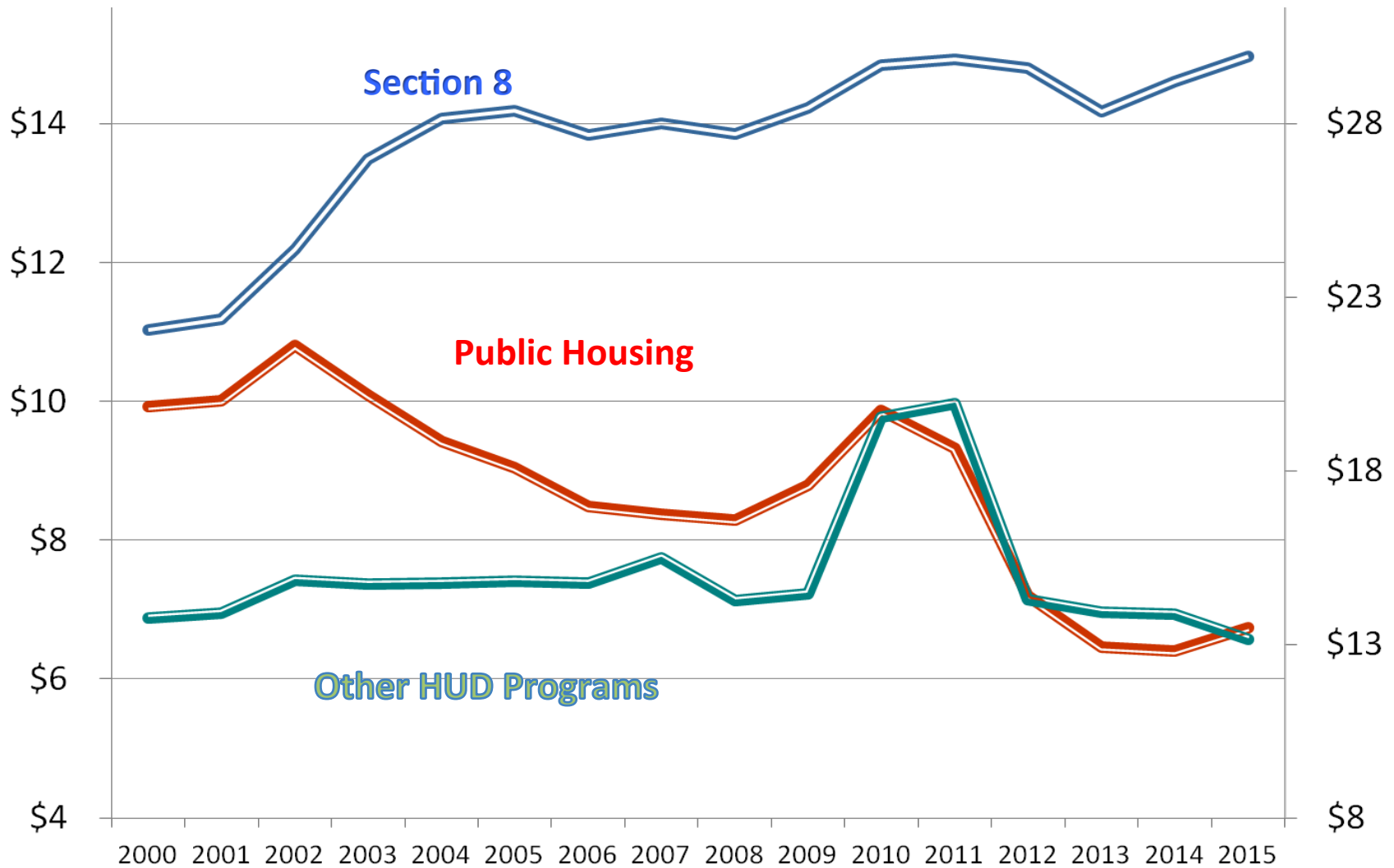
About the California Housing Partnership

- Created by the California Legislature in 1988 to provide leadership on affordable housing finance and preservation policy with focus on rental housing for most vulnerable households.
- Have helped more than 100 nonprofit and local gov't agencies leverage more than \$5 billion in public and private capital to create and preserve more than 20,000 affordable homes.

About the California Housing Partnership

- Active participant in the National Preservation Working Group and recognized as expert trainer in preservation finance by HUD and state HCD.
- Work closely with HUD tenants in California with CCRH and in LA with the Coalition for Economic Survival.
- Matt served as a Commissioner in San Francisco from 2008-2012.

HUD housing assistance program outlays, FY 2000 – FY 2015, in billions of 2014 dollars



Source: OMB. "Section 8" amounts on right axis; public housing and "other" amounts on left axis.

An aerial photograph of a suburban neighborhood. The image shows a grid of streets with houses, green lawns, and trees. The houses have various roof colors, including blue, brown, and grey. The streets are paved and have some cars parked or driving. The overall scene is a typical suburban residential area.

How California is Failing to Meet the Needs of Low-Income Households

Published by
the California Housing Partnership
February 11, 2014

State and funds for affordable housing have been cut by more than \$1.5 billion annually

- The elimination of Redevelopment in 2012 led to the loss of more than \$1 Billion annually in funding for affordable housing
- State housing bond funds from Propositions 46 and 1C has effectively run dry in 2014 resulting in the loss of nearly \$400 million annually
- Recent cuts in federal housing funds have led to the loss of another \$200 million annually

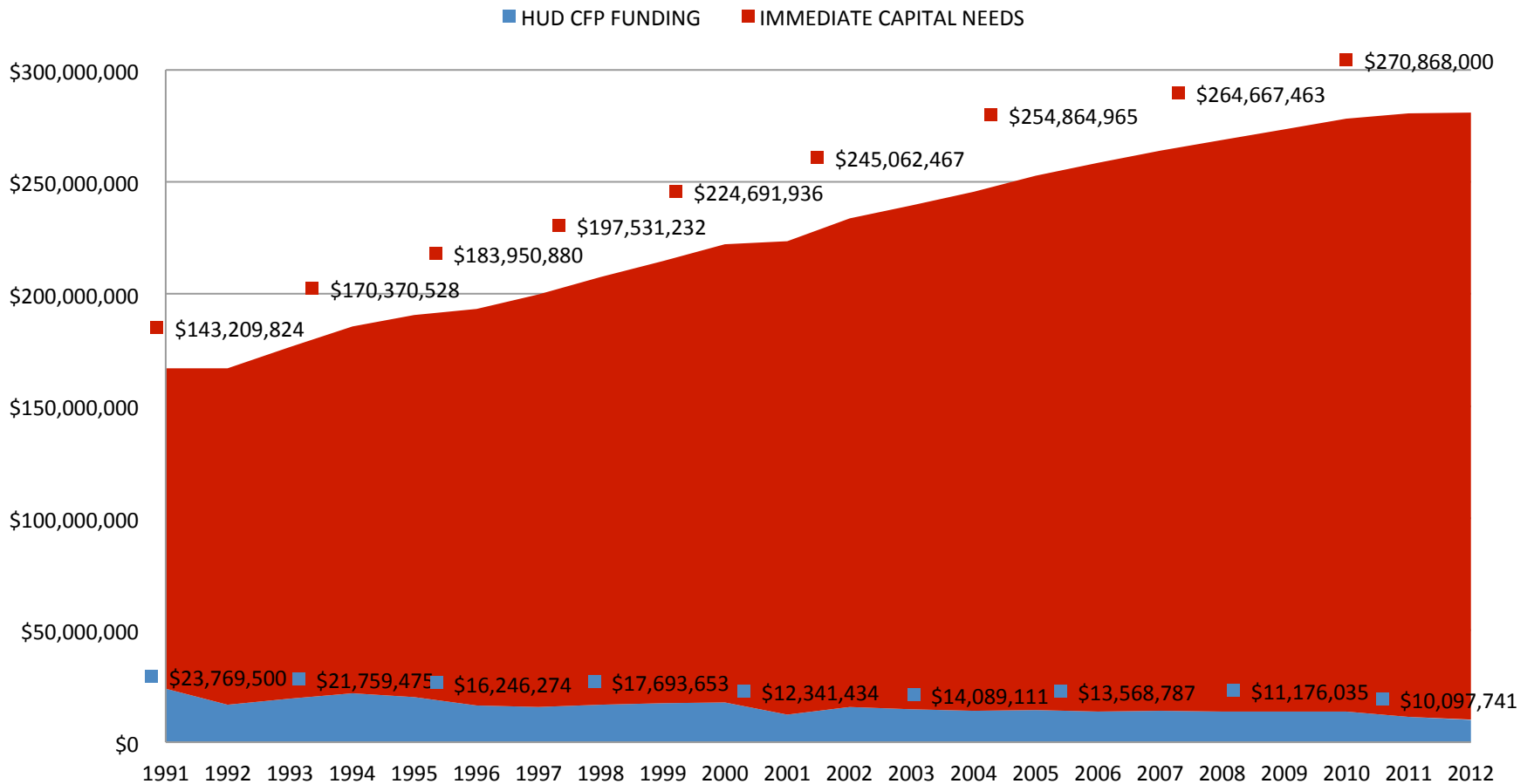
Change in state and federal funding from FY 2007/2008 to FY 2012/2013

FUNDING SOURCES	FY 2007/2008	FY 2012/2013	% CHANGE
State Housing Bonds Prop. 46 and Prop 1C◇	\$776,281,035	\$48,911,000	-94%
Redevelopment Funds for Affordable Housing	\$1,079,157,125	\$0	-100%
Federal CDBG Funds	\$456,494,879	\$367,204,607	-20%
Federal HOME Funds	\$236,393,040	\$127,115,742	-46%
Total	\$2,548,326,079	\$543,231,349	-79%

Funding dropped by \$2 billion or 79%

SF RAD Plan – Born of Necessity

Capital Needs vs Funding



SF RAD Plan Goals

1. Preserve/revitalize existing homes for current and future residents for longest term possible
2. No demolition (but some new construction)
3. No displacement
4. Maintain same affordability
5. Link residents with community based services
6. Stretch scarce local funds by maximizing the leveraging of federal, state and private capital

SF RAD Plan Key Facts

1. 29 Properties totaling 3,400 units
2. All candidates for renovation, not demolition
3. Split into 8 geographic clusters
4. Mix of weak and less weak properties in each
5. 8 development teams selected with services
6. Each team receives \$1 million in City predevelopment funds
7. All financing planned and negotiated by City with help from California Housing Partnership

SF RAD Plan Key Concepts, Part 1

1. Housing Authority retains ownership of all land
2. Development teams selected with experience/capacity to maximize tax credit equity yield.
3. Housing Authority retains control of development and management through ground lease development agreement.
4. Housing Authority maintains long-term control of asset through re-purchase option in year 15.

SF RAD Plan Key Concepts – Part 2

1. Recognize that RAD subsidy by itself is inadequate as it does not materially increase \$
2. RAD must be combined with Sec. 18 TPVs
3. To create two types of Project-Based Vouchers:
 - RAD formula Project-Based Vouchers
 - Market rent Project Based Tenant PVs
4. Both types to be used at each property to stabilize the SFHA portfolio as a whole

SF RAD Anticipated Financing Results

- ★ Approximately \$340MM or more in new permanent funding, including:
 - ★ \$140MM in permanent tax-exempt private debt
 - ★ \$190MM in Low-Income Housing Tax Credit equity through 4% allocations
 - ★ \$8MM currently committed from SF MOHCD for predevelopment and gap funding

SF RAD Anticipated Financing Results

- ★ Total development costs for entire portfolio approximately \$340MM or more (not including seller financing and deferred costs):
 - ★ \$180MM projected for capital improvements (approximately \$52K/unit)
 - ★ \$125MM for soft costs (financing costs, permitting, design, legal, development fees)
 - ★ \$25MM in Reserves funded up front, with additional monthly deposits for long-term capital needs
 - ★ 15 Year compliance period, then can refinance to support additional capital needs

SF RAD Anticipated Overall Results

- ★ New financing structure will provide **more stable and more robust sources of funding** for both operating and capital repair needs
- ★ Competitive funding and private investment requires **EXPERIENCE AND CAPACITY** from local, high-quality developers held accountable by Housing Authority through ground lease and City via funding contracts
- ★ Program designed to have **minimal disruptions to tenants, no permanent relocation, no rent increases.**