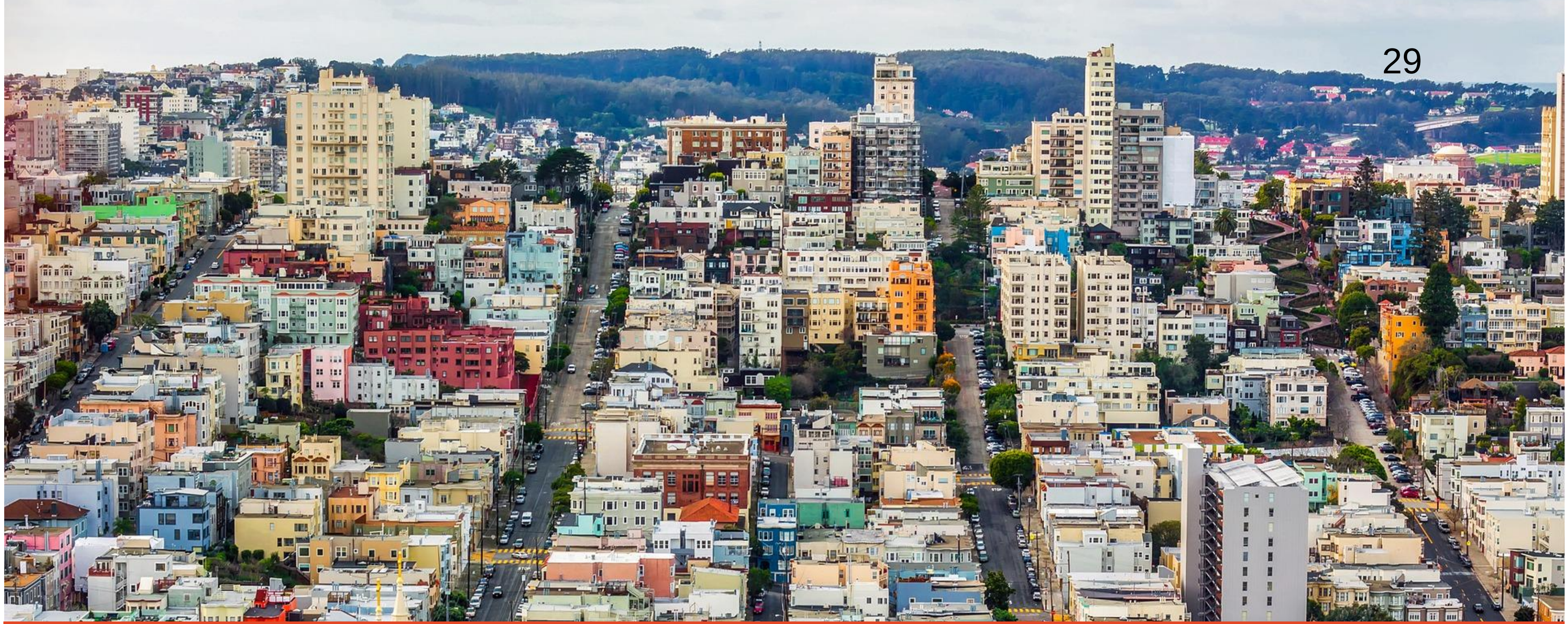
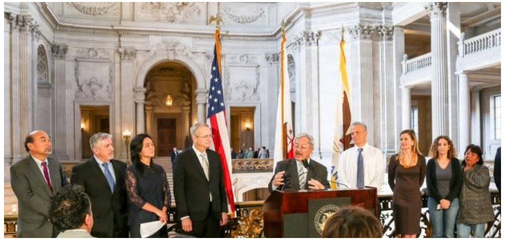


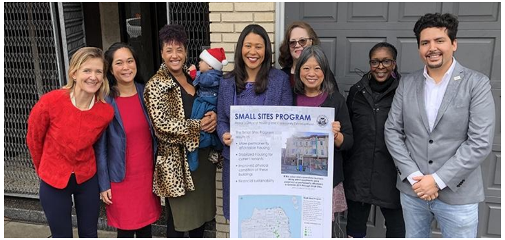
SAN FRANCISCO
housing accelerator fund

# Expediting Affordable Housing Delivery and Lowering Costs

# **Housing Accelerator Fund:** Quick Background



*Former Mayor Lee announces SFHAF's launch*




*CEO Rebecca Foster celebrates closing our 15th loan with Mayor Breed & residents*

**We innovate smart approaches that put public, private, and philanthropic capital to work to expand the supply of affordable housing.**

- Incubated in the **Mayor's Office** to complement and supplement public sector efforts
- Raised **over $270 million since launch 3 years ago**
- Committed **over $200 million** to fund the preservation and production of **more than 900 affordable homes** in San Francisco
- Will continue to **innovate with strategic partnerships** to further accelerate the production and preservation of affordable housing

**142 Homes**
December 2017

**183 Homes**
December 2018

**546 Homes**
December 2019

**900+ Homes**
Today

**Fund Launch**
April 2017

**1st Loan**
May 2017

**Reached Self-Sustainability**
March 2018

**$100M deployed**
September 2019

**20th Loan**
April 2020

SAN FRANCISCO housing accelerator fund

# *SFHAF's creation provides perspective for current Statewide challenges*

| Creation of SFHAF | CA Goals + Challenges |
|---|---|
| **Mayor's 2014 Announced Goal**: 30,000 new units by 2020, 50% affordable | **Governor's Goal:** 3.5M new homes, including new affordable, missing middle, supportive and transit-oriented development - now even more needed than ever |
| **Structural challenge:**<br>• City wanted to better coordinate philanthropic, private, and public $$s<br>• Goal was a "one-stop shop" that could put unconventional financing together quickly and cost-effectively | **Coordination challenge:**<br>• Corporate dollars present new opportunities: need efficient coordination to maximize impact, reduce regulatory burden, and take projects from start to finish, with public sector ensuring permanent affordability |
| **Solution constraints:**<br>• Flexibility needed to meet dynamic and diverse City needs both immediate and future (e.g. not only an acquisition bridge lender)<br>• Flexibility needed to aggregate diverse types of funding | **Solution constraints:**<br>• Flexibility needed to meet corporate donor requirements *and* achieve Governor's goals *and* sync with state and local funding sources<br>• Flexibility needed to also reduce costs and create systems change |
| **The model (SFHAF):** ***Independent and Aligned***<br>• Mayor sets policy<br>• SFHAF problem-solves and implements with flexible capital<br>• Public-private partnership reduces regulatory burden | **The opportunity:**<br>• Governor sets vision and priorities<br>• Private partners align with State's goals<br>• Private funds efficiently leverage state and local funds to create more affordable housing |

# *Building More Housing Faster*



SAN FRANCISCO
housing accelerator fund

Reduce the **cost of land**

Reduce **construction costs**

Reduce **total development cost**

Reduce the **time** required to build

Focus all private capital infusions on approaches that **reduce permanent funding gaps**

# *Three phases in the life of a Project that we can improve with better financing models*



**Acquisition**

- Take advantage of public sites without local reg burden
- Use low- to no-cost private / philanthropic $$
- Streamline entitlements

**Construction**

- Use private $$ to reduce regulatory burdens
- Encourage use of new, lower-cost technologies

**Perm Operation**

- All early stage dollars are coordinated to align with perm public sources

*Cost and time savings are possible in each phase*

# Case Study | 833 Bryant

## Acquisition

- Bought parking lot with philanthropic $$
- Rezoned industrial parcels to allow for 100% affordable housing
- Used SB35 to streamline permits
- Entitlements in <6 months

## Construction

- Philanthropic $$ jumpstarted construction and is reducing regulatory costs
- First affordable modular construction project in SF
- Philanthropic money is taking modular insurance risk
- Philanthropic money is leveraging state funding sources (tax credits, bonds)

## Perm Operation

- City funds repay construction and philanthropic $$ when construction completes
- With City's excellent credit, 30-year bond interest rate is below 3%. All funding stages are at best possible terms
- But philanthropic $$ stays flexible to absorb cost overrun risk

*833 Bryant is 33% less expensive and faster than City-funded modular projects also underway*

# Investment + Development | 833 Bryant - Outcomes

35 SAN FRANCISCO housing accelerator fund

| *Goal* | *Tools* | *Innovative Application* | *Outcome* |
|---|---|---|---|
| **Reduce Time and Cost tied to Land** | Density Bonus<br>SB 35<br>Streamlining | SALI Legislation | **Entitlements in <6 months**<br>**$60k per unit land basis** |
| **Reduce Time and Cost of Construction** | Financing partners doubles as "get it done" partner with aligned incentives | Modular w/o insurance<br>No local regulatory burdens<br>Unique financing structure leverages City credit | **<$400k/unit (vs. $600k standard)**<br>**3 year total vs. 7 typical** |
| **Use Capital Creatively to Achieve Project Goals, Then Revolve Funds** | $50M equity fronts entire project, 100% of funds at risk | Funds invested into R&D to fund innovations above, which yield time and cost savings | **90% of funds will revolve** |

# *Leverage private & philanthropic capital to drive down time and cost*

SAN FRANCISCO
housing accelerator fund

*A $500M pilot that brings together a fast, flexible, corporate funding pool with risk appetite in coordination with CalHFA / the State can streamline the development process and make the vital connections necessary to keep costs low and homes permanently affordable*

Bring together diverse private / philanthropic funding sources, structure for flexibility and efficiency

Align funding with public policy goals and act faster and more flexibly than typical CDFI / corp funding

Link private funds to permanent public funds to create incentives for localities to move faster and with less regulatory burden

Strong coordination between private bridge funds, local subsidies and permanent state funding is essential

Produce and preserve more housing, quickly and cost effectively

**Time is now**: Corporate funds are available, need is tremendous, local gov't budget challenges **demand** innovation