

Affordable Housing at Balboa Reservoir

Mayor's Office of Housing &
Community Development (MOHCD)



Balboa Reservoir CAC Meeting
Monday, March 14, 2016

Mayor's Office of Housing and Community Development (MOHCD)

1. Coordinates the City's housing policy.
2. Administers financing to non-profit and for-profit developers to develop, rehabilitate or purchase affordable housing.
3. Provides gap funding and leverages as many sources as possible to produce affordable housing
 - *HUD*
 - *The State of California*
 - *Low Income Housing Tax Credits*
 - *Bonds*

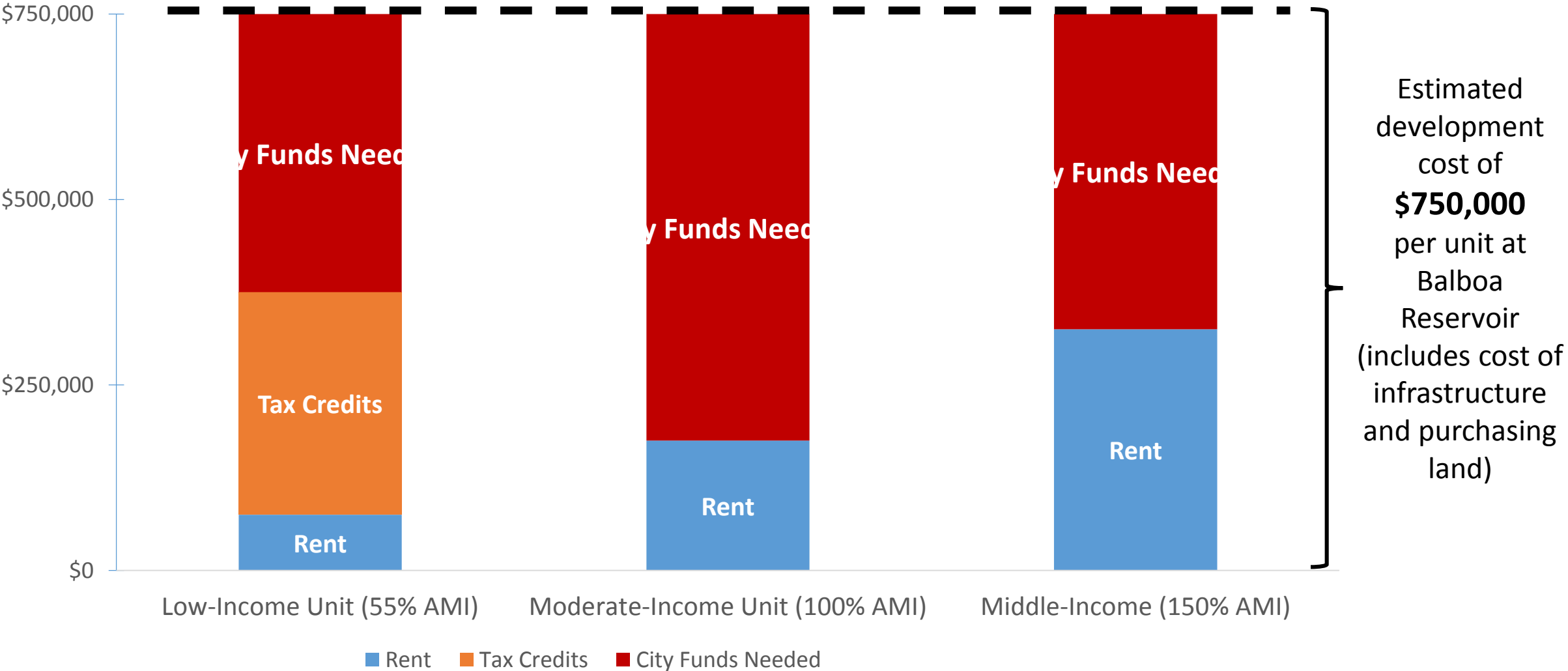
Other Affordable Housing Needs that Require MOHCD Funding

PROJECT	ESTIMATED CITY SUBSIDY NEEDED
Public housing transformation (HOPE SF)	\$500 million
Treasure Island affordable housing	\$300 million
Preservation of rent-controlled units	\$3,500,000 for each 10-unit building
Preservation/rehab of an expiring HUD project	\$15,000,000 for each 100-unit building (w/ Section 8 vouchers)
Housing for homeless and special needs groups	\$25,000,000 for each 100-unit building + \$1,000,000 per year for subsidies and services
Non-Profit Development Throughout SF	\$25,000,000 for a 100-unit building, excluding cost of land
Acquisition/rehab of SRO buildings	\$300,000 per unit, including relocation

How Balboa Reservoir Fits In

- MOHCD's budget is fully allocated through 2025
- Expect after 2025, affordable housing needs will exceed funding
- Exploring ways to create additional affordable housing without MOHCD subsidy to maximize near-term affordable production
- Mixed-income projects (with market rate units) are a critical tool
 - Revenues from market-rate units “cross subsidize” affordable units
 - This model is best suited for larger sites
 - At 17.7 acres, Balboa Reservoir is a rare opportunity for this approach

Funding Sources for a Typical Affordable Housing Unit



MOHCD Subsidy Required for a 100%-Affordable Project at Balboa

- Example 100%-Affordable Scenario:
 - 500 units*
 - Even split between low, moderate, and middle-income units
 - Includes cost to build infrastructure (roads, utilities, etc.) and land
 - **Estimated MOHCD subsidy: \$253 million**
- Alternative Scenario:
 - Include market rate units, fund affordable housing through “cross-subsidy”
 - No cost to MOHCD
 - The same \$253 million can create additional affordable housing elsewhere in the City

** 500-unit figure is for illustrative purposes only. Balboa Reservoir’s unit count has not yet been determined.*

Underlying Subsidy Analysis: Hypothetical Development Scenarios

	SCENARIO A 100% low-income housing	SCENARIO B 100% low/ moderate/middle- income housing	SCENARIO C Mixed-Income Housing
Total Units* FOR ILLUSTRATIVE PURPOSES ONLY	500	500	500
Low Income Units Up to 55% of Area Median Income	500	167	75
Moderate Income Units Up to 100% of Area Median Income	0	166	100
Middle Income Units Up to 150% of Area Median Income	0	166	75
Market Rate Units	0	0	250
ESTIMATED CITY SUBSIDY REQUIRED	\$195 million	\$253 million	\$0

* 500 units is a hypothetical total for illustrative purposes only.

** Estimated City subsidies include the cost of land, building development, and infrastructure. They are based on current costs found at other housing development projects in San Francisco.

Scenarios Suggested by Stakeholders (CCHO)

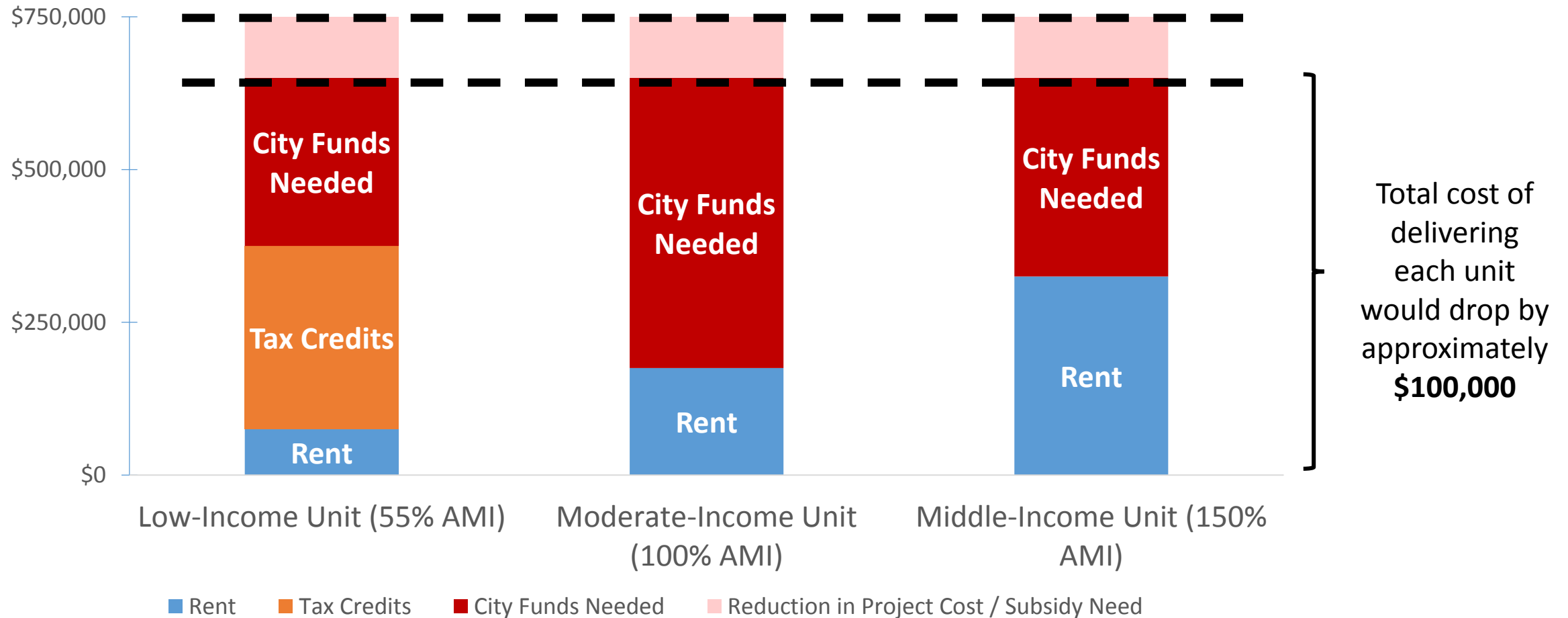
- These, and other, potential scenarios can be analyzed in greater detail once a developer has been selected

	Low-income	Moderate-income	Middle-Income	Market Rate	MOHCD Subsidy Requirement (Preliminary Estimate)*
A	25%	0%	25%	50%	\$0
B	50%	0%	10%	40%	\$23,000,000
C	50%	17%	0%	33%	\$60,000,000
D	100%	0%	0%	0%	\$195,000,000
E	34%	33%	33%	0%	\$253,000,000

* *Subsidy estimates based on a hypothetical 500-housing unit development for illustrative purposes only. Balboa Reservoir's unit count has not yet been determined.*

What if the land were free*?

- Subsidy need would be reduced, but it would remain significant



* For illustrative purposes only. SFPUC is legally required to receive fair market value for its land.

Citywide Needs will Always Exceed Funding

- *For example, if we passed another \$310 million bond, competing unfunded priorities would include:*

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Balboa Reservoir	??

MOHCD Recommendations

- Issue RFP with currently-proposed parameters (33% affordability minimum/50%+ affordability goal)
- Negotiate final percentage after developer is selected
 - Explore affordability mixes proposed by stakeholders after RFP
 - Seek to meet or exceed 50% affordable units on site
- Goal to use additive funding sources that do not take away from MOHCD's other projects

Thank you

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