

HOUSING PROVISIONS OF THE CPMC DEVELOPMENT AGREEMENT

Presented to the Land Use Committee
San Francisco Board of Supervisors
July 16, 2012

Affordable Housing in the DA

Key Principles:

1. Ensure City receives full value of any displaced residential units
2. Ensure an appropriate contribution from CPMC toward the City's affordable housing needs
3. Respect the policy intent of the Van Ness Special Use District, while recognizing that the SUD calls out hospitals as special use

Replacement Housing Obligation

- **Replace rent-controlled and SRO units displaced by construction of CPMC's new Cathedral Hill campus**
 - CPMC will provide \$2,684,800 in funding to replace 20 residential hotel units demolished by the new Cathedral Hill campus based upon determination by the Department of Real Estate.
 - CPMC will provide \$1,453,820 in funding to replace 5 rent-controlled units demolished by the new Cathedral Hill campus based upon determination by the Department of Planning.
 - Paid no later than Effective Date of Development Agreement

Tenant Relocation Payments

- **(Though not part of the Development Agreement) CPMC entered into settlement agreements with all households requirement to relocate due to demolition**
 - Federal and state uniform relocation acts only require relocation payments and 42 months of rental subsidy
 - Relocation Benefits:
 - Relocation payment equivalent up to 120 months of rental subsidy
 - Up to 6 months free rent prior to relocation
 - All households successfully relocated

Affordable Housing

Calculating the Affordable Housing Obligation:

1. Jobs Housing Linkage Program
- OR -
2. Van Ness SUD Residential Requirement

Affordable Housing: Jobs Housing Linkage

- Not required by code, medical institutions exempted
- Net New Square Feet (all campuses): 726,353
- Medical Proxy for jobs-housing fee: \$17.48 / sq. ft
- Hypothetical Jobs Housing Fee: **\$12,696,650**

Affordable Housing:

Van Ness SUD Residential Requirements

- Residential must be 3 to 1 of net new “occupied” commercial
- Occupied net new commercial: 458,729 sf
- Residential Requirement (w/o CU): 1,376,187 sf
- Inclusionary Requirement: 220
- In Lieu Fee: \$73,584,500

Affordable Housing Provisions in the DA

- **Uphold the policies of the Van Ness Special Use District, focusing on affordable housing:**
 - \$29 Million to MOH for 100% affordable developments (approximately 145 units)
 - \$29 Million to MOH for to a new down-payment assistance loan program for CPMC employees earning up to 100% of area median income – minimum of 145 loans
 - \$35 Million in repayments from down-payment assistance loan program will be returned to MOH for use on 100% affordable developments which will produce over time an additional 175 rental units.

Affordable Housing

- **CPMC will provide \$29 million to MOH's affordable housing fund within five years**
 - \$ 4.35M around Effective Date
 - \$ 9.65M at beginning of construction
 - \$ 7.5 M per year thereafter
 - Interest charged from DA Effective Date
 - 145 permanently affordable rental units

Affordable Housing

- **CPMC will provide MOH an additional \$29 million to a newly-created down-payment assistance loan program for CPMC employees earning up to 100% of area median income.**
 - \$ 5.8M per year at beginning of construction
 - Interest charged from beginning of construction
 - If not spent within 8 years of first payment, balance transferred to MOH for affordable housing

Affordable Housing: Down-payment Loan Assistance Program

- Maximum “silent” second mortgage of \$200,000 on home in San Francisco of up to \$ 637,645 maximum price
- No annual debt service payment required
- Upon resale, borrower repays entire loan plus a percentage of the appreciation
- Will provide a MINIMUM of 145 loans
- Will allow 100% AMI households who can currently only afford 15% of homes in SF, to afford nearly 40% of homes.

Housing: *DALP Program*

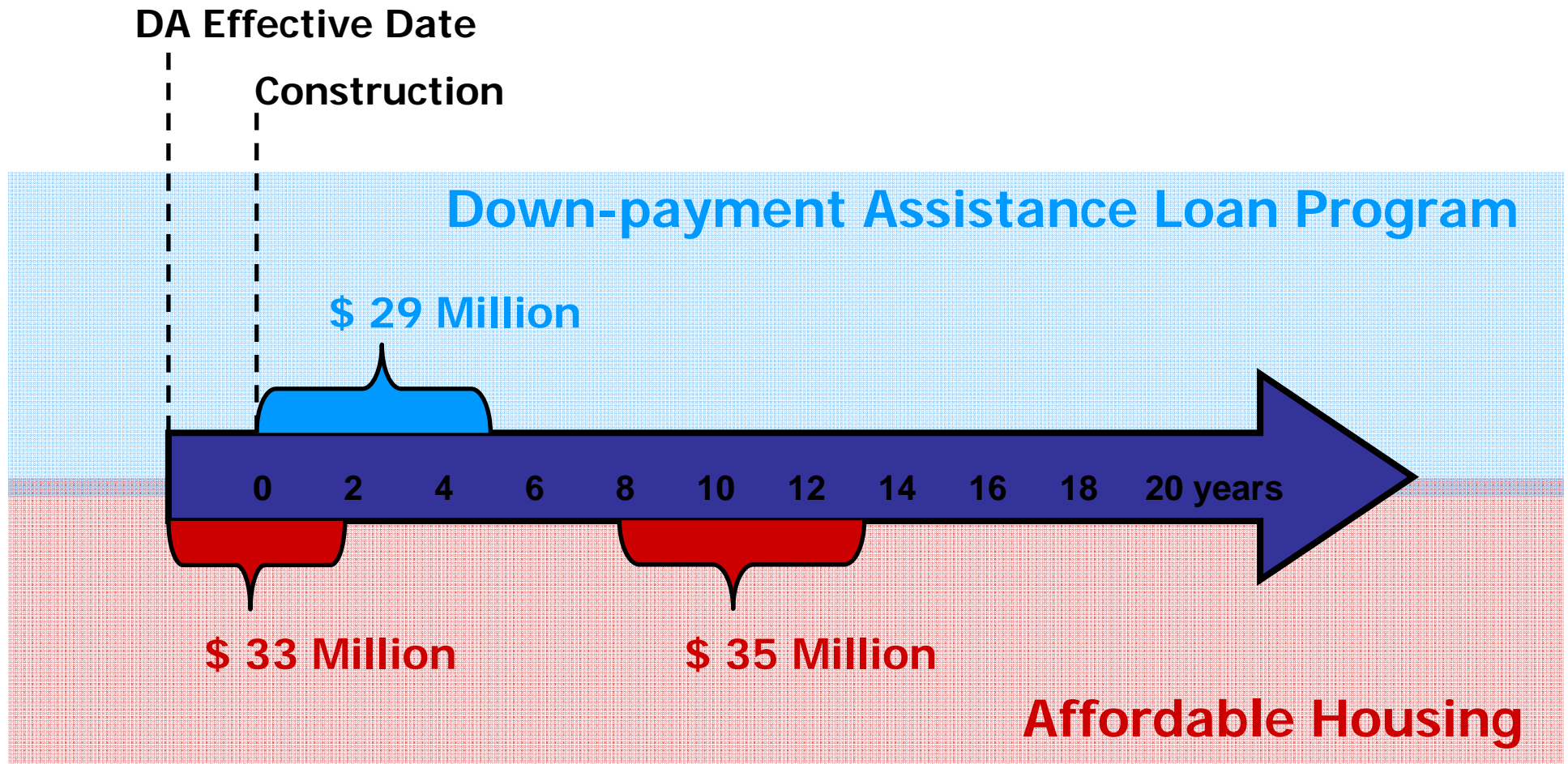
CPMC will provide \$29M in funding for a Down-payment Loan Assistance Program (DALP)

- **Purpose:** 1) support first-time homebuyers in San Francisco purchase a single-family home & 2) provide for future development of affordable housing
- **Eligibility:** CPMC employees with household incomes between 60-100% AMI
 - Expands affordability for 100% AMI household from 15 to 40% of SF homes
 - [DA amended](#) to require homeowner downpayment contribution of 5%
- **Administration:** the CPMC DALP program will be administered by the Mayor's Office of Housing (MOH)
 - [DA amended](#) to provide down-payment up to \$200,000 or 45% of the price
 - Upon resale, down-payment is refunded, with interest, to the MOH
 - MOH projects \$36M will be refunded from the original \$29M CPMC DALP
- **Affordable Housing:** MOH will use \$35M in repaid funds to create permanently affordable housing to create at least 175 affordable housing units

Housing: *Comparison to May 16th Ask*

- **Mayor's May 16th, 2011 Ask of CPMC**
 - **Goal** – satisfy affordable housing requirements of the Van Ness SUD
 - Van Ness SUD = 3 sq.ft of residential : 1 sq. ft. commercial
 - City's Inclusionary Housing Ordinance = **220 BMR units**
 - Create 220 BMR units; or
 - Pay in-lieu fee \$73M (\$334,000 per 2 bdrm unit)
- **CPMC Development Agreement**
 - **Goal** – create at least **220 permanently affordable units**
 - **NOTE: Current MOH Subsidy/Unit = \$200,000 to \$250,000 with remaining costs coming from mix of federal, state, and private debt leveraged at ratio of 2:1**
 - \$29M affordable housing payment to MOH
 - 116 - 145 permanently affordable units
 - \$29M Down-payment Loan Assistance Program (DALP)
 - Min. of 145 down-payments
 - Projected recapture of ~\$35M over ~13 years
 - 144 to 175 two-bedroom units after DALP funds recaptured by MOH
 - CPMC DA funds creation of **260 - 320 permanently affordable units**

Affordable Housing Cash Flow



THANK YOU AND QUESTIONS