

Affordable Housing Financing Plan (AHFP)



City Council
May 14, 2025

Staff Recommendation

Staff recommends City Council consider and provide feedback on the proposed Affordable Housing Financing Plan (AHFP).

Updated every two years, the AHFP will guide the City's housing funding priorities

Plan Goals

- Outlines housing funding priorities (every other year)
- Create three financing pathways: expected, surplus, and limited funding scenarios
- Provide implementation support for the City's Housing Element and General Plan
- Provide strategies to stabilize housing fund revenue across fiscal years

Background

- City Council Study Session in 2021 and Housing Standing Committee in February 2025
- Need to strategically align affordable housing priorities with actual spending
- Growing need for financial strategy following creation of the Commercial Linkage Fee in 2018
 - Commercial Linkage Fee generates considerable but fluctuating revenue
 - State/Federal regulatory requirements and funding programs are becoming stricter and harder to access



Housing Element Alignment

- Every project targeted for funding cites the Housing Element policy it furthers
- Many programs such as our nonprofit housing programs are required by our Housing Element (AFFH requirements)
- Plan provides pathways for various financial scenarios to meet Housing Element obligations



Plan Structure

Research Conducted

Seattle Housing Levy Administrative and Financial Plan

- Biennial plan managing funding commitments to projects and programs.
- Established by ordinance in 2023 to guide spending of the City's \$970M Housing Levy funded by property tax levies
- Provides guidelines for administering loans and grants
- Sets administrative policy and includes reporting requirements

San Francisco Affordable Housing Funding and Financing Recommendations Report

- Mayor directive to the Housing Leadership Council and Housing Office to develop a funding strategy to assist implementation of the City's 2022 Housing Element Update
- Provides policy recommendations for increasing funding and making existing funding more efficient.
- Outlines funding availability and funding projections.
- Does not set policy or include reporting requirements



Plan Components

Funding Availability

Funding and Policy Parameters

Two Year Expected Funding Plan

Surplus/Limited Scenario Pathways



FY24-25 Projected Year End Fund Balances

| Fund Source | Projected FY24-25 Year End Balance (approximate) |
|-------------------------------------|--|
| Commercial Linkage (823) | \$14,000,000 |
| Affordable Housing Trust Fund (205) | \$200,000 |
| LMI Housing Asset Fund (241) | \$1,000,000 |



Grant Award Funding Availability

| Grant | Total Award | Allocated Funds | Unallocated Funds |
|----------------|--------------|-----------------|-------------------|
| CDBG (FY24-25) | \$424,978 | \$424,252 | \$726 |
| PLHA Year 1 | \$217,980 | \$217,980 | \$0 |
| PLHA Year 2 | \$338,809 | \$338,809 | \$0 |
| PLHA Year 3 | \$338,000 | \$0 | \$372,500 |
| LHTF | \$2,362,500 | \$0 | \$2,362,500 |
| IIG | \$28,817,500 | \$28,817,500 | \$0 |
| PIP | \$890,000 | \$0 | \$890,000 |



Funding and Policy Parameters I

- Must further Housing Element / General Plan priorities
- Factors legal obligations
- State/Federal grants are often prescriptive with many administrative requirements
 - Local Match Requirement (PIP, LHTF)
 - Meeting precise definitions of terms like “Infill” or “National Objective” (IIG, CDBG)
 - Expenditure Deadlines (all)
- Local funds generally flexible



Funding and Policy Parameters II

- Incorporates market conditions & risk factors → conservative funding targets
- Considers year-to-year fluctuations
- Does NOT set new policy; implements existing policy
- Does provide recommendations
- Annual review but no monitoring requirement; relies on existing requirements set by guiding policies



Funding Plan: Production Targets

| Program | Funding Source | Funding Target | Population /Geography | HE Goal /Program | Projects |
|--|--|----------------|-----------------------|------------------------|--------------------------------|
| Financing For Developer-Led Affordable Projects | 1051 Mission: LHTF, IIG, 823 500 and 522 Linden: PLHA Y1&2, 241 | \$37,500,000 | Citywide | Programs CRT 4.2 & 4.6 | 1051 Mission, 500 & 522 Linden |
| Regulatory / Zoning Updates | Planning fees. HCD also releases grants | NA | Citywide | Goal 2 & Goal 3 | Zoning and policy updates |



Funding Plan: Preservation Targets

| Program | Funding Source | Funding Target | Population / Geography | HE Goal / Program | Projects |
|---|----------------|----------------|---|-------------------|---|
| Preserve Housing & Communities | CDBG | \$80,000 | Communities with high displacement risk | Program PRSV 1.2 | 718 Linden rehabilitation |
| Anti-Displacement Roadmap | 270, 823, PBF | \$415,000 | Communities with high displacement risk | Program EQ-3.2 | Community Advisory Committee, SRO / Mobile Home Conversion Ordinances, Live/Work Preference Ordinance |

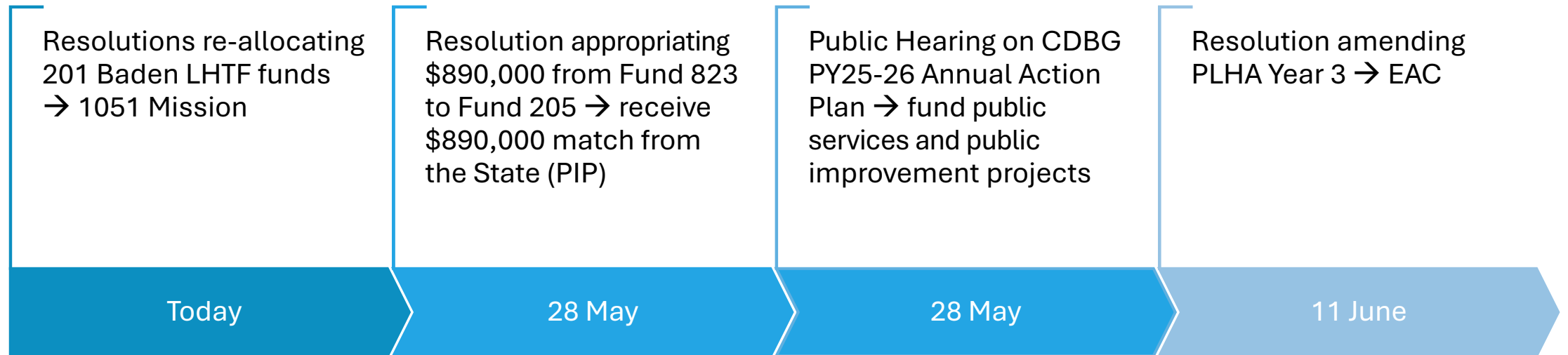


Funding Plan: Protection Targets

| Program | Funding Source | Funding Target | Population/ Geography | HE Goal / Program | Projects |
|---|-----------------------|--|--|----------------------------|--|
| Emergency Rental Assistance | 241 | \$180,000 annually | (E)LI households | Program EQ-8.5 | Emergency rental assistance (administered by YMCA) |
| Homelessness / prevention programs | 205 (funded by PIP) | \$100,000 annually | Experiencing / at-risk of homelessness | Programs SNP 7.2, 7.4, 8.3 | Emergency shelter, legal aid, shelter, home sharing |
| Housing & Community Development Services | PLHA Y3, General Fund | PLHA Y3: \$149,000 HOME: \$12,600 General Fund: \$41,500 | LMI households | Goal 1 | Homeowner assistance, youth mentoring, oral health, tenant legal aid |
| Economic Advancement Center (EAC) | PLHA Y3 | PLHA Y3: \$223,500 CDBG: \$50,000 | LMI households | Goal 1 and Goal 6 | EAC + associated nonprofits |



Funding Plan Council Actions



Alternate 1: Limited Financing Pathway

Evaluation Criteria

- 1) State and Federal statutory requirements
- 2) Regulatory and grant obligations
- 3) Highest impact for disadvantaged and historically underserved communities
- 4) Project viability and delivery
- 5) Highest impact on housing priorities in General Plan and Housing Element

Example Actions

- Reduce property acquisitions and city-led financing programs
- Reduce non-obliged funding to non-profit housing services
- Explore the creation of new funding sources
- Evaluate necessity for proposing funding allocation from non-housing funds



Alternate 2: Surplus Financing Pathway

Evaluation Criteria

- 1) Highest impact for disadvantaged and historically under-represented communities
- 2) Project viability and delivery
- 3) Highest impact on housing priorities in General Plan and Housing Element, with consideration of balancing funding across the 3Ps

Example Actions

- Pursue rehabilitation of 226-246 Grand Avenue
- Create a revolving loan and/or reserve fund that could help stabilize annual funding availability
- Consider policies of interest to City Council



Staff Recommendation

Staff recommends City Council consider and provide feedback on the proposed Affordable Housing Financing Plan (AHFP).

Updated every two years, the AHFP will guide the City's housing funding priorities