May 2019

2015 Affordable Housing $310 Million Bond Update

Affordable Housing That Wasn't

by Patrick Monette-Shaw

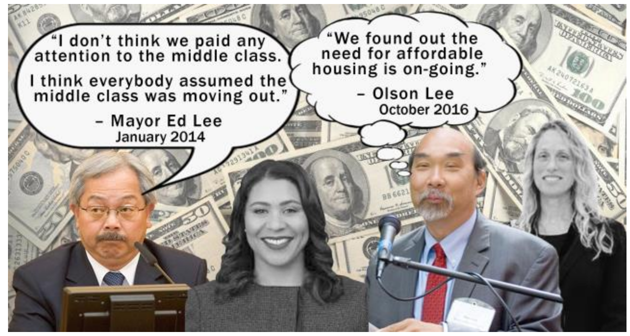

Illustration: Patrick Monette-Shaw

Open Mouth, Insert Foot: Neither former Mayor Ed Lee nor Olson Lee, the former Executive Director of the Mayor's Office of Housing and Community Development, appeared to get it that the middle class needs affordable housing, just as do people living in public housing and lower-income San Franciscans. Whether Mayor Breed or MOHCD's new director Kate Hartley get it, remains to be seen.

In November 2015 voters approved a $310 million Affordable Housing Bond. The *Westside Observer* has reported on the bond several times. Now's a good time for another review, since the mayor is proposing a second affordable housing bond even before the first one is finished.

What's happened in the three-and-a-half years since the 2015 housing bond was passed isn't heartening for non-teachers and others targeted in the middle-income bond category explored in this article.

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The *Examiner* reported on April 1 that Mayor Breed wants to increase a new $300 million affordable housing bond being planned for San Francisco's November 2019 ballot by $200 million, to a total of $500 million. Supervisor Matt Haney — not to be outdone — wants to kick it up to a $1 ***billion*** bond.

The Capital Planning Committee's tentative plan is to consider bonds for the November 2019 ballot during its May 6 meeting, and may consider increasing the amount of the new affordable housing bond then. The Capital Planning Committee is an 11-member body consisting of nine major City department heads, the Mayor's Budget Director, and the president of the Board of Supervisors. The Board of Supervisors has until mid-July to approve placing a bond measure on the November 2019 ballot and submit it to the Elections Department.

Problems With Bond Oversight

There are a number of problems with the first affordable housing bond.

The Slow Pace of Spending

The slow pace of issuing the 2015 housing bonds is troublesome. The Controller's Office confirmed that as of April 12, 2019 just $217.3 million — 70% — of the $310 million bond has been issued so far. The first tranche[1] was issued on November 1, 2016 for $75.1 million a year after voters approved the bond; the second tranche was issued on May 23, 2018 for $142.1 million, two-and-a-half years after voter approval.

"The slow pace of issuing the 2015 housing bonds is troublesome. The remaining third tranche — for $92.5 million, fully 30% of the bond — won't be issued until the Fall of 2019, almost four years after voters approved the bond."

MOHCD claims the remaining third tranche — for $92.5 million, fully 30% of the bond — won't be issued until the Fall of 2019, almost four years after voters approved the bond in 2015. Why is it taking so long to get this money into the pipeline? Weren't these shovel-ready housing projects?

The Controller reports interest on the first two tranches currently issued will cost $65.8 million in debt service through 2038. Interest on the remaining $92.5 million tranche is an estimated additional $20 million, for a projected total of $85.8 million in interest on the $310 million bond principal. Total bond costs will be just under $400 million. What are we getting for it? Were the right allocation decisions on bond spending made?

"Total bond costs will be just under $400 million. What are we getting for it?

Were the right allocation decisions on bond spending made?"

[1] **Definition of *tranche***: "A division or portion of a pool or whole; specifically: An issue of bonds derived from a pooling of like obligations (as securitized mortgage debt) that is differentiated from other issues especially by maturity or rate of return."

The Overseers: CGOBOC Members and Meetings

On March 5, 2002 voters passed Proposition "F," the *Citizen Oversight of Bond Expenditures Initiative*, creating a nine-member Citizen's General Obligation Bond Oversight Committee (CGOBOC) to oversee spending of all general obligation bonds passed by voters. Then when voters passed a ballot measure in 2003 creating the City Services Auditor program housed in the City Controller's Office, CGOBOC was handed additional duties as the *Citizen's Audit Review Board* and was also assigned to oversee the City Controller's whistleblower program.

> **"CGOBOC is currently overseeing $4 *billion* across 12 various bonds. That's a lot of work for one committee to monitor."**

All bonds passed by the voters are overseen by the nine-member CGOBOC. Three members are appointed by the mayor, three by the Board of Supervisors, two by the City Controller, and one by the Civil Grand Jury.

CGOBOC is currently overseeing $4 *billion* across 12 various bonds it receives reports about. That's a lot of work for one committee to monitor. Plus, the scope of what CGOBOC is responsible for overseeing has grown considerably.

> **"CGOBOC has done a terrible job holding MOHCD accountable for the affordable housing bond spending. Why does planned spending keep shifting so often?"**

CGOBOC's historical and institutional knowledge about any given bond measure is a serious, inherent problem. Membership is limited to two consecutive two-year terms; it's rare that a member takes a break between terms and then returns for an additional term. Many of the bonds run for far longer than the maximum four-year tenure that members serve.

CGOBOC has done a terrible job so far holding the Mayor's Office of Housing and Community Development (MOHCD) accountable for the affordable housing bond spending. Successive updates from MOHCD keep shifting planned bond uses, and CGOBOC has done little to reign in MOHCD. Why does planned spending of the bond keep shifting so often?

> **"CGOBOC's institutional knowledge of bond spending will be severely curtailed when its three remaining members are termed out."**

Of CGOBOC's 20 meetings held between January 2016 and March 2019, MOHCD has only presented seven times on the affordable housing bond to CGOBOC. Across the seven meetings in which MOHCD presented, there have been 15 different CGOBOC members, given on-going turnover. During those seven meetings, CGOBOC had three meetings with only eight members, three meetings with just seven members, and one meeting with just six members — due to vacancies on the committee. And sometimes the appointed members were absent from meetings.

When CGOBOC held its first hearing on the affordable housing bond on January 26, 2016 it had eight members, five of whom are no longer committee members. Of the three members who remain, two had their terms expire in late 2018 but remain as hold-over members until their replacements are named. The third member's term expires in June 2019.

Because the November 2015 affordable housing bond is far from over, CGOBOC's institutional knowledge of bond spending will be severely curtailed when its three remaining members are termed out and replaced.

> **"CGOBOC member Brenda Kwee McNulty fretted on January 28, 2016 about the lack of metrics. She astutely wondered whether the right allocation decisions had been made."**

Lack of Metrics to Evaluate Bond Spending

Back in January 2016 when CGOBOC held its first hearing on the Affordable Housing Bond, several CGOBOC members expressed the need to develop "metrics" to assess bond spending.

CGOBOC member Brenda Kee McNulty specifically fretted on January 28, 2016 about the lack of metrics. During the discussion about developing metrics, McNulty astutely wondered:

> "*But I think it's helpful to be able to at this early stage of the game [to] lay out those areas, or categories of returns … so that we can go back* [later to] *evaluate how successful ... what our return was for the whole bond program. So, the relative returns of these categories will also shed some light into* ***whether or not we made the right allocation decisions***."

CGOBOC members in January 2016 suggested several metrics, including the dollar amount allocated per project, the Area Median Income (AMI) targets, number of new units *constructed* vs. number of existing housing units *preserved*, household size, demographics targeted (e.g., populations such as the homeless, seniors, veterans, teachers, families, etc.), and the Supervisorial districts in which projects are actually developed.

The minutes of CGOBOC's July 2016 meeting report that CGOBOC member Jennifer Warburg — the Committee's co-liaison to MOHCD on the housing bond — again reiterated that "*better metrics are needed as well as more details on actuals* [production]."

> **"CGOBOC member Jennifer Warburg reiterated in July 2016 that better metrics were needed."**

The July 2016 minutes also report that CGOBOC's other co-liaison to MOHCD on the housing bond — Larry Bush — had requested information from MOHCD on March 25, 2016, but the "information was not provided." The minutes indicate MOHCD's Kate Hartley was given until September 2016 to have time to prepare responses to Bush's questions.

In response to questions Bush and other CGOBOC members raised in July 28, 2016 MOHCD provided a reply (dated September 12, 2016) during CGOBOC's October 3 meeting. Hartley's answers were presented on October 3, seven months after the questions were raised, but there was no discussion of proposed or final metrics to assess bond spending.

Hartley's October 2016 response indicated "[MOHCD] *will have a full Bond Report with* **metrics** *available for presentation and review at your January 2017 meeting*."

> **"Hartley's October 3, 2016 response indicated metrics would be presented at CGOBOC's January 2017 meeting. No metrics were presented in January."**

Throughout most of 2016, MOHCD stalled developing in collaboration with CGOBOC any meaningful metrics. Then, in November 2016, MOHCD claimed the best metrics to measure the use of bond funds were just three measures: 1) The number of households served, 2) The number of units created, and 3) Per-unit costs. MOHCD's three skimpy metrics are completely insufficient.

When MOHCD presented to CGOBOC on January 26, 2017 no detailed metrics by which CGOBOC could assess the various bond-funded affordable housing projects were presented or reviewed. Sadly, CGOBOC has not exhibited much of a spine in insisting MOHCD develop — and stick to — meaningful metrics to assess bond-funded projects.

Despite the three measures MOHCD claimed in November 2016, MOHCD's quarterly reports began reporting in January 2017 in a section titled "Metric of Success"

> "*The primary* **metric** *of success for the Affordable Housing Bond is number of units produced, protected, or assisted. We have estimated the projected number of affordable units through all phases of the bond process, and will track progress and provide regular updates accordingly*."

Of note, the section title used the singular for *metric*, not the plural for *metrics*. It now appears MOHCD's single metric is the number of units produced by the bond. To date, MOHCD has not stratified or informed CGOBOC members with a breakout on the number of new housing units produced versus existing units protected, rehabilitated, or preserved.

Despite CGOBOC members' initial interest in January 2016 about the issue of metrics to assess McNulty's concern about whether "*the right allocation decisions*" had been made, CGOBOC members went silent on the metrics issue in January 2017 and apparently haven't discussed the issue any further between January 2017 and April 2019.

> **"It now appears MOHCD's single metric is only the number of units produced by the bond."**

It is thought by some observers that the metrics now reported basically consist of updates regarding MOHCD's progress on bond spending, rather than on any meaningful measurements of bond activity or metrics.

MOHCD's own Construction Project Management form "*Project Monthly Report*," tracks the units by housing types, including: Homeless (transitional age youth), homeless (non-transitional age youth), very-low income seniors, very-low income families, disabled, or public housing replacement units. But no data has been provided to CGOBOC itemizing how many of the units have been dedicated to the various "vulnerable" populations the bond was designed to serve, nor has any data been provided regarding AMI income levels served.

"On April 12, Ms. McNulty was asked to comment on whether four years into the bond she now thinks using *only* the number of units produced is an adequate metric. She didn't respond."

On April 12, Ms. McNulty, was asked to comment for this article on whether four years into the Affordable Housing Bond she now thinks using *only* the number of units produced is an adequate metric of the bond's performance. McNulty didn't respond.

Changes in Bond Spending

In 2014 and 2015 during on-going planning prior to placing the Affordable Housing Bond on the November 2015 ballot, successive documents from the Mayor's office included several proposed programs for the bond that were subsequently eliminated, including a $20 million "*Top-Loss Catalyst Fund*" accelerator or incubator fund to help nonprofit developers purchase land and build permanently affordable units, a $17 million *Middle-Income Rental Housing* program, and a $25 million *Expiring Regulations Preservation* category to preserve existing rental units. The first sub-category vanished even before the bond was put on the ballot, and the remaining two sub-categories were introduced in January 2016 but were eliminated by July 2016.

"Several proposed programs for the bond were eliminated, including a $17 million Middle-Income Rental Housing program and a $25 million category to preserve existing rental units."

In addition, two projects that were later proposed in the Low-Income Housing portion of the bond — at 250 Laguna Honda Boulevard and 4840 Mission Street — were removed from bond spending after they had been first included and described to CGOBOC. The 250 Laguna Honda 150-unit senior housing project was removed due to site instability following a geological study and excessive costs; it was replaced with a 94-unit senior housing project at 1296 Shotwell, a loss of 56 units for the elderly[2]. The Mission Street project was scrapped due to delays, and its funding re-allocated to another low-income family-housing project.

"A 150-unit senior housing project that was removed due to site instability was replaced with a 94-unit project, a loss of 56 units for the elderly."

The number of units planned in each of four main housing categories have bounced all over the place in successive reports to CGOBOC. Didn't CGOBOC members notice during the past three-and-a-half years the drastic changes in planned bond uses?

"Unit counts in each of the four main categories have shifted significantly over time. Didn't CGOBOC members notice during the past three-and-a-half years the drastic changes in planned bond uses?"

Main Categories of Planned Bond Uses

Table 1 illustrates that the unit counts in each of the four main categories have shifted significantly over time. Figure 1 visualizes the data.

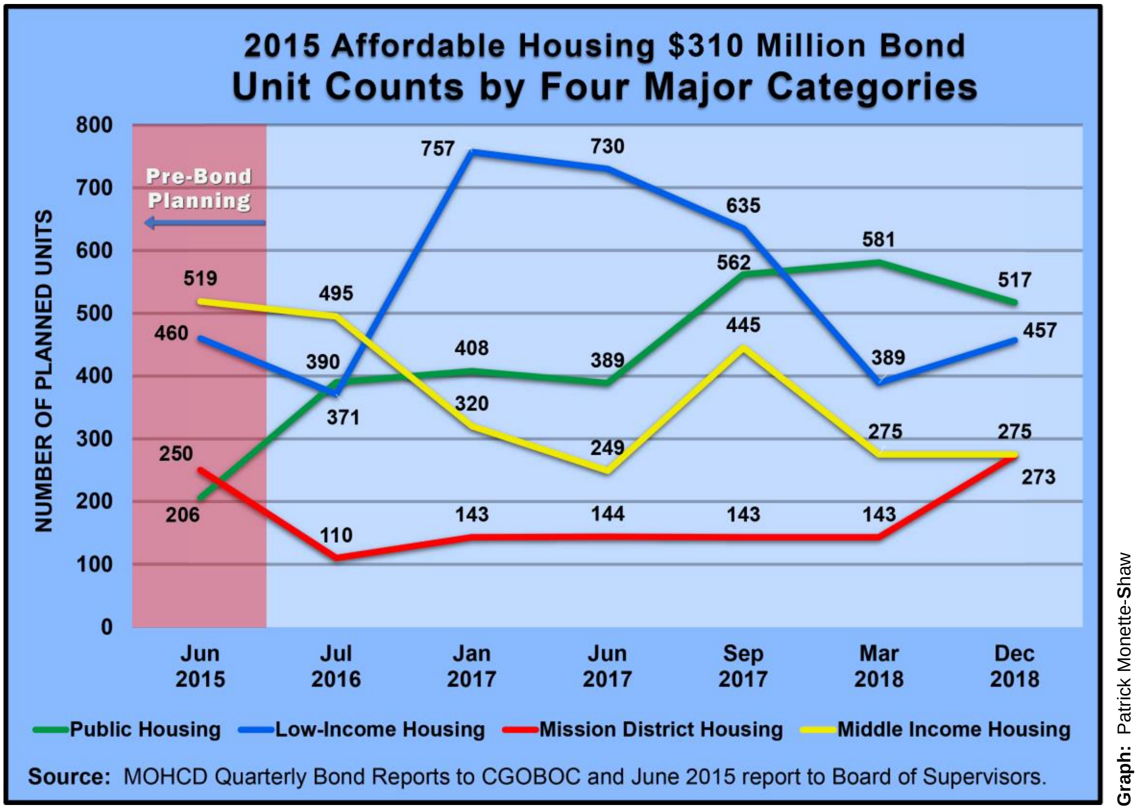
Table 1: Shifting Unit Counts of Bond Main Categories:

	Planned Number of Units						
Main Category	**Jun 2015**	**Jul 2016**	**Jan 2017**	**Jun 2017**	**Sep 2017**	**Mar 2018**	**Dec 2018**
Public Housing	206	390	408	389	562	581	517
Low-Income Housing	460	371	757	730	635	389	457
Mission District Housing	250	110	143	144	143	143	273
Middle Income Housing	519	495	320	249	445	275	275
Total Units	**1,435**	**1,366**	**1,628**	**1,512**	**1,785**	**1,388**	**1,522**

Source: MOHCD Quarterly Bond Reports to CGOBOC. **Pink column pre-bond:** Board of Supervisors Budget Committee Hearing, June 23, 2015.

2 MOHCD reported to the Board of Supervisors Land Use Committee on April 29 that 53 senior housing units are included in the bond-funded project at 735 Davis Street, but MOHCD reports to CGOBOC haven't reported how many of the units may have already been previously planned for seniors even before the 250 Laguna Honda project was defunded..

Figure 1: Shifting Units Counts of Bond Main Categories:



As Table 1 shows, the planned units dropped from 1,435 total units in January 2016 to 1,366 units in July 2016, climbed back up to 1,785 units in September 2017, but have dropped back to 1,522 total units as of December 2018.

The data in Table 1 and Figure 1 illustrate that when plans were presented to the Board of Supervisors in June 2015 and first presented to CGOBC in January 2016:

- The Public Housing category would rehabilitate 206 units at the Sunnydale and Potrero public housing sites. As of December 2018, MOHCD reported that those 206 units have grown to 517 units.

- The Low-Income Housing category rose from 460 units in January 2016 to 757 units in January 2017, mostly due to errors in units counts MOHCD misreported to CGOBOC.

- The Mission District Housing category had proposed 250 units, which dropped to 110 units in July 2016 but now stands at 273 reported units.

- The Middle-Income Housing category planned for 519 units has now dropped to 275 units, a 47% percent change decline from June 2015 projections. And there's been a massive shift from rental units to ownership units.

"The Middle-Income Housing category planned for 519 units has now dropped to 275 units, a 47% percent change decline. And there's been a massive shift from rental units to ownership units."

*Didn't **CGOBOC members notice** the drastic shifts in planned units in each major category over time?*

Fudged Unit Count Data?

It's somewhat surprising that MOHCD has consistently misreported its unit count numbers to CGOBOC. And it's more surprising that CGOBOC members appear not to have called out MOHCD for reporting incorrect data.

"MOHCD has consistently misreported unit count numbers to CGOBOC. It's surprising CGOBOC members appear not to have called out MOHCD for reporting incorrect data."

In December 2016, MOHCD reported to CGOBOC that there would be 757 units constructed or rehabilitated in the $100 million Low-Income Housing portion of the bond. It took until MOHCD's December 2018 quarterly report — which report has not yet been discussed during a CGOBOC meeting — to admit on page 36 that it had wrongly counted and included in the low-income category 386 units involving predevelopment projects it should not have reported.

"It took until MOHCD's December 2018 quarterly report to admit it had wrongly counted in the low-income category 386 units involving predevelopment projects it should not have reported."

And the December 2018 report also admits on page 34 that of 517 units in the $80 million Public Housing portion of the bond it includes 125 market-rate units in the count of the 217 units in the Potrero Phase II Infrastructure Development project. CGOBOC should ask MOHCD why it is including market-rate units in the count of Public Housing units, potentially padding the unit counts.

Between the two problems, the reported unit counts appear to have been off by 511 units between the Public Housing and Low-Income Housing categories.

"CGOBOC should ask MOHCD why it is including market-rate units in the count of Public Housing units."

Middle-Income Housing Cuts

Despite Mayor Ed Lee's observation in *Time* magazine in January 2014 that everybody assumed the middle-class were moving out of San Francisco, and despite MOHCD Director Olson Lee's lame observation during the Board of Supervisors Government Audit and Oversight Committee hearing on October 21, 2016 — after the affordable housing bond passed in 2015 — that MOHCD had "*found out the need for affordable housing was on-going*," uses of the 2015 bond to help middle-income residents have shrank in the number of planned units.

The main reason the middle-income housing category was added to the bond is because there are no state or federal funding sources for middle-income housing. So, San Francisco took the lead, carving out a dedicated $80 million as a local source of funding subsidy for middle-income housing. MOHCD's January 2016 report to CGOBOC noted:

> "*The need is particularly acute for moderate-income households, for whom there is no federal or state financing programs (such as low-income housing tax credits, which cap eligibility at 60% of AMI) that the City can leverage with its own subsidies.*"

During planning leading up to putting the November 2015 bond before voters, as far back as June 23, 2015 the Board of Supervisors received an MOHCD report, indicating (on page 26 of the PDF file) that the bond would provide $57 million toward 519 planned middle-income housing units.

It included 235 rental units in the Middle Income Housing main category between the *Middle-Income Rental Program* and the *Expiring Regulations Preservation* subcategories, which were presented in documents to the Board of Supervisors in June 2015 and presented to CGOBOC in January 2016. The *Expiring Regulations Preservation* was intended to protect existing units with affordable rents from expiring and becoming market-rate units, displacing tenants.

The remaining 284 units — 34 downpayment assistance (*DALP*) loans and 250 *Teacher Next Door* loans — were for loans for middle-income ownership purchases, not rentals.

"San Francisco took the lead, carving out a dedicated $80 million as a local source of funding subsidy for middle-income housing."

Unfortunately, the Middle-Income Housing category also saw shifts in the unit counts during MOHCD's successive presentations to CGOBOC.

Table 2: Shifting Units Counts Within Middle-Income Main Category:

Type Project	Jun 2015	Jul 2016	Jan 2017	Jun 2017	Sep 2017	Mar 2018	Dec 2018
	Planned Number of Units						
DALP Loan Expansion	34	49	49	49	49	112	112
Teacher Next Door	250	250	75	75	250	60	60
Middle-Income Rental Program	**85**						
Expiring Regulations Preservation	**150**						
Middle-Income Buy-In Program		96					
Middle-Income MOHCD Production							
Middle Income Teacher Housing 43rd & Irving		30	30	81	82	82	82
Middle-Income Production 88 Broadway		70	166	44	64	21	21
Middle-Income MOHCD Production: 482 Geneva							**TBD**
Middle-Income Units Subtotal	**519**	**495**	**320**	**249**	**445**	**275**	**275**

Source: MOHCD Quarterly Bond Reports to CGOBOC. **Pink column pre-bond:** Board of Supervisors Budget Committee Hearing, June 23, 2015.

Again, between the time when plans were presented to the Board of Supervisors in June 2015 — and first presented to CGOBOC in January 2016 — and December 2018:

> **"The total middle-income housing units have seen a 47% percent change decline, from 519 to 275 units."**

- The total middle-income housing units have seen a 47% percent change decline, from 519 to 275 units.

- The 34 downpayment assistance (*DALP*) loans and 250 *Teacher Next Door* loans totaled 284 loans in June 2015 and January 2016. Their drop to just 172 ownership loans in December 2018 presents a 39.4% percent change decline.

> **"The drop from 235 to 103 rental units represents a 56.2% change decline in the number of middle-income rental units."**

- The *Middle-Income Rental* and *Expiring Regulations* sub-categories involving 235 rental units were eliminated by July 2016, leaving just 103 rental units. The drop from 235 to 103 rental units represents a 56.2% change decline in the number of middle-income rental units.

  The remaining 103 rental units now planned include one project for 21 units at 88 Broadway, and one project for 82 units at 43rd & Irving reserved for teachers.

> **"The November 2015 Affordable Housing bond explicitly asked voters the question of whether the bond would include a middle-income rental program."**

How Did the Middle-Income Rental Program Vanish?

The November 2015 Affordable Housing bond explicitly asked voters the question of whether the bond would include a middle-income rental program. The legal text of the Affordable Housing Bond clearly stated in Section 3-E on page 156 in the November 2015 voter guide that a portion of the bond would be used to create "*Middle-Income Rental Housing*."

When CGOBOC first held a hearing on the 2015 Affordable Housing Bond on January 26, 2016 CGOBOC members were provided an MOHCD report that described the *Middle-Income Rental* program and the middle-income *Expiring Regulations* categories. (**Note:** The report was modified and updated on January 19, 2016.)

Unfortunately, the report did not describe the *Expiring Regulations Preservation* category, but it was included in the middle-income category listed on page 9 of the report in a table showing planned bond spending.

CGOBOC members should have known that the legal text and question posed to voters had mandated the *Middle-Income Rental* program. And they should have noticed in July 2016 that the Middle-Income Rental program presented to it in January 2016 when they assumed oversight of bond spending was suddenly eliminated seven months later from the "Middle-Income Housing" main category of planned bond spending presented to CGOBOC in July 2016. But the minutes of CGOBOC's July 28 meeting and subsequent meeting minutes never reported any questions, concerns, or discussion by CGOBOC members about why the category vanished. Not one question was raised.

"CGOBOC members should have known that the legal text and question posed to voters had mandated the *Middle-Income Rental* program. And they should have noticed when the Middle-Income Rental program was suddenly eliminated in July."

Why did the category vanish?

The January 2016 report described in some detail on page 7 the proposed *Middle-Income Rental* program to be funded by the bond. The description read in part:

> "*Bond funds may be allocated to support the creation of permanently affordable rental units designated for middle-income households that are currently not served by the City's traditional affordable housing programs. Bond funds used for the creation and support of middle-income rental units will prioritize family-sized units*."

Given the temporal proximity in time, some observers wondered whether MOHCD may have decided that after voters passed Proposition "C" in June 2016 that MOHCD could remove the *Middle-Income Rental* program from the Affordable Housing Bond a month later in July 2016. That was patently ridiculous, because Prop. "C" only dealt with setting the inclusionary percentages of affordable units available in market-rate development projects, including both ownership units for purchase and rental units. It's ludicrous to believe the inclusionary aspects of Prop. "C" in any way solved or achieved affordable *rents* designed to be addressed through the bond's *Middle-Income Rental program.*

"Bond funds [were to be] allocated to support creation of rental units designated for *middle-income* households currently not served by the City's traditional affordable housing programs. That didn't happen much."

When asked to comment about whether Prop. "C's" passage had contributed to MOHCD's decision to eliminate the *Middle-Income Rental* program, MOHCD's director Kate Hartley indicated on April 22, 2019 only that:

> "*Between July 2016 and December 2018, we allocated more middle-income funding to DALP loans as the best way to maximize the number of middle-income households served from bond funds. Producing middle-income rental as a stand-alone building is quite challenging and expensive because those projects cannot fully leverage Federal* ***low-income housing tax credits***."

First, Hartley ignored answering the question about Prop. "C," and instead confounded *rental* programs with the DALP *ownership* loan program. Wasn't the whole point of including the local *Middle-Income Rental* funding in the bond designed to address the ***lack*** of Federal ***middle-income*** housing tax credits for rental projects?

"Hartley ignored answering the question about Prop. 'C,' and instead confounded *rental* programs with the DALP *ownership* loan program."

Second, the $10 million for DALP loans proposed in June 2015 and presented to CGOBOC in January 2016 that was then increased to $34.4 million in December 2018 was for middle-income ***ownership units***, not rental units.

When pushed again for comment on whether Prop. "C" had contributed to eliminating the *Middle-Income Rental* program, Hartley indicated the next day on April 23:

> "*… We did not conclude that Proposition C's tiered income eligibility approach solved the middle-income housing need. What we did do is consider which available rental housing projects provided the best investment opportunity for bond funding. That analysis resulted in a higher investment in middle-income teacher housing and other middle-income housing in MOHCD-sponsored developments than we originally planned.*"

Notwithstanding Hartley's prevarication, some observers remain unconvinced and believe passage of Prop. "C" contributed to MOHCD eliminating the Middle-Income Rental Program.

Hartley didn't elaborate on why the "best investment opportunity" was for ownership units, not rental units. And she didn't address the 56.2% change decline involved in cutting 235 rental units (combining *the Middle-Income Rental* and *Expiring Regulations Preservation* projects) down to just 103 rental units (combining the 43rd & Irving and 88 Broadway projects).

> **"Some observers remain unconvinced and believe passage of Prop. 'C' contributed to MOHCD eliminating the Middle-Income Rental Program."**

Just how much hubris is MOHCD demonstrating luring voters into passing the bond based on promises to devote bond funding to the *Middle-Income Rental Housing* category, and after voters approved the Bond subsequently removed that category unilaterally based on the flimsy excuse some unnamed "fix" had later surfaced making it no longer needed?

Dialing for Middle-Income Category Dollars

Seven or so successive MOHCD reports to CGOBOC have documented some drastic shifts in spending within the Middle-Income Housing category budget. Table 3 illustrates:

Table 3: 2015 Middle-Income Budget Dollars

Type Project	Jun 2015	Jul 2016	Jan 2017	Jun 2017	Sep 2017	Mar 2018	Dec 2018
DALP Loan Expansion	**$ 10,000,000**	$ 14,500,000	$ 14,500,000	$ 14,500,000	$ 14,500,000	$ 33,420,000	$ 34,430,000
Teacher Next Door	**$ 5,000,000**	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000
Middle-Income Rental Program	**$ 17,000,000**	$ -					
Expiring Regulations Preservation	**$ 25,000,000**	$ -					
Middle-Income Buy-In Program		$ 24,000,000					
Middle-Income MOHCD Production		$ 26,920,000	$ 50,920,000	$ 50,920,000	$ 28,920,000	$ -	
Middle Income Teacher Housing 43rd & Irving		$ 7,000,000	$ 7,000,000	$ 7,000,000	$ 29,000,000	$ 29,000,000	$ 29,000,000
Middle-Income MOHCD Production: 88 Broadway						$ 10,000,000	$ 7,043,832
Middle-Income MOHCD Production: 482 Geneva							$ 2,956,168
Share of Bond Issuance & Reserve		$ 2,580,000	$ 2,580,000	$ 2,580,000	$ 2,580,000	$ 2,580,000	$ 1,570,000
Subtotal:	**$ 57,000,000**	**$ 80,000,000**	**$ 80,000,000**	**$ 80,000,000**	**$ 80,000,000**	**$ 80,000,000**	**$ 80,000,000**

Source: MOHCD Quarterly Bond Reports to CGOBOC. **Pink column pre-bond:** Board of Supervisors Budget Committee Hearing, June 23, 2015.

- In June 2015 and January 2016, MOHCD reported to CGOBOC that between the *DALP* and *Teacher Next Door* loan ownership programs, the combined $15 million would comprise about 26% of the Middle-Income Housing budget.

  The *Middle-Income Rental* and *Expiring Regulations Preservation* categories — both rental programs — were expected to be awarded a combined $42 million, comprising 74% of the initial $57 million Middle-Income Housing category budget.

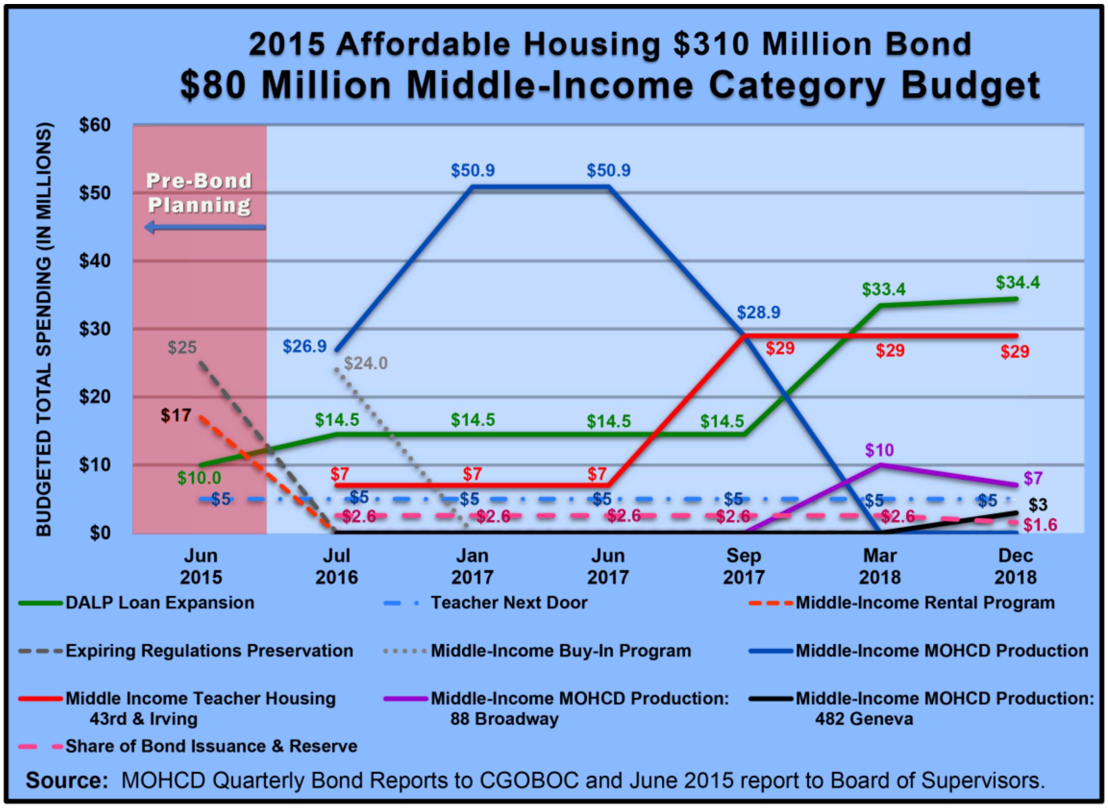
> **"The *Middle-Income Rental* and *Expiring Regulations Preservation* categories — both rental programs — were expected to be awarded a combined $42 million, 74% of the initial $57 million Middle-Income Housing category budget."**

- The DALP budget jumped by nearly $20 million — from $14.5 to $33.4 million — between September 2017 and March 2018.
- The Middle-Income Teacher Housing project at 43rd and Irving jumped from $7 million in January 2017 to $29 million nine months later in September 2017.
- By December 2018 the now combined $39.4 million between the two ***ownership*** purchase programs increased from 26% to 49% of the Middle-Income Housing budget, a 23% increase in share.

> **"The two ownership purchase programs increased from 26% to 49% of the Middle-Income Housing category budget."**

- By December 2018 the remaining other $39 million in the Middle-Income Housing category may be for ***rental*** projects, also representing 49% of the budget, a drop from the 74% in June 2015.

Figure 2: Shifting Dollars in Middle-Income Housing Category:



Graph: Patrick Monette-Shaw

- Funding for both the *Middle-Income Rental Program* and the *Expiring Regulations Preservation* programs vanished between January and July 2016.

- The *Middle-Income Buy-In Program* still funded in July 2016 vanished by January 2017.

- The *Middle Income MOHCD Production* category, budgeted in January 2017 for nearly $51 million, vanished by March 2018.

- The *DALP* ownership category soared by $24.4 million — from $10 million initially planned as of January 2016 to $34.4 million in December 2018.

- The *Middle-Income Teacher Housing* at 43rd & Irving budgeted for $7 million in July 2016 climbed $22 million to $29 million by December 2018.

> **"The $34 million for teachers plus the $34.4 million in DALP loans total $68.4 million — 86% — of the $80 million Middle Income Housing main category."**

- Between the *Teacher Next Door* forgivable ownership loans and the *Middle-Income Teacher Housing* at 43rd & Irving, at least $34 million — 43% — of the $80 million Middle-Income Housing main category is reserved for teachers. But that doesn't include 12 of the *DALP* loans that have also been awarded to teachers so far.

- The $34 million for teachers plus the $34.4 million in DALP loans, total $68.4 million — 86% — of the $80 million Middle Income Housing category. Two other projects, with a yet unknown planned number of units and for whom, split the remaining $10 million.

*Didn't **CGOBOC members notice** the shifts in planned spending in the middle-income housing category over time, either?*

Overall Bond Performance

As noted previously, almost one-third of the $310 million Affordable Housing Bond passed in November 2015 has not been issued yet (the third bond tranche), and won't be until the Fall of 2019 — nearly four years after voters approved the bond.

> **"Of nine probable construction projects, just four projects are currently under construction for a total of 364 units, just 24% of the planned 1,522 total units."**

Slow Pace of New Construction

Aggravating the slow issuance of the bond funds, there's been a very slow pace of construction of new housing funded by the bond three-and-a-half years later, as shown in Table 4, below. It's almost as if MOHCD — and by extension, CGOBOC — feels no sense of urgency in bringing the affordable housing on-line as quickly as possible.

Of nine probable construction projects, just four projects are currently under construction (as of April 2019), for a total of 364 units, just 24% of the planned 1,522 total units MOHCD reports are being funded by the bond.

Table 4: Four Construction Project's Monthly Progress Reports

Main Category of Bond Funding	Public Housing	Public Housing	Low-Income Housing	Mission District Housing		
Project Name	**Sunnydale Parcel Q**	**Rebuild Potrero Block X**	**1296 Shotwell**	**TBD**		
Project Address	1491 Sunnydale Avenue	1101 Connecticut Street	1296 Shotwell	1990 Folsom St.		
Date of Report	4/11/2019	4/18/2019	4/18/2019	4/10/2019		
New or Rehab	New	New	New	New		
Sq.Ft.- Resid.	63,039	47,943	49,650	127,781		
Sq.Ft.-Non.Resid.	17,225	67,581	24,887	16,835		
Sq. Ft. Comml.				9,271		
Sq. Ft. – TOTAL	80,264	115,524	74,537	153,887		
Percent Residential SqFt.	**78.5%**	**41.5%**	**66.6%**	**83.0%**		
					Total Units	**% of Total**
Number of Units	**55**	**72**	**94**	**143**	**364**	
Number of Mobility Units	6	4	15	13	**38**	10.4%
Number of Comm. Units	3	2	4	6	**15**	
					Total Bedrooms	
Studio	3	2	24	23	**52**	
One Bed	19	10	69	48	**146**	
Two Bed	19	51	1	61	**132**	
Three Bed	14	9		5	**28**	
Three Bedroom Townhouse				6	**6**	
Four Bed					**0**	
Five Bed					**0**	
Total Bedrooms	**102**	**141**	**94**	**226**	**563**	
Units by Housing Type:					**Total Units**	**% of Total**
Homeless (non-TAY)	0	0	19	0	**19**	5.2%
Homeless - TAY	0	0	0	0		
VL Income Srs.	0	0	75	0	**75**	20.6%
VL Low Inc. Family	0	18	0	106	**124**	34.1%
Disabled	0	0	0	0		
Homeowner Mod Inc.	0	0	0	0		
Property Manager				1	**1**	0.3%
Public Hsg. Repl.	41	53	0	36	**130**	35.7%
Total Units	**41**	**71**	**94**	**143**	**349**	95.9%
Low-Income Households	**14**				**14**	3.8%
				Revised Total Units	**363**	**99.7%**
Hard Cost Per Square Foot	*$ 395.45*	$ 444.55	$ 538.42	$ 456.49		
Calculated Cost Per Unit (Origi. Contract)	**$ 577,103**	**$ 713,273**	**$ 426,938**	**$ 491,244**		
					Total Costs	
ORIGINAL CONTRACT (HC) VALUE	$ 31,740,682	$ 51,355,670	$ 40,132,145	$ 70,247,935	**$ 193,476,432**	
COR's (COR Tracking Sheet)	$ 908,156	$ 1,820,241	$ 893,469	$ -	**$ 3,621,866**	
Contract Total Incl. Approved CO's	$ 32,648,838	$ 53,175,911	$ 41,025,614	$ 70,247,935	**$ 197,098,298**	

Note: Data shaded in green is calculated data not listed on "Project Monthly Reports."

Note: The 14-unit difference at the Sunnydale project (between 55 units and the 41 units by housing type) are for low-income households, a category not on the Excel forms.

Source: Construction Project Management "*Project Monthly Reports*" forms provided to MOHCD for new construction projects Data as of April 2019.

The forms used for construction projects includes a section — “Units by Housing Type” — listing the types of vulnerable populations targeted for the construction. Table 4 illustrates, in part, that of the four projects currently under construction:

> **“None of the 364 units currently under construction units are for people with disabilities or transitional-age youth who are homeless.”**

- 75 of the 349 units (20.6%) are designated for very-low-income senior citizens.
- 124 of the 349 units (34.1%) are designated for very-low-income families.
- No units are designated for Transitional-Age Youth (TAY) who are homeless.
- No units are designated for people with disabilities.
- 38 units (10.4%) are designated as “mobility” units, thought to be required as ADA-accessible.
- 130 units — nearly 36% — of the 364 units are public housing replacement units, including 36 units in the Mission.

> **“Per-unit costs range from $426,938 to $713,273 per unit, an issue of potential concern to CGOBOC members and a metric MOHCD had claimed it would use.”**

- Based on the original contract amounts for the four projects, the per-unit costs range from $426,938 to $713,273 per unit, which had been an issue of potential concern to CGOBOC members and a metric MOHCD had claimed it would use.

A closer look at the units proposed for bond funding reveals other problems, shown in Table 5.

Table 5: Status of Bond Construction Progress

Construction Project #	Bond Main Category	Project	Number of Units	% of Total Units	Status
1	Public Housing	**Sunnydale:** 1491 Sunnydale Avenue	55		Under construction
2	Public Housing	**Potrero:** 1101 Connecticut Street	72		Under construction
3	Low-Income Housing	1296 Shotwell	94		Construction began in May 2018; completion anticipated in December 2019
4	Mission District	1990 Folsom	143		Construction started in February 2019
		Under Construction	**364**	**23.9%**	**of Planned Total Units**
	Low-Income Housing	4840 Mission			Purchase site only; no construction using bond funds.
5	Low-Income Housing	500 Turk	108		Application to State expected 2/11/19.
6	Low-Income Housing	88 Broadway/735 Davis	178		Expected to be encumbered in March 2019; construction completed in December 2020.
7	Low-Income Housing	482 Geneva	TBD		Expected to be encumbered in 2019; construction to begin in 2020.
8	Mission District	681 Florida	130		Expected to be encumbered March 2020; construction completed in December 2022.
9	Middle-Income Housing	43rd & Irving	82		Funds encumbered in 2018 expected to be disbursed in 2019; construction completed by 2022.
	Middle-Income Housing	88 Broadway	21		Expected to be encumbered in March 2019; construction completed in December 2020.
	Middle-Income Housing	482 Geneva	TBD		Expected to be encumbered in 2019; construction to begin in 2020.
		Pending Construction	**519**	**34.1%**	**of Planned Total Units**
		Total Planned Construction	**883**	**58.0%**	**of Planned Total Units**
Other Bond-Funded Uses					
	Middle-Income Housing	DALP	112	7.4%	Loans for ownership units
	Middle-Income Housing	Teacher Next Door Loans	60	3.9%	Loans for ownership units
	Low-Income Housing	Small Sites	77	5.1%	Existing Low-Income rental units
	Public Housing	Infrastructure Development	390	25.6%	Unit counts provided by MOHCD to CGOBOC; may not include construction of housing units.
			639	**42.0%**	**of Planned Total Units**
		Total Planned Units	**1,522**		

Source: MOHCD 2015 Affordable Housing Bond quarterly report to CGOBOC, dated December 2018.

- Only 883 (58%) of the total 1,522 units appear to be planned new construction.

> **“519 (34.1%) of the 883 units planned are not yet under construction and may not be finished until the year 2022, seven years into the bond**
>
> **390 units (25.6%) may be misreported, since they involve funding infrastructure, not actual units.”**

- 519 (34.1%) of the 883 units planned are not yet under construction and may not be finished until the year 2022, seven years into the bond.
- 390 units (25.6%) of the total 1,522 units may not include actual housing construction and may be misreported, since they involve funding Public Housing category infrastructure development instead, not actual units.

DALP and TND Performance

Nearly three years ago, funding for middle-income rental housing programs under the bond was essentially defunded. On April 22, 2019, MOHCD's director Kate Hartley indicated by e-mail: "*There was also such great demand for DALP loans that we increased that program's share of the middle-income funding*" to explain why the middle-income rental housing programs were cut back in favor of ownership units.

> **"Now three-and-a-half years after the bond was passed, only 45 of the planned 112 DALP loans have been issued. Perhaps demand might not be so high."**

Table 6 illustrates that now three-and-a-half years after the bond was passed, only 45 — 40.2% — of the planned 112 DALP loans have been issued, indicating demand might not be so high. And only 30 of 60 *Teacher Next Door* loans have been issued. The slow pace suggests demand may not be that great.

Why is it taking almost three full fiscal years to issue these loans? Will it take an additional three fiscal years or longer to issue them once the third bond tranche is issued in the Fall of 2019, considering that the bond had been passed in 2015?

Table 6: DALP and Teacher Next Door Ownership Loans From 2015 Affordable Housing Bond

			DALP Loans					Teacher-Next-Door Loans				
Tranche Number	Date Tranche Issued	❶ Year of Usage	❷ Amount Awarded in Tranche	Portion Awarded to Applicants	% of Tranche Awarded	DALP Loans Issued	Average DALP Loan Issued	❷ Amount Awarded in Tranche	Portion Awarded to Applicants	% of Tranche Awarded	TND Loans Issued	Average TND Loan Issued
1	11/1/2016	1	$ 2,900,000	$ 4,082,600		13	$ 314,046	$ 903,014	$ 140,000		7	$ 20,000
2	5/23/2018	2	$ 15,290,000	$ 5,860,850		18	$ 325,603	$ 1,196,986	$ 340,000		12	$ 28,333
		3		$ 4,377,339		14	$ 312,667		$ 340,000		11	$ 30,909
	Sub-Total		**$ 18,190,000**	**$ 14,320,789**	**78.7%**	**45**	**$ 318,240**	**$ 2,100,000**	**$ 820,000**	**39.0%**	**30**	**$ 27,333**
			Remaining Balance:	$ 3,869,211					$ 1,280,000			
3	**Pending** Fall 2019		$ 16,270,000					$ 2,900,000				
	Total		**$ 34,460,000**	**$ 14,320,789**	**41.6%**	**45**		**$ 5,000,000**	**$ 820,000**	**16.4%**	**30**	
					Number of Planned Loans:	**112**					**60**	
					% of Planned Loans Issued Through 4/2/19 :	40.2%					50.0%	

❶ **"Year of Usage"** refers to the fiscal year in which loans were issued. Year 1 = FY 2016-2017; Year 2 = FY 2017-2018; Year 3 = FY 2018-2019.

❷ Reported in MOHCD "*Quarterly Report to CGOBOC,*" dated December 2018, page 34.

Source: Mayor's Office of Housing and Community Development (MOHCD); data provided in Excel on April 16, 2019 in response to a records request. DALP loan closing dates issued through April 2, 2019. TND loan closing dates issued through March 11, 2019.

Table 6 shows that just 41.6% of the DALP funding — $14.3 million of the planned $34.4 million — has been issued to date. And just 16.4% of the TND loans — $820,000 of the planned $5 million — has been issued to date.

MOHCD reported that eligibility for the Middle-Income category DALP and TND loans would be for households earning 120% to 175% of Area Median Income (AMI) — $99,500 to $145,100 for a one-person household, and up to $127,50 to $186,450 for a three-person household. TND loans were extended to 200% of AMI, which is up to $165,800 for a one-person household, and $213,100 for a three-person household. The low-end of AMI for the TND loans is thought to be 80%.

> **"The AMI eligibility requirements may not have been followed."**

Data provided by MOHCD (not shown) also shows:

> **"Fully 13 of the TND loans funded to date were for households earning over 120% of AMI that is defined under RHNA goals as being 'above moderate-income' households."**

- Of the 30 TND loans issued to date, the household AMI levels ranged from 72% to 194% of AMI; 17 (over half) of the loans were to households earning less than 120% of AMI. Fully 13 (43.3%) of the TND loans funded to date by the Middle-Income category of the bond were for households earning over 120% of AMI that is defined under RHNA goals as being "above moderate-income" households.

- The 45 DALP loans issued to date ranged from 90% to 182% of household AMI. One exceeded the 175% AMI cap, and five were for households earning less than the 120% eligibility lower threshold, suggesting that the AMI eligibility requirements may not have been followed.

  Indeed, 40 (89%) of the 45 DALP loans were for households earning over 120% of AMI that is defined under RHNA goals as being "above moderate-income" households.

"Indeed, 40 (89%) of the 45 DALP loans were for households earning over 120% of AMI that is also defined under RHNA goals as being 'above moderate-income' households."

- It bears repeating that the DALP and TND loans and the teacher housing at 43rd and Irving, totaled $68.4 million — 86% — of the $80 million Middle Income Housing category. A significant percentage of that went to households earning over 120% of AMI.

"The DALP and TND loans and the teacher housing at 43rd and Irving, totaled $68.4 million — 86% — of the $80 million Middle Income Housing category. A significant percentage of that went to households earning over 120% of AMI."

Housing Production Under RHNA Quotas

Housing production in San Francisco has not kept pace with the Regional Housing Needs Allocations (RHNA) going back to 2007 or earlier. San Francisco's Planning Department has previously provided data on actual housing units produced, but facing pressure from jurisdictions in other areas of the State San Francisco began reporting in 2015 the number of building *permits* issued, instead. It's well known that once developers have been awarded permits, some of their projects fall through and the planned units aren't produced.

Table 7: San Francisco's RHNA Housing Goals Production

		Household Size			2007 – 2014 Full 8-Year Period Actual Units Produced			2015 – 2022 First 4-Years Through 2018 Building Permits Issued		
Income Levels	**AMI**	**1-Person Household**	**—**	**3-Person Household**	**Target Units**	**Actual Units**	**% of Target**	**Target Units**	**Units Permitted**	**% of Target**
Very Low	< 50%	< $41,449	—	< $53,299	6,589	4,118	62%	6,234	1,307	21%
Low	50% – 79%	$41,450 – $66,299	—	$53,300 – $ 85,249	5,535	1,663	30%	4,639	1,881	41%
Moderate	80% – 120%	$66,300 – $99,499	—	$85,250 – $127,849	6,754	1,283	19%	5,460	1,206	22%
				Sub-Total	**18,878**	**7,064**	**37%**	**16,333**	**4,394**	**27%**
Above Moderate	> 120%	$99,500	—	$127,850	12,315	13,391	109%	12,536	15,802	126%
				Total	**31,193**	**20,455**	**66%**	**28,869**	**20,196**	**70%**

Source: San Francisco Planning Department and MOHCD AMI data. **As of:** April 2019.

Table 7 shows that between 2007 and 2014 for units actually *produced*:

- San Francisco's production of housing for very-low income households reached less than two-thirds (62%) of RHNA production goals, failing to produce 2,471 of the projected 6,589 units.

- Worse, San Francisco produced less than one-third of 5,535 units for low-income households (distinguished from very-low income households), failing to produce 3,872 of the low-income units.

"The lowest amount of actual housing produced was for moderate-income households, who saw just 19% of the RHNA projected 6,754 units produced."

- The lowest amount of actual housing produced was for moderate-income households, who saw just 19% of the projected 6,754 units produced and 5,471 of the units not built.

- Across the three categories of very-low-, low-, and moderate-income levels, just 7,064 units — 37% — of the RHNA planned 18,878 units were built.

- Production of housing for "above-moderate-income" households — market rate units — was the only category that resulted in more housing units than projected RHNA goals, building 1,000 more than the 12,315 target between 2007 and 2014.

Table 7 also shows that four years in to the eight-year period between 2015 and 2022, units receiving building permits have seen worsened trends for the three lower categories (very-low-, low-, and moderate-income levels).

- Across the three categories of very-low-, low-, and moderate-income levels, just 4,394 units — 27% — of the RHNA planned 16,333 units have been awarded permits so far.

- By contrast, the "above moderate-income" category — households with income of over 120% of AMI — has already seen four years into the 2015–2022 eight-year period 126% percent of *permits* issued, 3,266 more than the 12,536 planned for the whole eight-year cycle.

> **"Production of housing for 'above-moderate-income' households resulted in more housing units than projected RHNA goals, building 1,000 more than the 12,315 target between 2007 and 2014."**

> **"The 'above moderate-income' category — households with income of over 120% of AMI — has already seen four years into the 2015–2022 eight-year period 126% percent of *permits* issued."**

Other Problems

CGOBOC's FY 2017–2018 Annual Report dated September 2018 but prepared in November reports on page 7 a problem of coordination with Pacific Gas and Electric to ensure that utilities are in place, a problem that may be accounting for a six- to eight-month delay in bringing some housing from the November 2015 bond online.

And the bond focus appears to have shifted to only the number of new units produced, rather than on existing units preserved or on vulnerable populations served.

> **"CGOBOC member Brenda Kwee McNulty appears to have been on to something in January 2016 that firm metrics needed to be developed to evaluate whether the correct allocations of the 2015 bond spending had been made."**

Caveat Emptor

Before voters approve another Affordable Housing Bond in November 2019, City Hall needs to abandon Mayor Lee's belief that the middle-class are moving out of the City, and needs to dedicate more local funding for middle-class rental housing production.

CGOBOC member Brenda Kwee McNulty appears to have been on to something when she raised the issue in January 2016 that firm metrics needed to be developed to evaluate spending of the 2015 Affordable Housing bond, and whether the correct allocations of bond spending had been made. As it is now, the sole metric seems to only be the number of units produced. MOHCD's reporting of its unit numbers seems to be all over the place, perhaps inflated, and perhaps still shifting going on four years into the 2015 bond.

CGOBOC must adopt meaningful metrics to evaluate bond spending *before* another affordable housing bond is passed.

> **"CGOBOC must adopt meaningful metrics to evaluate bond spending *before* another affordable housing bond is passed."**

Any new affordable housing bond Mayor Breed is hoping voters will pass in November 2019 must include significant funding for middle-income rental housing planned for, but not produced by, the 2015 bond.

Now more than ever, we may need a Charter amendment to create a Commission having oversight of the Mayor's Office of Housing and bond-funded housing development.

> **"Any new affordable housing bond must include significant funding for middle-income rental housing planned for, but not produced by, the 2015 bond."**

Monette-Shaw is a columnist for San Francisco's Westside Observer *newspaper, and a member of the California First Amendment Coalition (FAC) and the ACLU. He operates stopLHHdownsize.com. Contact him at monette-shaw@westsideobserver.com.*

Postscript: 2019 Affordable Housing Bond Preview

After this article was finished, planning documents for the proposed November 2019 housing bond were posted on the Capital Planning Commission's web site on Friday, May 3 in advance of the committee's May 6 meeting.

The document summarizes planned uses of the new housing bond focuses principally on public- and low-income housing.

Adding in the Senior Housing planned in the 2019 bond to the low-income and public housing categories, at least $630 million — 78% — of the $810 million in funding between the two bonds is being directed to those earning less than 80% of AMI, and perhaps more if you add in the new *Affordable Housing Preservation* category for folks who earn 30% or more of AMI.

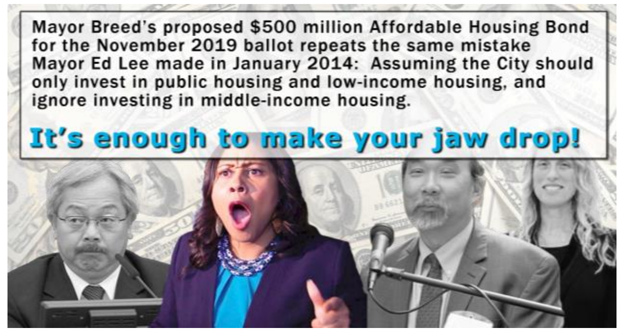


Illustration: Patrick Monette-Shaw

"Funding for Middle-Income housing was 26% of the 2015 bond; it's being reduced to 4% in the 2019 bond, earmarked for DALP and TND ownership loans."

Table 8: Two Affordable Housing Bonds Planned Spending

	2015 Bond			2019 Bond			Total	
	Amount	% of 2015 Bond	AMI	Amount	% of 2019 Bond	AMI	Amount	% of Total
	(Amounts in Millions)							
Public Housing	$ 80	25.8%	Unknown	$ 150	30.0%	Up to 80%	$ 230	28.4%
Low-Income Housing	$ 100	32.3%	Up to 80%	$ 210	42.0%	Up to 80%	$ 310	38.3%
Senior Housing				$ 90	18.0%	< 30% and up to 80%	$ 90	11.1%
Affordable Housing Preservation				**$ 30**	6.0%	**30% – 120%**	$ 30	3.7%
Mission District Housing	$ 50	16.1%	Unknown				$ 50	6.2%
Middle-Income Housing (Mostly DALP and TND Ownership Loans)	$ 80	25.8%	80% – 200%	**$ 20**	4.0%	**80% – 200%**	$ 100	12.3%
Total	**$ 310**	**100.0%**		**$ 500**	**100.0%**		**$ 810**	**100.0%**

Yellow Highlighting: 2019 Affordable Housing Bond documents indicate an "estimated" — not a guaranteed — funding amount.

Source: MOHCD quarterly report to CGOBOC December 2018 and MOHCD report to Capital Planning Committee May 2019.

When *Time* magazine interviewed then-Mayor Lee five years ago in January 2014, they asked him why San Francisco had been so slow to build housing. In addition to Lee replying "*I don't think we paid any attention to the middle class. I think everybody assumed the middle class was moving out*," Lee also admitted:

> "*Our city did pretty good in investing in low-income housing and trying to do as much as we could for the homeless. That was where our sentiments were.*"

"Mayor Lee also admitted '*[San Francisco] did pretty good in investing in low-income housing and [housing] for the homeless. That was where our sentiments were.*'

O' how far we *haven't* come: A large part of the problem with the 2015 Affordable Housing bond is it continued the long tradition of funding low-income housing.

The 2019 bond will end up perpetuating a decade or longer terrible job of *not* funding middle-income housing investments."

O' how far we ***haven't*** come: A large part of the problem with spending of the 2015 Affordable Housing bond is it continued the long tradition of funding low-income housing. The 2019 bond will end up perpetuating what will be a decade or longer of a terrible job of ***not*** funding investments in middle-income housing.

The $80 million Middle-Income housing category in the 2015 bond represented 26% of total spending. It is being cut to $20 million — just 4% — of the planned $500 million 2019 bond, and earmarked again primarily for DALP and TND ownership loans.

MOHCD's reports to CGOBOC on the 2015 Affordable Housing bond indicated that the Public Housing portion of the bond "*would be spent on the most urgent capital needs [including infrastructure], and [would] strive for creation of net new units* ***where possible***." A significant part was spent on infrastructure, not new units.

"MOHCD is now saying the proposed funding for Middle-Income housing in the 2019 bond are 'estimates.' That funding will likely change over time."

Similarly MOHCD is now saying the proposed funding for Middle-Income housing in the 2019 bond are "estimates." That funding will likely change over time.