Paying for Affordable Housing

Saturday, February 2, 2018
New Partners for Smart Growth | 2018 Conference | San Francisco, CA
Panel Introductions

Brian Prater
Low Income Investment Fund

Julijs Liepins
Forsyth Street

Amie Fishman
Non-Profit Housing Association of Northern California

Elizabeth (Libby) Seifel
Seifel Consulting, Inc.
Paying for Affordable Housing: “It Takes a Village”

What do you need?

- Shared vision
- Creative and energetic champions
- Seed capital followed by reliable and diverse sources of capital
- Strategic actions that continually build momentum
Emerging Loan Fund Tools

Socially responsible loan funds that combine public and private capital to provide lower cost loans

- Louisiana Loan Fund
- NYC Acquisition Fund
- SEATTLE FUTURES FUND
- BAY AREA TOAH
- Golden State Acquisition Fund
- DENVER TRANSIT-ORIENTED DEVELOPMENT FUND
- New Generation Fund LLC
$50 Million Bay Area TOAH Fund

More on Bay Area TOAH: www.bayareatod.com
Best Practices from TOAH Fund Formation

**Shared Vision**

*When it comes to development—housing, transportation, energy efficiency—these things aren’t mutually exclusive; they go hand in hand.* – Barrack Obama

**Leadership**

*Convening a diversity of players in the affordable housing community and having partners with a high level of trust, competency and a shared understanding of goals…was critical.* - Fund Sponsor
Best Practices from TOAH Fund Formation

Funding
There is huge value to investors from MTC’s first loss position. Conservative investors are more comfortable with becoming involved...knowing...they are protected. - Fund Investor

Action Plan
The business plan builds upon the collaborative vision of the Fund Initiators and the research undertaken to identify development needs and funding gaps.
Emerging Smart Growth Funding Tools  
(Advanced Through Advocacy)

Funding that helps reduce vehicle miles traveled (VMT) by building compact, affordable TOD and low-emission transportation infrastructure (walking, biking, transit)
California Affordable Housing and Sustainable Communities (AHSC) Program

- $440 million invested (70+% in disadvantaged communities)
- Over 4,100 affordable homes built
- Improved air quality, affordable transportation options, and better access to jobs and amenities

$440 million invested across the state
60 sustainable projects

1.1 million tonnes of CO₂e will result in the equivalent of
200,000 fewer cars on the road
2.5 million fewer miles driven
Paying for Affordable Housing

New Partners for Smart Growth | February 3, 2018

Brian Prater, EVP, Strategy, Development & Public Affairs
Low Income Investment Fund
Low Income Investment Fund (LIIF)

LIIF is a leading national community development financial institution (CDFI).

**Our Mission:** LIIF is a steward of capital for healthy communities and families. LIIF builds bridges between capital markets and low income places.

**Our Approach:**

- **Policy**
- **Housing**
- **Child Care**
- **Education**
- **Health**
- **TOD**

**Our Impact**

- **$2.1 BILLION** invested to date
- **2 MILLION** people served
- **$56 BILLION** generated in family & community benefits
What Is a CDFI?

CDFIs PROVIDE OPPORTUNITY. FOR ALL.

Community development financial institutions (CDFIs) are private financial institutions that are 100% dedicated to delivering responsible, affordable lending to help disinvested people and communities join the economic mainstream.

CDFIs TARGET UNDERSERVED POPULATIONS

48% PEOPLE OF COLOR
73% LOW-INCOME
25% RURAL
48% WOMEN

CDFIs CREATE TANGIBLE IMPACT

MORE THAN 1,000,000 JOBS CREATED OR MAINTAINED
MORE THAN 1.5 MILLION HOUSING UNITS
9,800 COMMUNITY FACILITIES
192,000 BUSINESSES AND MICROENTERPRISES

CDFIs INVEST IN AMERICA

$5 BILLION

Since 1983, OFN Member CDFIs have provided more than $48 billion in responsible, affordable lending across the country. In 2015 alone, OFN Member CDFIs provided $5 billion to low-income individuals and communities.

CDFIs ARE PERFORMANCE ORIENTED

0.4% NET CHARGE-OFFS

In 2015 CDFIs’ results were on par with mainstream financial institutions. Like banks, their net charge-off rate was 0.4%.

All data referenced above is from Opportunity Finance Institutions: Side-by-Side Fiscal Year 2015. Published annually by Opportunity Finance Network, this report provides key statistics and essential analysis of the more than 200 CDFIs who are Members of OFN. For more insight into the industry and an essential reference for opportunity finance practitioners, FREE to OFN Members and Allies, Side-by-Side can be found at ofn.org/publications.
Affordable Housing Finance System

Intersection of policy and capital

- Complex system with many players
- Private, public and philanthropic financing opportunities
- Financing stages: Predevelopment, acquisition, construction and permanent
- Policy and public gap financing
- CA Affordable Housing and Sustainable Communities (AHSC) program
Developing the Right Financing Solutions

- Differing market conditions and needs
- Capital aggregation
- Capital providers risk/return
- Clarity of intent plus innovation

Local Examples
- Golden State Acquisition Fund
- Bay Area Transit-Oriented Affordable Housing Fund
- Metro Affordable Transit Connected Housing Program
- Colorado Transit-Oriented Development Fund
Golden State Acquisition Fund

• $93 million flexible, low-cost financing program
  • $23 million in seed funding from the California Department of Housing and Community Development
  • Additional capital from CDFI partners

• Financing Uses
  • Creation and preservation of affordable housing in California
  • Rental housing and homeownership opportunities in urban and rural communities
SPARCC is working together to make sure that when we invest in places, people of all races and incomes benefit.

**Trillions**
Public sector projected to invest trillions in infrastructure and real estate

**Built Environment**
Place Matters; Evolution of Equitable TOD work

**Opportunity for All**
Huge opportunity to leverage these funds to address inequality, health and climate change
SPARCC Capital Aspirations

- Leverage partnership with two major CDFIs, and Fed
- Funders all have deep experience and capacity
- SPARCC Capital Screen

Key SPARCC Outcomes

- Racial Equity
- Health
- Climate

SPARCC

Capital

Fully Integrated Outcomes

Dual SPARCC Outcomes

Existing Community Development Investment
STRUCTURED FUNDS FOR AFFORDABLE HOUSING

New Partners for Smart Growth | February 3, 2017

Julijs Liepins, Vice President

Forsyth Street
Purpose:

- Independent, often municipally-supported capital pools ("funds") can assist in the achievement of **housing policy goals**

How It Works:

- Provide **specialized financing** tailored to the policy goal
- **Complete the financing puzzle** for priority project types
- Create faster, more efficient funding **processes**
- Use seed capital from the public and philanthropic sectors to **leverage** additional capital resources
Purpose:

- Launched in 2006 to **enable affordable housing developers to compete** in New York City’s real estate marketplace.

- A **growing, integral part** of the City’s affordable housing pipeline management system.

Impact Since Launch:

- **$382 million** in loans originated

- **68 projects**

- **11,600** new or preserved affordable housing units.
FUND STRUCTURE

Total Capitalization: $150+ Million

Senior: Loans from Financial Institutions

Mezzanine: Program Related Investments / Impact Investments

Subordinate: City of New York

Equity: Fund Net Assets

Credit Committee
Governance & Credit Decisions

Fund Manager
Day-to-Day Fund Management
Forsyth Street

New York City Acquisition Fund LLC
Co-Members
Enterprise Community Partners, Inc.
Local Initiatives Support Corporation

Bridge Loans to Borrowers
- Site Acquisition and Predevelopment
- Property Preservation
- Additional Products Over Time

FORSYTH STREET
**CAPITALIZATION**

- **Senior Capital**
  - Expands the fund’s lending capacity

- **Mezzanine Capital**
  - Helps the fund achieve leverage, expand its balance sheet, and provide a lower-cost product to its borrowers

- **Subordinate Capital**
  - Evidences the City’s policy alignment with the fund’s lending programs
  - Leverages other capital

- **Equity**
  - Expands the fund’s operating base and makes possible investment in new programmatic initiatives

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**Total Capitalization:**

$150+ Million

- **Senior:** Loans from Financial Institutions
- **Mezzanine:** Program Related Investments / Impact Investments
- **Subordinate:** City of New York
- **Equity:** Fund Net Assets
Example Project

Project Description

In 2015, the New York City Acquisition Fund financed the acquisition by Bronx Pro Real Estate Management, Inc., of two vacant, infill sites located at 3363-3365 Third Avenue in the Morrisania neighborhood of the Bronx. A 33-unit rental building with ground floor commercial space is being constructed on the site. Units will be affordable to households earning up to 80% AMI and the commercial space will be leased to a daycare operator.
KEY CONSIDERATIONS FOR A FUND

- **Problem Statement**

- **Products** – Respond to the Problem

- **Stakeholders/Sponsors** – Public, Private, Philanthropic

- **Capitalization**

- **Legal, Governance and Organizational Structure**
### Other Funds

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Target Geography</th>
<th>Public Sponsor</th>
<th>Policy Goals</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Generation Fund LLC</td>
<td>City of Los Angeles</td>
<td>LA Housing and Community Investment Department</td>
<td>Transit-oriented development; preservation of at-risk housing; permanent supportive housing</td>
<td>Since launch in 2008, $110 million of capital to 21 projects, generating 2,077 new or preserved affordable housing units</td>
</tr>
<tr>
<td>San Francisco Housing Accelerator Fund</td>
<td>City and County of San Francisco</td>
<td>SF Mayor’s Office of Housing and Community Development</td>
<td>Protection of tenants at-risk of eviction, with early focus on “Small Sites” properties; acquisition of strategic sites; supportive housing for the formerly homeless</td>
<td>Since launch in 2017, $29 million of capital to 5 projects, generating 167 new or preserved affordable housing units</td>
</tr>
<tr>
<td>Louisiana Loan Fund</td>
<td>Neighborhoods in New Orleans hard-hit by hurricanes Katrina and Rita</td>
<td>State of Louisiana Office of Community Development</td>
<td>Catalyze redevelopment of target neighborhoods by re-starting construction lending for single family homes</td>
<td>From 2011-2015, construction loan guarantees provided for 58 properties</td>
</tr>
</tbody>
</table>
NEW DIRECTIONS FOR FUND DEVELOPMENT

- New Market Types
- New Property Types
- Regional Approach
- Greater Flexibility
- Expanded View of the Role of Housing in Facilitating Healthy Communities
Building Momentum: Advocacy for Affordable Housing Solutions

Presented to NPSG
February 3, 2018

Amie Fishman, Non-Profit Housing Association of Northern Cal
NPH’S MISSION

NPH sees a future where everyone has a place to call home and where low-income communities and communities of color have the opportunity to stay and prosper in the Bay Area.

We envision a day where everyone has access to an affordable home; and we can improve our health, our children’s educational outcomes, our environment, our transit system, our regional competitiveness and the Bay Area’s diversity and equity.
Members, residents, board & staff
NPH UNITES THE BAY AREA WITH RESEARCH, POLICY & CAMPAIGNS

<table>
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<tr>
<th>Membership organization</th>
<th>Trainings &amp; working groups</th>
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<tbody>
<tr>
<td>Regional leadership</td>
<td>Annual conference</td>
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<tr>
<td>Legislative advocacy</td>
<td>Leadership awards</td>
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<tr>
<td>Issue education</td>
<td>Emerging Leaders Peer Network</td>
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<tr>
<td>Technical assistance</td>
<td>Electoral &amp; communications strategies</td>
</tr>
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Housing crisis burdens low-income families

San Jose: Huge surge in homeless Silicon Valley youth

The biennial “Point in Time” count found that the number of homeless has rebounded, with the rise consisting of an increase in those under 25.

By ERIC KURHI | ekurhi@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: June 30, 2017 at 12:00 pm | UPDATED: July 1, 2017 at 7:05 am

Regionalization: The Next Frontier of Equity and Opportunity for California

California’s housing crisis – it’s even worse than you think

By THE DAILY BREEZE and MATT LEVIN, CALMATTERS
PUBLISHED: August 28, 2017 at 6:04 am | UPDATED: August 29, 2017 at 9:59 am

It’s even worse than you think

Half the state’s households struggle to afford the roof over their heads. Homeownership—once a staple of the California dream—is at its lowest rate since World War II. Nearly 70 percent of poor Californians see the majority of their paychecks go immediately to escalating rents.

This month, state lawmakers are debating a long-delayed housing package. Here’s what you need to know about the scope of one of California’s most vexing issues:

Just how hard is it to buy a home in California?

Hard. Really hard. Both compared to how hard it is in other states, and how hard it was for previous generations of Californians to buy homes.
Since 2008, the State of California lost $1.74 billion in annual funding for affordable housing.

Source: California Housing Partnership
California Housing Funding Has Decreased 67% since 2008

<table>
<thead>
<tr>
<th>FUNDING SOURCE</th>
<th>FY 2008-09</th>
<th>FY 2014-15</th>
<th>PERCENT CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redevelopment</td>
<td>$1,142,555,324</td>
<td>$0</td>
<td>-100%</td>
</tr>
<tr>
<td>State Funding &amp; Bonds</td>
<td>$680,429,821</td>
<td>$328,341,578</td>
<td>-52%</td>
</tr>
<tr>
<td>HUD</td>
<td>$778,782,375</td>
<td>$545,325,816</td>
<td>-30%</td>
</tr>
<tr>
<td>Total</td>
<td>$2,601,767,520</td>
<td>$873,667,394</td>
<td>-66.5%</td>
</tr>
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Source: California Housing Partnership
NPH pivoted to a regional electoral strategy to build public support and political will

- NPH initiated and led ballot measure campaign with members & partners
- City and County policymakers spurred to act as federal, state leaders fail
- Investment in capacity building supports both ballot measure & policy work
Multilingual civic education

- Data driven best practices in community building & engagement
Training & materials support local organizing
## NPH ELECTORAL SUCCESS IN 2016

<table>
<thead>
<tr>
<th>BALLOT MEASURE</th>
<th>SUMMARY</th>
<th>APPROVAL PERCENTAGE</th>
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<tbody>
<tr>
<td>Alameda County Measure A1</td>
<td>$580 million bond</td>
<td>73%</td>
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<tr>
<td>San Mateo County Measure K</td>
<td>½ cent sales tax extension</td>
<td>70%</td>
</tr>
<tr>
<td>Santa Clara County Measure A</td>
<td>$950 million bond</td>
<td>67.88%</td>
</tr>
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*Source: County Elections*
Building public support and political will

Nearly $2.5 billion in new investment via 4 county-level measures, 2015-16

- Prop A, 2015 – 74%
  GO Bond $310M

- Measure K, 2016 – 70%
  Sales Tax Ext., $25* M/yr

- Measure A1, 2016 – 73%
  GO Bond $580M

- Measure A, 2016 – 68%
  GO Bond $950M
SANTA CLARA COUNTY MEASURE A
$950 MILLION HOMELESS & HOUSING BOND

Affordable Housing Residents a Key Voting Bloc

Database of registered affordable housing residents assists outreach

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<tr>
<td>Yes – 67.88%</td>
<td>454,284</td>
</tr>
<tr>
<td>No</td>
<td>214,968</td>
</tr>
<tr>
<td>Margin of Victory</td>
<td>8,060</td>
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Resident Registration - June: 12,470
Resident Registration – Nov.: 15,511
Resident Turnout – Nov.: 10,346
Ballot campaigns added momentum to California legislative advocacy

- Resident voices flip “no” votes to “yes” -- and win leadership action
Residents United Network demonstrates power in Sacramento
2017 LEGISLATIVE PRIORITIES: A HOUSING PACKAGE -- WE WON!

- The Governor signed a historic housing package of over 18 bills
- All of NPH priority bills were signed this legislative session due to growing momentum and ballot measure wins.
- The package includes ongoing funding for affordable housing, a new state housing bond, and new tools for cities to build and preserve affordable housing.
2017 LEGISLATIVE PRIORITIES: A HOUSING PACKAGE -- WE WON!

- Building Homes and Jobs Act (SB 2: Atkins) establishes a permanent source of funding for affordable housing through a $75 fee on real estate document filings.

- Affordable Housing Bond Act (SB 3: Beall) places a $4 billion statewide general obligation bond for affordable housing on the November 2018 ballot to fund existing critical and successful affordable housing programs in California.

Gearing up: Nov 2018 bond campaign!
Growing Momentum: 2018 & beyond

• Win state affordable housing bond campaign and county measures in 2018.

• Implementation implementation implementation implementation.

• Build people power! Continue to lift up voices and engage the communities most impacted.

• Advance new policy tools and legislation, & lay groundwork for 2020 measures.

• Strategic communications matter!

Public investment is a priority!
STRENGTHENING OUR COMMUNITIES

Building towards a future where everyone has a safe, stable, and affordable place to call home.
FOR MORE INFORMATION:

Amie Fishman
Executive Director
Amiefishman@nonprofithousing.org
415-989-8160 x13

Continuing momentum to 2018
and beyond...
The only questions that really matter are the ones you ask yourself.

Ursula K. Le Guin
Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.

Margaret Mead