

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

FORSYTH STREET

ADVISORS

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NON-PROFIT HOUSING ASSOCIATION
OF NORTHERN CALIFORNIA

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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*

Presentation Overview



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
bridge loans for affordable housing



SAN FRANCISCO
housing accelerator fund



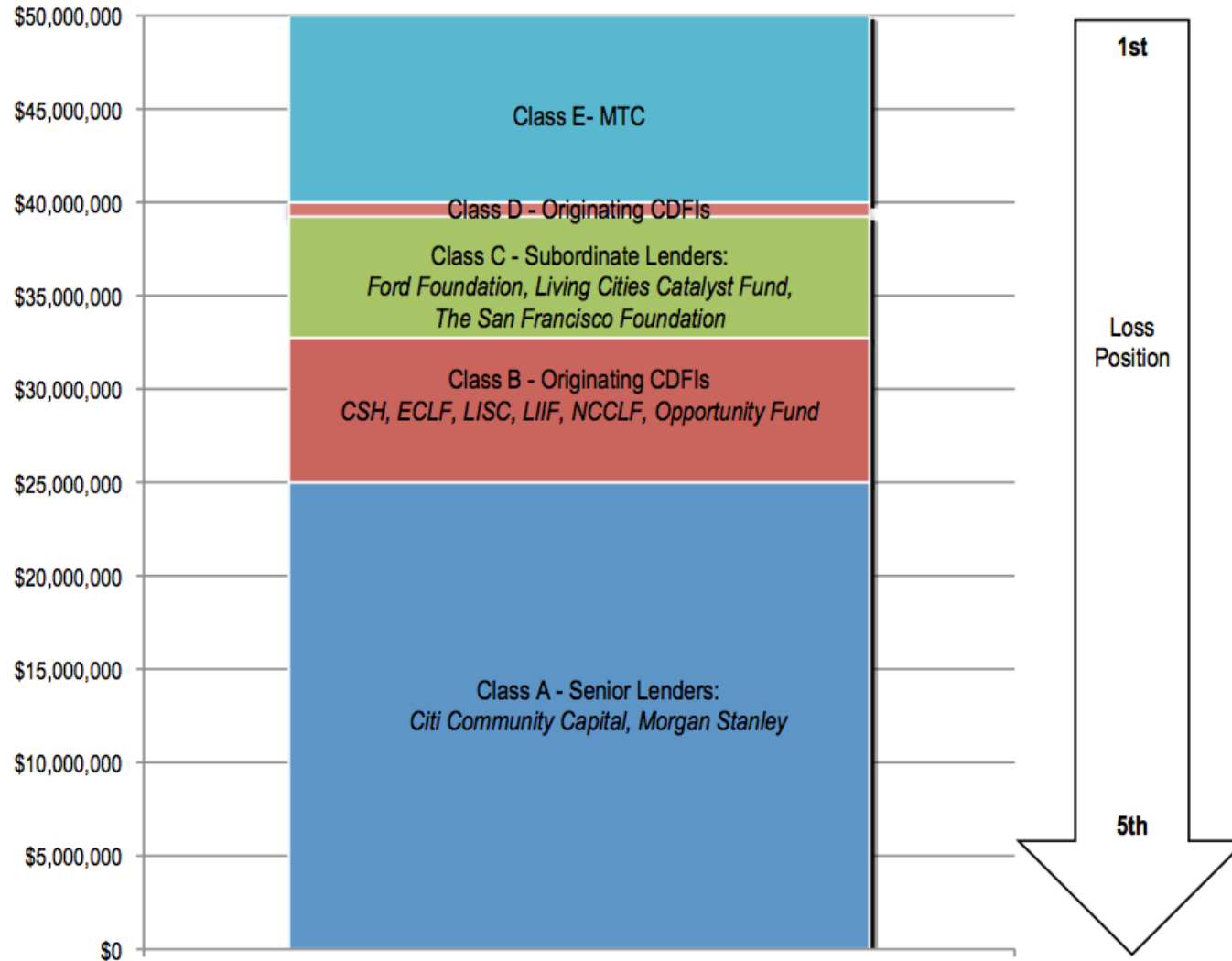
GSAF

Golden State
Acquisition Fund

DENVER TRANSIT-ORIENTED DEVELOPMENT FUND

NEW GENERATION FUND LLC

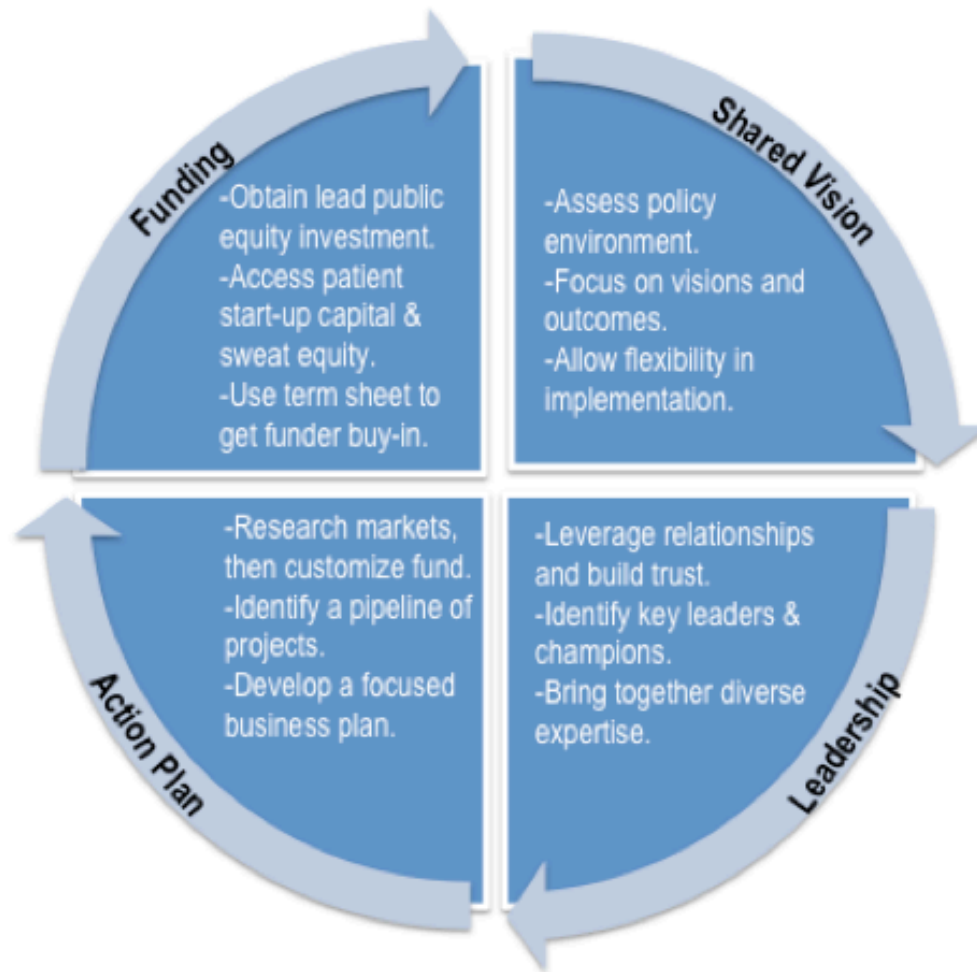
\$50 Million Bay Area TOAH Fund



More on Bay Area TOAH: www.bayareatod.com

Download Report on TOAH Fund at: <http://seifel.com/index.php/library?task=document.download&id=508>

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

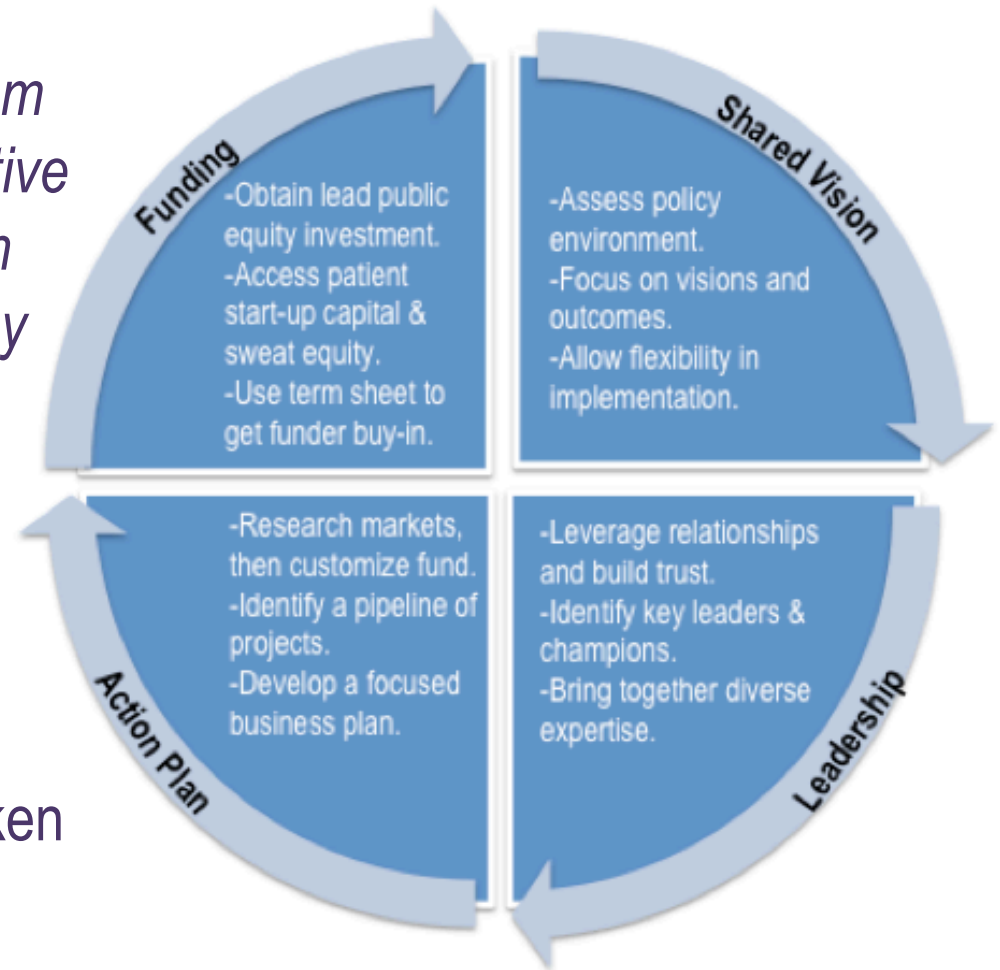
Best Practices from TOAH Fund Formation

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

REDUCE
 **1.1 million**
TONNES OF CO₂E
OVER THEIR OPERATING LIVES
WILL RESULT IN THE EQUIVALENT OF
200,000 FEWER  CARS
ON THE ROAD
— AND —
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

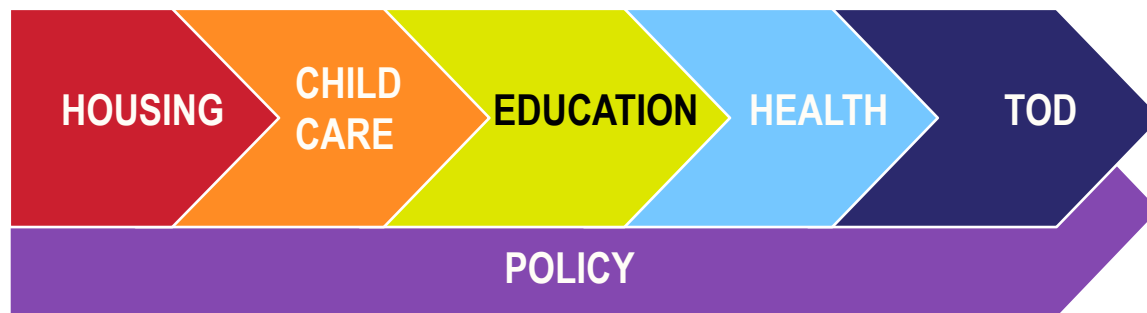
Low Income Investment Fund

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:



Our Impact

\$2.1 BILLION
invested to date

2 MILLION
people served

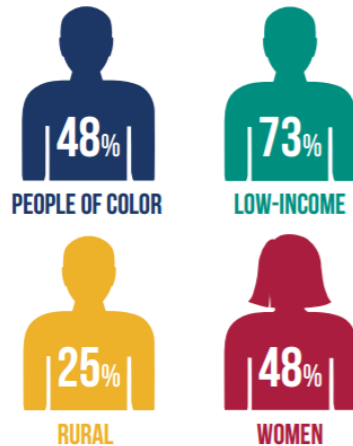
\$56 BILLION
generated in family & community benefits

What Is a CDFI?

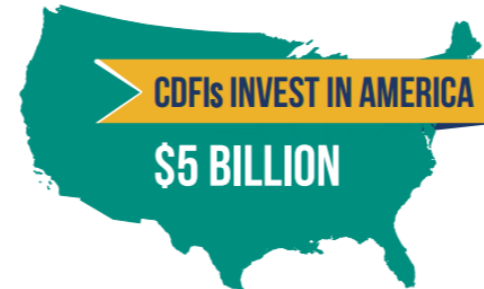
CDFIs PROVIDE OPPORTUNITY. FOR ALL.

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



CDFIs CREATE TANGIBLE IMPACT



Since 1985, 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



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. It provides insight into the industry and is an essential reference for opportunity finance practitioners.
FREE to OFN Members and Allies, Side by Side can be found at ofn.org/publications.

OPPORTUNITYFINANCE
NETWORK

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*

PARTNERS



CENTURY



CSH



Enterprise



capital for healthy
families & communities

LISC

Building Sustainable
Communities



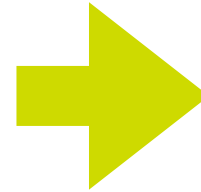
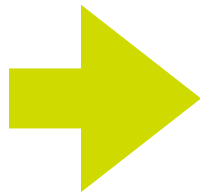


SPARCC

Strong, Prosperous, and Resilient Communities Challenge

An initiative of Enterprise Community Partners, the Federal Reserve Bank of San Francisco, the Low Income Investment Fund, and the Natural Resources Defense Council

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

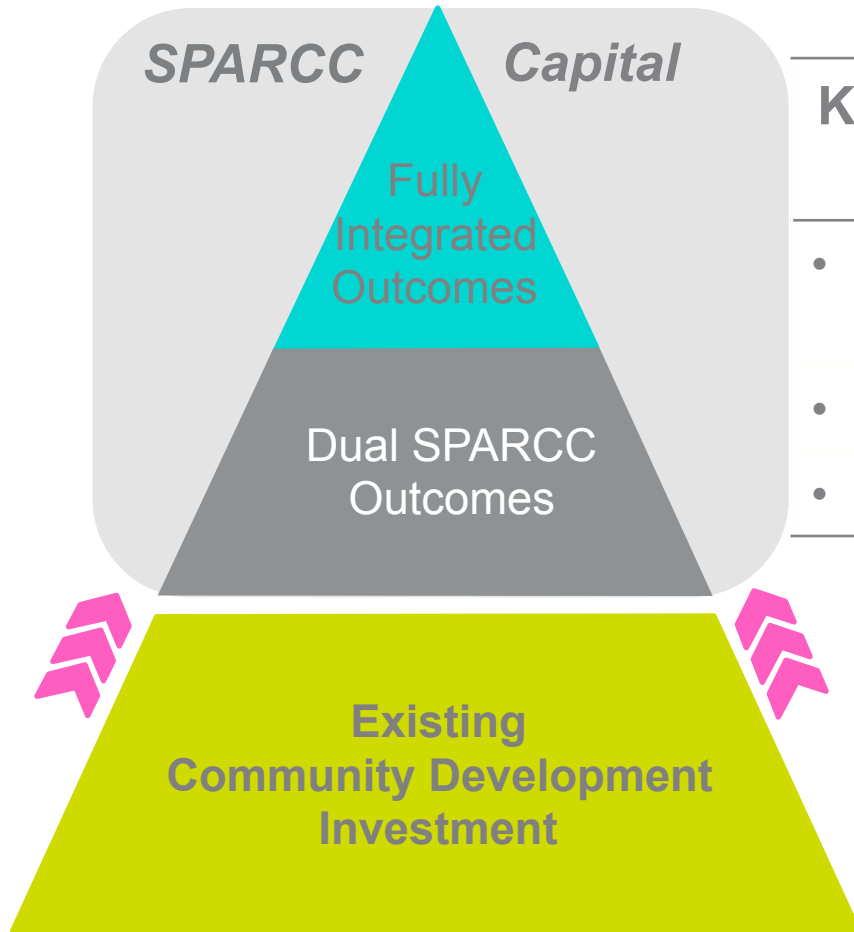
Built Environment

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



Key SPARCC Outcomes

- Racial Equity
- Health
- Climate

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

STRUCTURED FUNDS FOR AFFORDABLE HOUSING

New Partners for Smart Growth | February 3, 2017

Julijs Liepins, Vice President

Forsyth Street

FORSYTH STREET

FUND OVERVIEW

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

EXAMPLE FUND: NYC ACQUISITION FUND



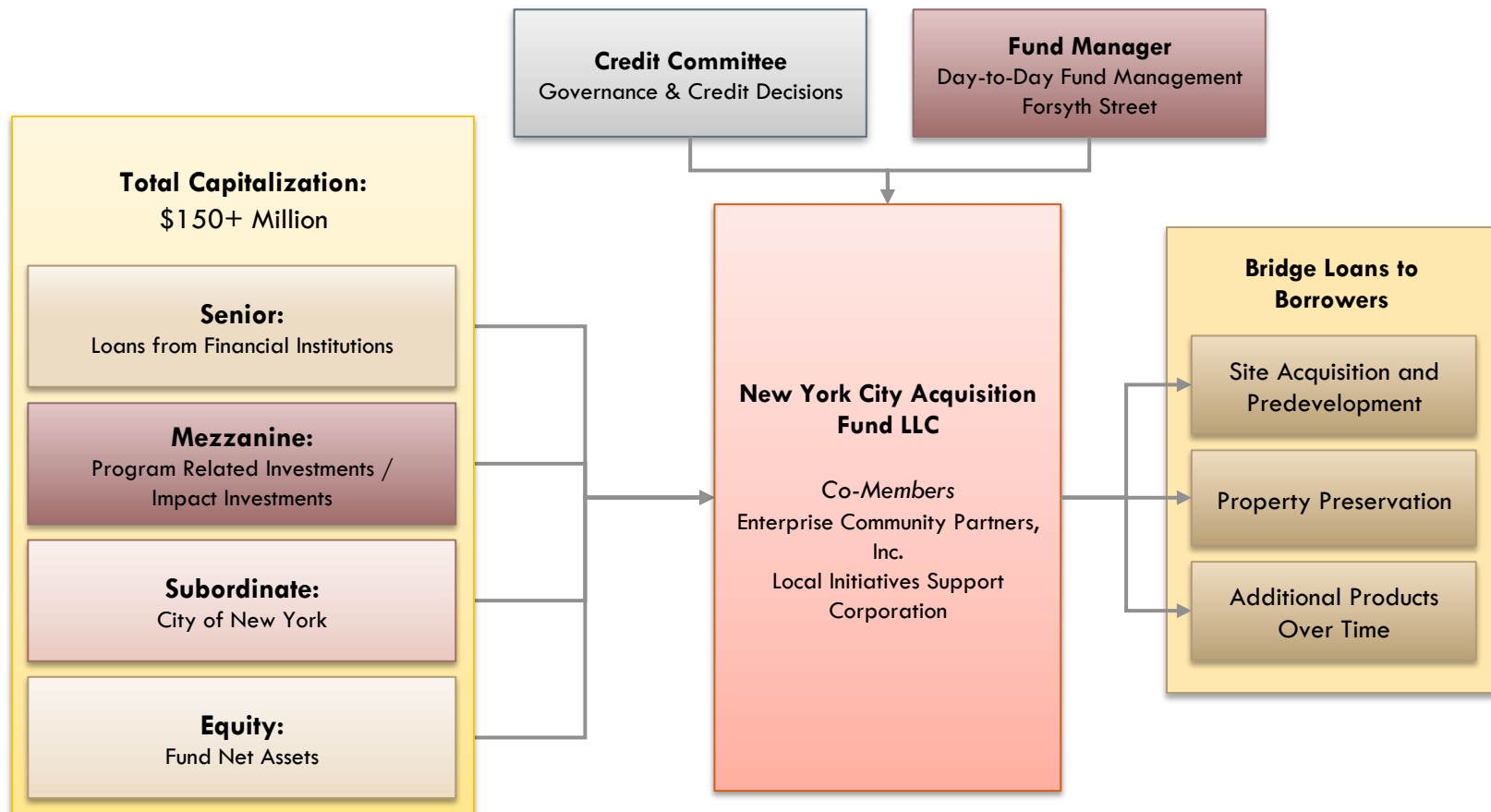
Purpose:

- 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.

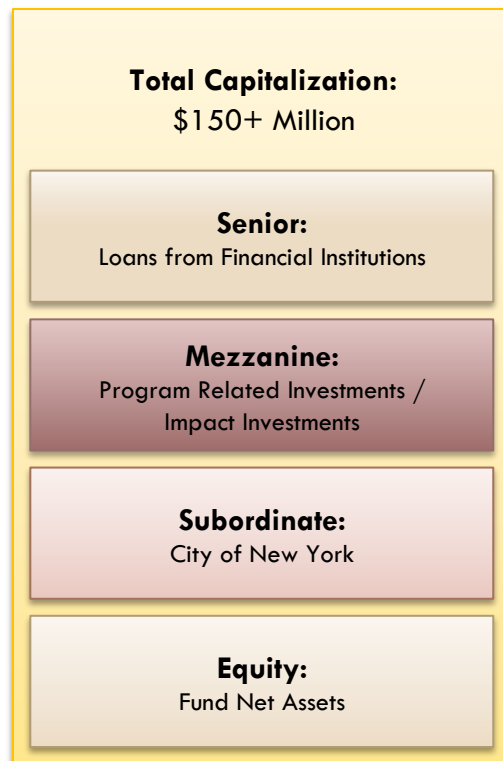
Impact Since Launch:

- **\$382 million** in loans originated
- **68** projects
- **11,600** new or preserved affordable housing units.

FUND STRUCTURE



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

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



- **Target Geography:** City of Los Angeles
- **Public Sponsor:** LA Housing and Community Investment Department
- **Policy Goals:** Transit-oriented development; preservation of at-risk housing; permanent supportive housing
- **Production:** Since launch in 2008, \$110 million of capital to 21 projects, generating 2,077 new or preserved affordable housing units



- **Target Geography:** City and County of San Francisco
- **Public Sponsor:** SF Mayor's Office of Housing and Community Development
- **Policy Goals:** Protection of tenants at-risk of eviction, with early focus on "Small Sites" properties; acquisition of strategic sites; supportive housing for the formerly homeless
- **Production:** Since launch in 2017, \$29 million of capital to 5 projects, generating 167 new or preserved affordable housing units

Louisiana Loan Fund

- **Target Geography:** Neighborhoods in New Orleans hard-hit by hurricanes Katrina and Rita
- **Public Sponsor:** State of Louisiana Office of Community Development
- **Policy Goals:** Catalyze redevelopment of target neighborhoods by re-starting construction lending for single family homes
- **Production:** From 2011-2015, construction loan guarantees provided for 58 properties

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



**The Voice of
Affordable Housing**

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.

*Non-Profit Housing Association of
Northern California*



Members, residents, board & staff

NPH UNITES THE BAY AREA WITH RESEARCH, POLICY & CAMPAIGNS

- Membership organization
- Regional leadership
- Legislative advocacy
- Issue education
- Technical assistance
- Regulatory support
- Trainings & working groups
- Annual conference
- Leadership awards
- Emerging Leaders Peer Network
- Electoral & communications strategies

Housing crisis burdens low-income families

News > California News

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

SAN JOSE — The number of kids and young adults living homeless in Silicon Valley has increased, according to a new biennial count, revealing a problem far more prolific than previously known.

Santa Clara County officials and advocates for the homeless said they expected the overall homeless population and specifically youth in part because there were more younger people this year. Nearly double the number of workers fanned out in the count. However, the results released Friday far exceeded what officials expected. The increase over 2015 in the number of people under age 25 who are homeless is the highest set in 2011. People under 25 now make up more than one-third of the homeless population.

Overall, 7,394 homeless were counted, 838 more than two years ago. Counting was unaccompanied by a parent or young adults under 25 years old.

08/30/2017 by Megan Joseph

Regionalization: The Next Frontier of Equity and Opportunity for California

Tweet

Recommend



Business > Real Estate

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 9:39 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.

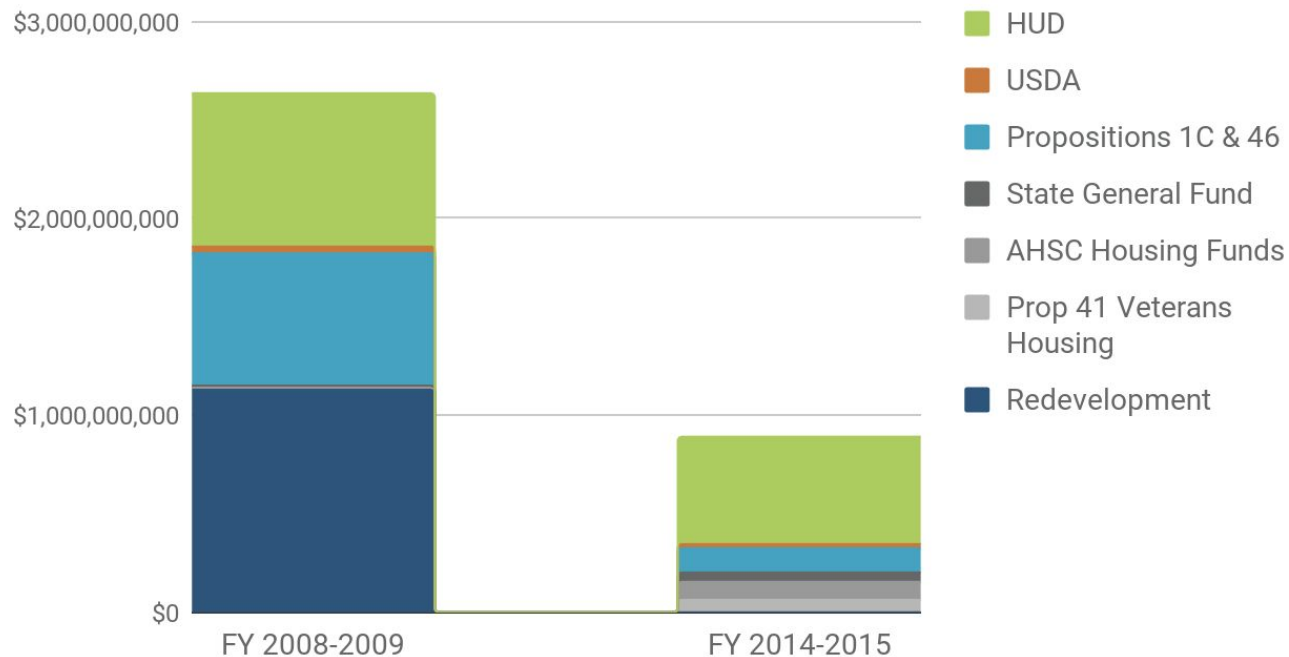
This month, state lawmakers are debating a long-delayed housing package. Here's what you need to know about the scope of one of California's most vexing issues:

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.

California Housing Funding Has Decreased 67% since 2008



FUNDING SOURCE	FY 2008-09	FY 2014-15	PERCENT CHANGE
Redevelopment	\$1,142,555,324	\$0	-100%
State Funding & Bonds	\$680,429,821	\$328,341,578	-52%
HUD	\$778,782,375	\$545,325,816	-30%
Total	\$2,601,767,520	\$873,667,394	-66.5%

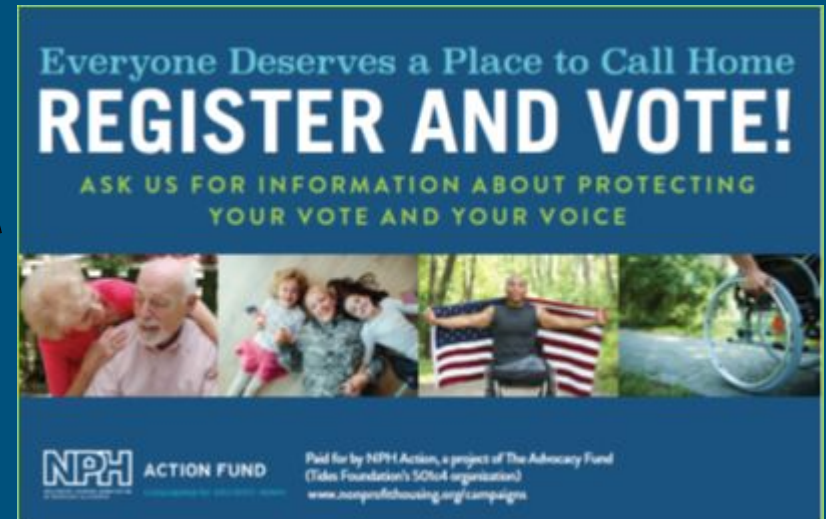
NPH pivoted to a regional electoral strategy to build public support and political will

- 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

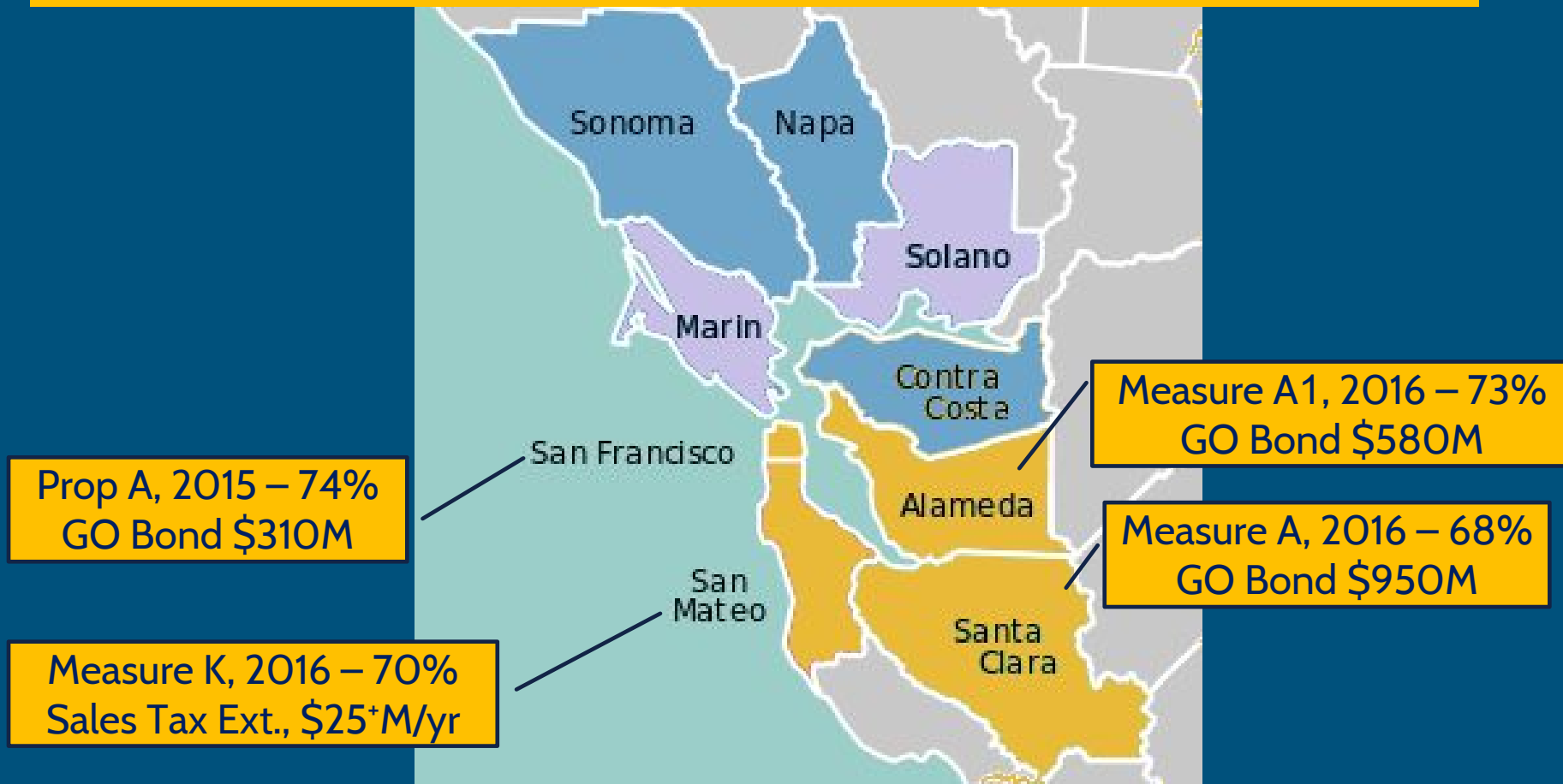


NPH ELECTORAL SUCCESS IN 2016

BALLOT MEASURE	SUMMARY	APPROVAL PERCENTAGE
Alameda County Measure A1	\$580 million bond	73%
San Mateo County Measure K	½ cent sales tax extension	70%
Santa Clara County Measure A	\$950 million bond	67.88%

Building public support and political will

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



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



Ms. Irma Ortiz
Credit: LifeSTEPS 2016

Yes – 67.88%	454,284
No	214,968
Margin of Victory	8,060
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.
- 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:

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Executive Director

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415-989-8160 x13

**Continuing momentum to 2018
and beyond...**



**The Voice of
Affordable Housing**

Thank you!

**The only questions that
really matter are the ones
you ask yourself.**

Ursula K. Le Guin



Discussion



**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

Brian Prater

Low Income Investment Fund | liifund.org



Julijs Liepins

Forsyth Street | forsythstreet.com



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