CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST
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Policy Analysis Report

To: Supervisor Dean Preston
From: Budget and Legislative Analyst's Office
Re: San Francisco City Department Loan Programs
Date: May 15, 2023

Fred Brousseau

Summary of Requested Action

Your office requested that the Budget and Legislative Analyst conduct an analysis of the loan programs administered by San Francisco City departments. For each program this includes identifying the purposes and objectives of the lending programs, eligibility requirements, loan terms, interest rates, repayment options, the amount of funding lent to date, the amount outstanding, and the history of repayment and default. The purpose of this review is to collect information on the universe of the City's loan programs to consider the potential opportunity, feasibility, and possible savings to the City by consolidating the loan programs under one entity; and, whether consolidating these programs would provide a net benefit to the City.

For further information about this report, contact Fred Brousseau, Director of Policy Analysis, at the Budget and Legislative Analyst's Office.

Executive Summary

- Loan programs administered by the City and County of San Francisco fall into two categories: 1) funding for affordable housing development or homeowner assistance, and 2) funding for business development and assistance. The programs are administered by the Mayor's Office of Housing and Community Development (MOHCD), the Office of Economic and Workforce Development (OEWD), and the Office of Community Investment and Infrastructure (OCII).

- Combined, MOHCD, OEWD and OCII report a total of 15 loan programs that are currently or recently active (within the last five years). Of the 15 programs:
    - Three programs focus on affordable housing development.
    - Six programs focus on housing down payment or homeowner assistance.
    - Six programs focus on support for businesses, four of which were created in response to the COVID-19 pandemic to help sustain businesses during a period of uncertainty.

- Exhibit A presents a summary of the City's loan programs. As can be seen, these programs, some of which began as early as the 1980s for affordable housing loans, have collectively disbursed approximately $3.1 billion through 4,809 loans as of late 2022. Most of the City's loans have been for affordable housing production through MOHCD, accounting for $2.6 billion in loan disbursal.

- Of the total approximately $3.1 billion loaned, only $518.7 million, or 16.8 percent, has been repaid, with the remaining 83.2 percent, or approximately $2.6 billion, still outstanding. As of the preparation of this report, $392.3 million was available to loan out across all programs.

Exhibit A: Summary of City Loan Program Fund Disbursements, Amounts Repaid and Outstanding, and Funds Available for Further Loans, by City Office

Program (Start Date)	Funding Disbursed	# Loans	Loan Amounts Repaid	Repaid %	Loan Amount Outstanding	Outstanding %	Funding Available[1]
MOHCD: Affordable Housing (1980s)	$2,560,681,734	1,700	$439,561,454	17.2%	$2,121,120,280	82.8%	$72,000,000
MOHCD: Homeowner Assistance Programs (1997)	$174,373,204	2,197	$51,849,030	29.7%	$122,524,174	70.3%	$13,302,623
MOHCD: Seismic Safety (2019)	$58,044,754	62	$2,758,667	4.8%	$55,286,087	95.2%	$0
Subtotal: MOHCD	*$2,793,099,692*	*3,959*	*$494,169,151*	*17.7%*	*$2,298,930,541*	*82.3%*	*$85,302,623*
OEWD: Business Assistance Loans (2014)	*$55,283,382*	*841*	*$24,531,744*	44.4%	*$30,751,638*	55.6%	*$2,970,461*
OCII: Housing Loans (2012)	*$241,000,000*	9	N/A	N/A	*$241,000,000*	100.0%	$304,000,000
Grand Total	$3,089,383,074	4,809	$518,700,895	16.8%	$2,570,682,179	83.2%	$392,273,084

Sources: MOHCD, OEWD, Main Street Launch, MEDA, Kiva, and OCII
[1] Note: Funding available as of November 15, 2022 for MOHCD, December 31, 2022 for OEWD, and September 30, 2022 for OCII.

- The low repayment rate for the City's loans can be explained in part by loans being disbursed at different points in time, with more recent loans not having yet paid off much of their balance. However, a greater share of the low repayment rate is explained by loan terms of approximately 55 years for most if not all the affordable housing loans disbursed by MOHCD and expectations that many of these loans will not be repaid. They are considered loans to meet the requirements for receiving tax credits from the State, which are an essential funding component of many affordable housing projects, and to ensure that they remain affordable in the event they are sold.

- In addition to low repayment of affordable housing loans, many down payment assistance loan programs do not require full repayment, at least under certain circumstances. For example, the Teacher Next Door down payment assistance program provides forgivable loans.

- MOHCD's loan programs are focused on affordable multifamily housing development and down payment and homeowner assistance. MOHCD reports two programs that focus on lending funds for housing development and six loan programs that support down payment assistance or homeowner emergency assistance.

- OEWD reports engagement in six loan programs of which three are actively receiving new applications for loans. Three of the four OEWD programs established during the COVID-19 pandemic are no longer active, but one program established during the pandemic emergency period has funding available and will be accepting new applications. OEWD contributes City funding to these programs to buy down interest rates to zero percent, cover application fees, and support technical assistance. Loan processing and program operations, however, are performed by OEWD's nonprofit Community Development Financial Institution (CDFI) partners.

- OCII is unique in that it serves as the state-authorized successor agency to the former San Francisco Redevelopment Agency. The only program that OCII actively distributes new funding under is their Affordable Housing Loan Program, which provides funding to primarily non-profit developers to support projects in areas that were under the jurisdiction of the former Redevelopment Agency.

City loan application evaluation processes

- The methods for evaluating loans and rates of repayment vary by program type and funding source and are often bound by requirements of other funding programs such as the Low Income Housing Tax Credit (LIHTC) program for affordable housing.

- For all of MOHCD's loan programs, evaluations of loan applicants' creditworthiness and financial position are performed by staff pursuant to formal criteria outlined in the Office's underwriting guidelines. These staff evaluations are passed on to higher level MOHCD managers for review before final approval by the MOHCD Director and Deputy Director. For affordable housing loans, staff evaluations are also reviewed by an Office Credit Committee and an interagency Citywide Affordable Housing Loan Committee. Affordable housing loans over $10 million are subject to approval by the Board of Supervisors in most circumstances.

- Loan underwriting and banking experience is not specifically called out in the job descriptions of MOHCD staff responsible for evaluating loan applications. However, the classifications performing loan application evaluations generally are analytical in nature and include duties such as reviewing and evaluating program funding.

- OEWD staff are not involved in reviewing applications for loans available through their programs. Instead, loan application evaluations and approvals are performed by OEWD's loan program partners, pursuant to agreements between OEWD and these organizations. These partners develop their own evaluation criteria often pursuant to the requirements of other funding provided from the state or federal government.

- OCII affordable housing loans are approved by the Successor Agency Commission following review and evaluation of loan applications by various levels of staff. Further review and evaluation is provided by MOHCD staff and the same committees that review MOHCD's affordable housing loan applications.

Loan repayment rates

- Repayment rates for loans vary by program. MOHCD reports that over 99 percent of loans are compliant with their agreements. However, most of MOHCD's loan agreements for the programs reviewed are soft loans and therefore do not require regular principal and interest payments. Other loans are forgivable, such as the Teacher Next Door program if the terms of the loan are met.

- OEWD partners report that across their programs 86 to 100 percent of loans are current in their active repayment or paid in full. OCII reports that repayment varies by project but is not a significant amount. OCII only receives repayment when an affordable housing project generates residual receipts, or additional revenue after covering the project's operational costs. For projects providing supportive housing to individuals or families who were formerly unhoused, OCII receives no repayment because the City subsidizes operations.

City loan programs and public bank considerations

- There may be some opportunities to increase City loan program efficiencies by consolidating loans under a public bank. However, the low and unreliable repayment of MOHCD and OCII affordable housing loans may make them unsustainable for a public bank. In addition, there may be restrictions on OCII funds as it is governed by California Redevelopment Law. Finally, OEWD often partners with other organizations to leverage funds and buy down interest. Much of the funding associated with these loan programs are not City managed funds.

Policy Options

The Board of Supervisors should:

1. Request regular reporting from MOHCD, OEWD and its partner organizations, and OCII to the Board of Supervisors such as annually on the loan programs administered across all City departments. This reporting would provide information on how many loans have been disbursed and for what purpose, how much in funding, how much is outstanding, profile information about the individuals and organizations receiving the loans, and rates of repayment. This reporting would allow the Board of Supervisors to better understand the City's loan programs, assess their performance, and shed more insight into the potential for consolidating the loan programs under a public bank.

2. Request assessments from OEWD and its CDFI partners on the potential to work with a public bank on business loan programs.

Project Staff: Fred Brousseau and Emily Firgens

Overview of City Loan Programs

This report presents information on the City's loan programs that are operated by the Mayor's Office of Housing and Community Development (MOHCD), the Office of Economic and Workforce Development (OEWD), and the Office of Community Investment and Infrastructure (OCII). In addition to their other functions, these three offices are the primary loan program administrators for the City and County of San Francisco. MOHCD distributes loans mostly for affordable housing development and housing down payment assistance programs. OEWD is responsible for partnering on business development and support loans, however much of their funding is used to leverage other sources of loan funds. OCII, the state-authorized successor agency to San Francisco's Redevelopment Agency, funds affordable housing development in designated redevelopment areas of the City.

Combined, MOHCD, OEWD and OCII reported a total of 19 loan programs. Of these 19 programs, 15 programs are currently or recently active (within the last five years) and are the focus of this analysis. Of these 15 programs:

- Three programs focus on affordable housing development.
- Six programs focus on housing down payment or homeowner assistance.
- Six programs focus on support for businesses, four of which were created in response to the COVID-19 pandemic and to help sustain businesses during a period of uncertainty.

The remaining four programs, all reported by OCII, ended when the former Redevelopment Agency was dissolved in 2012 though these programs still have outstanding loan balances that OCII manages. The data presented in this report was provided to our office between November 2022 and March 2023.

San Francisco City Loan Programs

The loan programs administered by the City fall into two general categories: 1) funding for housing development and homeowner assistance, and 2) funding for business development and assistance. Exhibit 1 below presents information on each of the loan program areas reported by the three City offices that administer them including the number and dollar value of loans disbursed, repayment rates, and funds currently available for loans.

Loan Program Descriptions and Terms

The Mayor's Office of Housing and Community Development (MOHCD)

MOHCD's loan programs are focused on affordable multifamily housing development and down payment and homeowner assistance. The Office reports two programs that lend funds for affordable housing development. The first is their ***Multifamily Housing Development Loans***, which provides funding for production of new affordable housing as well as preservation of existing housing through programs such as Small Sites (which funds acquisition and preservation of residential buildings with five to 40 units). These loans fund both predevelopment and permanent financing ("gap funding") for affordable housing.

The second MOHCD affordable housing program is the ***Preservation and Seismic Safety (PASS) Loans***, which fund the acquisition and rehabilitation of multifamily buildings with a focus on purchasing buildings that are at risk of being removed from the rental market. For MOHCD's affordable housing development loans, terms are often set at 55 years and zero to three percent interest, as MOHCD reports that is the standard used statewide set by the California Tax Credit Allocation Committee (CTAC), which allocates federal and state tax credits to developers of affordable rental housing.

MOHCD administers six loan programs that support down payment assistance or homeowner emergency assistance. Five of these programs are explicitly related to down payment assistance and one provides loans for a broader array of expenses incurred by lower income homeowners. The ***Dream Keeper Downpayment Assistance Loan Program*** (DK DALP) targets San Francisco's most vulnerable residents who have been systematically disadvantaged and kept out of homeownership due to both government action and government-condoned policies. There is also a ***Down Payment Assistance Loan Program*** (DALP) which is for a broader population but has set-asides for specific targeted groups, including first responders and teachers. There is a ***Below Market Rate DALP Program*** that assists low- and moderate-income households who otherwise would not be able to purchase a housing unit even at more affordable below market rate prices.

Other MOHCD programs that offer down payment assistance are the ***City Second Loan Program***, which provides funding to first-time homebuyers earning less than 143 percent of Area Median income (AMI)[1] to purchase a property in specific developments identified by MOHCD; and, the ***Teacher Next Door Program***, which provides forgivable loans for San Francisco Unified School District employees separate from DALP but typically layered on top of another MOHCD program. The sixth and final loan program administered by MOHCD is the ***Homeowner Emergency Loan Program***, which provides emergency assistance loans for homeowners who can use the funding for a variety of expenses such as a lump sum mortgage payment, homeowner association special assessments, or past due property taxes. To qualify for the ***Homeowner Emergency Loan Program***, the homeowner must own and occupy a property with one to four units and earn at or below 120 percent of AMI.[2]

Excluding loan repayments, the duration and amount of funding available from MOHCD's loan programs vary. Those funded by bond proceeds have finite durations as the funding is only

[1] In 2022, 143 percent Area Median Income in San Francisco for a three-person household is $178,300 according to the U.D. Department of Housing and Urban Development

[2] In 2022, 120 percent Area Median Income in San Francisco for a three-person household is $149,650 according to the U.D. Department of Housing and Urban Development.

available if the bond funds are available. Others are funded by ongoing but variable sources such as City development impact fees, state and federal funding, and City General Fund allocations. The Housing Trust Fund is an ongoing Charter mandated General Fund set-aside for affordable housing but amounts allocated to different programs may vary in alignment with MOHCD's Board-approved budget. Notes on durations of individual programs are provided in Appendix I.

Office of Economic and Workforce Development (OEWD)

OEWD's programs are focused on supporting business activity. OEWD is engaged in six loan programs, of which three are or will be receiving new applications for loans, three established during the COVID-19 pandemic are no longer active (however, one program established during the pandemic emergency has funding available and will be accepting new applications). OEWD's programs support both new and existing businesses.

The OEWD programs that are accepting new loan applications or have funding available to distribute are:

- the ***SF Small Business Revolving Loan Fund***, which provides microloans and technical assistance to recipients for business start-up costs;
- the ***Emerging Business Loan Fund***, which provides commercial loans to support "high impact" businesses and projects with the goal of increasing economic activity in the City; and,
- the ***African American Revolving Loan Fund***, which targets assistance to African American businesses or businesses located in historically African American neighborhoods. This program, established during the COVID-19 pandemic, still has funding and will be accepting loan applications in the future.

Recently deactivated OEWD loan programs are the ***Latino Small Business Fund***, the ***SF Hardship Emergency Loan Fund***, and the ***California Rebuilding Fund***. Together with the still active ***African American Revolving Loan Fund***, these four programs were all designed to support businesses that experienced disruptions in revenue and activity due to the COVID-19 pandemic.

OEWD contributes City funding to these programs, but loan underwriting and program operations are performed by nonprofit Community Development Financial Institution partners (CDFIs): Main Street Launch, the Mission Economic Development Agency (MEDA), and various CDFIs who partner with OEWD to administer the ***California Rebuilding Fund***. Since these partners administer loan programs on behalf of OEWD, they maintain, and we relied on, their records for data presented in this report including funding available, funding disbursed, number of loans made, number of loans repaid, and number of loans outstanding for each program.

Main Street Launch oversees operations and approves loans on behalf of OEWD for the ***SF Small Business Revolving Loan Fund, Emerging Business Loan Fund, the African American Revolving***

Loan Fund, and administered one round of the now deactivated ***SF Hardship Emergency Loan Program***. MEDA administered two rounds of the ***SF Hardship Emergency Loan Program*** and the Latino Small Business Fund in its entirety.

The ***California Rebuilding Fund*** is a partnership with a state program launched in November 2020. It is a public-private partnership that aggregates funding from private, philanthropic, and public sector resources, which included an anchor commitment from California's Infrastructure and Economic Development Bank ("IBank"), to address the capital and advisory needs of California small businesses as they reopened and recovered from the COVID-19 pandemic.

OEWD partnered with nonprofit Kiva by buying down interest in their loan capital so they could provide zero percent interest loans for San Francisco small businesses. The loan funding is assembled by Kiva and provided to local CDFIs to originate and manage the loans. Kiva worked with Main Street Launch, MEDA, CDC Small Business Finance, Pacific Community Ventures, and the National Asian American Coalition to distribute loans.

As with MOHCD, OEWD's loan program funding sources vary and could potentially affect the longevity of the programs. They rely on a combination of Federal and State funding, City General Fund allocations, philanthropic giving, and private financial entities. Comments are provided on these funding sources in Appendix I. In the case of the ***SF Hardship Emergency Loan Program***, lending capital was provided by Give2SF and private financial partners. For the rounds of the ***SF Hardship Emergency Loan Program*** administered by MEDA, OEWD funding supported program operations as well as helped fund zero percent interest on the loans and no application fees. And, as described above, the ***California Rebuilding Fund*** was a public-private partnership where OEWD's funding helped to buy down interest rates distributed loans in San Francisco.

Office of Community Investment and Infrastructure (OCII)

OCII serves as the state-authorized successor agency to the former San Francisco Redevelopment Agency. The only program that OCII actively distributes new funding under is their ***Affordable Housing Loan Program***, which provides funding primarily to non-profit developers to support projects in areas that were previously under the jurisdiction of the former Redevelopment Agency. These areas include Mission Bay, Shipyard/Candlestick Point, and Transbay. OCII also reported four loan programs that have outstanding loan balances but expired in February 2012 when the Redevelopment Agency was dissolved. These previously active programs included funding for business and nonprofit tenants in the designated neighborhoods as well as loans for projects that were eligible for financing under New Market Tax Credits, which is a separate program. Though they have outstanding loan balances, we have not included information in the Exhibits below about these four programs as they have not been active since 2012.

The duration of OCII's funding sources extends until all the affordable housing projects have been built that the former Redevelopment Agency had previously authorized and were designated by the California Department of Finance as enforceable obligations.

Detailed descriptions of each of the City's 15 currently or most recently active loan programs are provided in Appendix I.

Amount and Number of Loans Disbursed

As of the fall of 2022, across the 15 City loan programs described above and in Appendix I that are currently or recently active, approximately $3.1 billion in loan funding was disbursed through 4,809 loans for affordable housing, homeowners, and businesses since the respective dates that these programs began. As shown in Exhibit 1, of the total $3.1 billion disbursed, only $518.7 million has been repaid, or 16.8 percent, with the remaining 83.2 percent, or approximately $2.6 billion, still outstanding. Details on the durations of the programs vary, with the oldest dating back to the 1980s and the most recent started in 2020 in response to the Covid-19 pandemic.

Loan amounts generated and repayment rates vary by program, as detailed in Exhibits 1 and Appendix II. Altogether, current and recently active programs report that they have only approximately $392.3 million available for future loans though this amount will likely increase as new funding is generated from sources such as the City's Housing Trust Fund and state and federal programs. Loan repayments do not replenish funding available because so little is repaid with 55-year terms on most affordable housing loans and limitations on when repayments are required in the loan agreements. All funding presented in Exhibits 1 and 2 and Appendix II is funding that goes to loans directly and does not include the administrative costs of operating the programs and distributing loans. These amounts are not tracked universally for the City programs and are not included in this analysis.

Exhibit 1: Summary of City Loan Program Fund Disbursements, Amounts Repaid and Outstanding, and Funds Available for Further Loans, by City Office

Program (Start Date)	Funding Disbursed	# Loans	Loan Amounts Repaid	Repaid %	Loan Amount Outstanding	Outstanding %	Funding Available[1]
MOHCD: Affordable Housing (1980s)	$2,560,681,734	1,700	$439,561,454	17.2%	$2,121,120,280	82.8%	$72,000,000
MOHCD: Homeowner Assistance Programs (1997)	$174,373,204	2,197	$51,849,030	29.7%	$122,524,174	70.3%	$13,302,623
MOHCD: Seismic Safety (2019)	$58,044,754	62	$2,758,667	4.8%	$55,286,087	95.2%	$0
Subtotal: MOHCD	*$2,793,099,692*	*3,959*	*$494,169,151*	*17.7%*	*$2,298,930,541*	*82.3%*	*$85,302,623*
OEWD: Business Assistance Loans (2014)	*$55,283,382*	*841*	*$24,531,744*	44.4%	*$30,751,638*	55.6%	*$2,970,461*
OCII: Housing Loans (2012)	*$241,000,000*	9	N/A	N/A	*$241,000,000*	100.0%	$304,000,000
Grand Total	$3,089,383,074	4,809	$518,700,895	16.8%	$2,570,682,179	83.2%	$392,273,084

Sources: MOHCD, OEWD, Main Street Launch, MEDA, Kiva, and OCII
[1] Note: Funding available as of November 15, 2022 for MOHCD, December 31, 2022 for OEWD, and September 30, 2022 for OCII.

MOHCD Loan Amounts

Exhibit 1 presents a summary of fund disbursements and loan amounts outstanding by City office and major program area. As can be seen, MOHCD programs are the source of most of the funds disbursed, at almost $2.8 billion through 3,959 loans, with approximately $2.6 billion loaned for affordable housing projects. Of the $2.6 billion disbursed for affordable housing, with loans dating back to the 1980s, only approximately 17.7 percent, or $439.6 million, has been repaid; $2.1 billion, or 83 percent of the amount loaned, is still outstanding. This low repayment percentage is in alignment with the program design, however. Affordable housing projects do not generally generate enough cash flow to make debt service payments on City loans. The majority of MOHCD's affordable housing "soft" loans only have payments due if the property generates residual receipts.

MOHCD also disbursed almost $174.4 million for its current and recently active down payment assistance programs since 1997 when these programs first started. Of this amount, $51.8 million, or 29.7 percent, has been repaid and $122.5 million, or 70.3 percent, is still outstanding. These programs do not require monthly payments and do not charge interest. For most of the programs, the loan recipient pays back the principal plus a share of the appreciated value in alignment with the percentage of assistance received when the property is transferred.

Loans of approximately $58 million for MOHCD's Preservation and Seismic Safety program (PASS) have been disbursed since 2019, with just under $2.8 million, or 4.8 percent, repaid and approximately $55.3 million outstanding. The PASS program is MOHCD's only amortizing loan program.

OEWD Loan Amounts

OEWD has partnered on programs that have distributed approximately $55.3 million for business assistance through 841 loans. Of the amount loaned, approximately $24.5 million, or 44.4 percent, has been repaid and 55.6 percent of the amount disbursed, or approximately $30.8 million, is outstanding. As discussed above, four of the five OEWD loan programs in this analysis were established since 2020 to address COVID-19 related impacts on San Francisco businesses. The funding associated with these loan programs is not all OEWD funding. OEWD primarily provides funding to help buy down the interest or fees associated with the loan programs and leverages other public and private funding for the loans distributed. As shown in Appendix I, funding for these loans can come from many different types of sources that vary based on the program. For example, funding for the ***SF Small Business Revolving Loan Fund*** comes from the Community Development Block Grant; whereas funding for the ***SF Hardship Emergency Loan Program*** came from a variety of sources, including the Give2SF Foundation, Ally Bank, CDFI Fund, Northern Trust, and other financial partners.

OCII Loan Amounts

Finally, OCII has disbursed $241 million in loans under their ***affordable housing program*** funding, which is the only program still actively distributing loans that OCII oversees. All $241 million, disbursed through nine loans, is outstanding.

The distribution of funding disbursed by the three City offices by programmatic area is presented in Exhibit 2. As shown, across all the current and recently active City loan programs approximately $2.9 billion has been disbursed (by MOHCD *and* OCII), or awarded, toward affordable housing development, $174.4 million has been disbursed for housing and down payment assistance, and $55.3 million has gone toward business assistance programs. Four of the loan programs supported by OEWD were specifically created in response to the COVID-19 pandemic to assist businesses facing economic distress because of the pandemic. These programs account for $25.7 million of the $55.3 million in loan funding disbursed to businesses.

Exhibit 2: Summary of City Loan Program Funds Disbursed Since Program Inception and Currently Available, by Program Area

Program	Funding Disbursed	Funding Available[1]
MOHCD: Affordable Housing	$2,560,681,734	$72,000,000
MOHCD: Preservation & Seismic Safety	$58,044,754	$0
OCII: Affordable Housing Loans	$241,000,000	$304,000,000
Subtotal: Affordable Housing	*$2,859,726,488*	*$376,000,000*
MOHCD: Homeowner Assistance Programs	$174,373,204	$13,302,623
OEWD: Business Assistance Loans	*$55,283,382*	*$2,970,461*
Grand Total	**$3,089,383,074**	**$392,273,084**

Sources: MOHCD, OEWD, Main Street Launch, MEDA, Kiva, and OCII.

Appendix II presents individual program detail for the loans funded by the City summarized in Exhibit 2 above.

Loan Application Criteria and Review

Each City office administering loan programs has their own approach to evaluating loan applications, and the loan programs themselves vary in terms of criteria for approving borrowers and determining repayment rates. In considering the opportunities to consolidate the loan programs under a new public bank, it is important to understand the City offices' processes in place to review the loans to help determine if there would be efficiency gains from consolidation. In addition, understanding the extent to which many of the loans are not repaid or are not due for 55 years provides important information for the viability of these loan programs to help support a public bank. In some cases, programs operate more as grants with little expectation of repayment, which may run counter to helping maintain solvency within a public bank model. The methods for evaluating loans and rates of repayment vary by office and program type and funding source and are often bound by requirements of other funding programs (e.g., the Low Income Housing Tax Credit (LIHTC) program). Within the programs themselves criteria appear to be standardized and align with the program or other funding streams being leveraged; however, across programs and departments the criteria vary as the use of loan funds and the purpose of the loan programs varies.

MOHCD Loan Review and Processing

MOHCD's process for reviewing loan applications can follow one of two paths. The first is for loans that involve affordable housing development and the second is for down payment and housing assistance loans. The first process covers MOHCD's ***Multifamily Housing Development Loans*** and ***Preservation and Seismic Safety Loans (PASS)*** and involves a Project Manager (classification code 9774, or Community Development Specialist) and/or Senior Project Manager (9775) underwriting the loan using MOHCD's Multifamily Underwriting Guidelines, subsequently drafting the Loan Evaluation for a project and preparing a staff recommendation. MOHCD's underwriting guidelines provide criteria for evaluating whether a proposed project meets eligibility requirements for funding, financing terms, fees and other requirements that may be specific to the funding source(s) utilized for a project.

After a MOHCD Project Manager or a Senior Project Manager completes the Loan Evaluation and recommendation, the Loan Evaluation is reviewed by three to four peer reviewers who will provide comments and ask questions about the project. MOHCD's Credit Committee, which is comprised of four MOHCD Development Directors and the Deputy Director for Housing, then reviews the Loan Evaluation. If the project is approved by the Credit Committee it is then reviewed by the Citywide Affordable Housing Loan Committee,[3] which will review the project, add conditions, and amend the Loan Evaluation if needed. Final approval of the loan comes from MOHCD's Deputy Director and Director. In cases where the loan is over $10 million, approval by the Board of Supervisors is required pursuant to the provisions of Administrative Code Section 120. MOHCD's loan programs are managed across two Deputy Directors, with one Deputy Director overseeing homeownership programs and another overseeing housing development and preservation programs, which includes the multifamily affordable housing loans.

Job specifications for the classifications that evaluate loan applications at MOHCD do not specify that the positions will evaluate loan applications but generally include requirements for analytical skills and the ability to review proposals for uses of public funds.

Examples: MOHCD loan evaluations

We reviewed three MOHCD affordable housing loans for projects at 88 Broadway, 735 Davis, and 4840 Mission Street to better understand how loan terms and criteria are applied. Each of these projects had at least one Loan Evaluation reviewed by the Citywide Affordable Housing Loan Committee. In some cases there were additional Loan Evaluations if the project had received other loans; affordable housing projects often rely on multiple sources of funding and may also receive loans from the City for predevelopment work as well as permanent financing. We only looked at a portion of the funding provided to the project to focus our analysis.

Two of the projects we reviewed, 88 Broadway and 735 Davis, were both affordable housing projects that were paired together in their funding requests as they came through the same RFP process in April 2016 and are both co-developed by BRIDGE Housing and John Stewart Company, a collaboration formed for the simultaneous development of these two parcels of affordable housing. 88 Broadway is 124 units of affordable multifamily rental housing, and 735 Davis is a 53-unit senior housing project. Both buildings also have commercial ground floor uses.

In March 2019, the Board of Supervisors approved MOHCD's execution of loan agreements for $31,020,739 for gap financing of 88 Broadway and $19,583,557 in gap financing for 735 Davis.

[3] Citywide Affordable Housing Loan Committee members includes the directors or their designees of MOHCD, OCII, the Department of Homeless and Supportive Housing, and the Controller's Office.

Both projects have loan terms of 57 years with interest rates of up to 3 percent. However, repayment will only be made to MOHCD if net revenues after operating costs have been met by the project. For both 88 Broadway and 735 Davis, MOHCD's gap financing is only a portion of funding for the projects. Each project also utilizes 4 percent federal Low Income Housing Tax Credits as well as Affordable Housing Program loans from the Federal Home Loan Bank. In the case of 88 Broadway, the project also required a commercial bank loan from Bank of America.

The third project we reviewed, 4840 Mission Street, is an affordable housing project with 137 units, commercial space, and a health clinic. BRIDGE Housing is the project developer. In October 2019, the Board of Supervisors approved a $18,510,000 loan for financing acquisition and predevelopment of the project at a term of 57 years and 3 percent interest. Like other affordable housing loans, repayment obligations are limited to the availability of residual receipts, or annual cash flow after operating costs have been paid. Interest not paid to the City each year due to lack of available residual receipts will be forgiven and will not accrue.

For all three projects the Loan Evaluation reports reviewed the projects compared to MOHCD's underwriting guidelines and provided a summary table for the development budget and operating proforma and indicated if the project meets a standard or not. Where a standard is not met this is indicated and sometimes the exception is described.

MOHCD loan review process for homeownership and down payment assistance loans

We also reviewed MOHCD's evaluation process for homeownership assistance loans, which includes the ***Downpayment Assistance Loan Program***, ***Below Market Rate Downpayment Assistance Loan Program***, ***Dream Keeper Downpayment Assistance Loan Program***, ***City Second Loan Program***, ***Teacher Next Door***, and ***Homeowner Emergency Loan Program***. The loan review process for these programs is like those for affordable housing projects in that they entail staff evaluations of loan applications. The processes for homeowner assistance loan application review is different though in that the results of these evaluations is decided by MOHCD executive management without review by the two committees that review affordable housing loan applications (with one of those committees composed of MOHCD staff and the other MOHCD and external City staff). The committees review the staff loan evaluations of affordable housing loans before they are forwarded to MOHCD executive management for approval.

The MOHCD process for homeownership loan evaluations begins with a review of the initial application by a MOHCD Community Development Assistant or Specialist (classification codes 9770 or 9772), followed by underwriting and an approval or denial recommendation by a Community Development Specialist or Senior Community Development Specialist I (9772, 9773, or 9774). The recommendation is reviewed and verified by a Senior Community Development Specialist II (9775); the final recommendation is approved by MOHCD's Deputy Director (0904) and then final approval is made by the MOHCD Director (0905).

MOHCD has created a Downpayment Assistance Loan Program manual that includes sections for all homeowner assistance programs MOHCD operates. The manual provides the guidelines for program eligibility as well as the financing requirements. The manual states that MOHCD does not establish any minimum FICO score for program borrowers but that in a borrowers first mortgage loan, which must be 30-year fixed-rate and fully amortizing, lenders determine the minimum score according to their own guidelines and loan products. MOHCD also has other stipulations around what types of mortgages are not allowed, interest rates and closing costs charged by other lenders, etc. MOHCD has established debt ratios for program borrowers, where the front-end housing expense-to-income ratio cannot be lower than 33 percent and no higher than 40 percent. Back-end or total debt-to-income ratios cannot be higher than 43 percent.

MOHCD has a review and analysis tool that they use to review and underwrite all applications. This tool includes built-in formulas to help determine the eligibility of a borrower. The form includes information about household composition, income, liquid assets, non-liquid assets, and loan information. There are also tabs for calculating the household income, a template memo for approving the loan, and a closing checklist. The loan approval and review process is established by MOHCD in alignment with other requirements from state and/or federal funding, depending on the source(s) being leveraged.

While not all of MOHCD’s loans anticipate regular repayment, they are structured as loans because debt financing is required to leverage other funding sources, like affordable housing tax credits. In addition, the loan structure protects the affordability of a project and provides security for the City if the borrower were to try to sell the property prior to meeting the terms of the agreement. MOHCD reports that they do not track the overhead costs associated with administering the loan programs.

As discussed above, MOHCD disbursed 3,959 loans through its various programs since the 1980s. For more current volume, Exhibit 3 presents the number of loans disbursed by MOHCD annually for each year for affordable housing projects between Fiscal Years 2017-18 and 2021-22. As can be seen, MOHCD awarded 248 loans for affordable housing over the five years or an average of approximately 50 per year.

Exhibit 3: Annual Volume of MOHCD Affordable Housing Loan Disbursal FYs 2017-18 through 2021-22

Fiscal Year	Affordable Housing	Preservation/ Seismic Safety (PASS)	Total
2017-18	35	n/a	35
2018-19	39	27	66
2019-20	52	18	70
2020-21	36	15	51
2021-22	24	2	26
Grand Total	186	62	248
Average	37	16	50

Source: MOHCD

MOHCD does not currently have all downpayment and homeowner assistance program data centrally stored in one database, so it is not able to easily report on the breakdown of number of loans disbursed per year for Fiscal Years 2017-18 through 2021-22 for those types of loans. We were able to collect information that showed in FY 2021-22, MOHCD disbursed 95 loans related to downpayment and homeowner assistance. These 95 loans were disbursed across the following programs:

- 64 for the Downpayment Assistance Loan Program,
- 16 for the Teacher Next Door program,
- 8 for the Below Market Rate Downpayment Assistance Loan Program,
- 5 for the Homeowner Emergency Loan Program; and,
- 2 for the Dream Keeper Downpayment Assistance Loan Program.

OEWD Loan Review and Processing

The business assistance programs that OEWD supports with funding often follow loan approval terms that are guided by their associated state and/or federal funding streams. However, the partner administering the program may also have some flexibility in how they execute the loans within those guidelines.

OEWD is typically not involved in setting the criteria or terms for who receives a loan. Nor is OEWD involved in making the loan determinations. That work takes place through OEWD's community partners: Main Street Launch, MEDA, and others. OEWD executes grant agreements with these partners for them to operate the loan programs. In the case of Main Street Launch and MEDA, OEWD provides funding that the partners then loan out and use to provide their borrowers with technical assistance, mentorship, and other resources for the duration of the loans.

OEWD's agreement with Kiva was specifically to help bring in additional investments to the ***California Rebuilding Fund*** program with OEWD's funding explicitly providing up front grant funding to buy down interest rates to 0 percent on behalf of small businesses. The funding could also be used to advertise the loans. The grant agreements provide an overview of the scope of services but do not establish specific criteria for whom should receive loans.

There are currently two OEWD staff who work with the community partners that operate the loan programs; one staff person who is primarily managing the programs and partnerships and a second staff person who oversees and provides support as needed.

Main Street Launch is OEWD's CDFI partner responsible for underwriting loans for the ***SF Small Business Revolving Loan Fund, Emerging Business Loan Fund, and African American Revolving Loan Fund***. In addition, Main Street Launch also underwrote loans for one round of the ***SF Hardship Emergency Loan Program***.

These programs all follow a similar review process as outlined in Main Street Launch's Microloan Policy and Procedures Manual, which establishes the criteria and process they undergo for reviewing and approving loans. This includes a pre-screening process where a Relationship Manager conducts a phone interview with the borrower to determine their possible eligibility. If they are likely eligible, applicants then undergo a credit screening. If the applicant meets the credit criteria, they are sent a full checklist of documents to complete the loan package. Once the Relationship Manager receives a complete loan package, they complete the underwriting template and submit it to their organization's CEO and CCO (Chief Credit Officer) for review and approval. If the loan is approved, it is then sent to their Loan Closing and Compliance division to complete a final check and ensure the loan meets all criteria. For the ***SF Small Business Revolving Loan Fund***, additional checks are made to ensure eligibility as required by the Community Development Block Grant funding source.

MEDA oversaw the operations of the ***Latino Small Business Fund*** and two rounds of the ***SF Hardship Emergency Loan Fund***, both of which became active after the onset of the COVID-19 pandemic. This process involved conducting initial outreach to potential applicants. Once applications were received, MEDA's Small Business Loan Officers and Business Coaches would review inquiries and perform lotteries for applicants who could submit formal applications. These Officers would contact the selected businesses to request formal applications, pull their credit reports, compile loan packages, complete a credit memo, and submit the application for a Loan Officer Manager to review. The Lending Manager would conduct a full review, then the Underwriter and Lending Manager would decide whether to approve or decline the application. MEDA worked with California Southern Partnership, a Small Business Development Corporation, to review and help guarantee the loans. After approval, the MEDA Lending Manager would close on the loan with the business, and it would go to loan servicing. As part of our review, MEDA summarized the process, but we did not receive written criteria or a manual that guided this outlined this process.

For the ***California Rebuilding Fund***, the terms and approval of loans are set by the State program. OEWD worked with Kiva, which served as the Fund Administrator and Public Benefit LLC owner.

Kiva serves as the liaison between the banks, foundations, community lenders, and public sector risk capital providers. Kiva facilitates the transfer of the loans, confirms compliance with Program eligibility, services the senior and subordinate loans from the Lenders, and facilitates capital calls from the committed reserve accounts. Kiva also provides reporting on the financial impact of the loans.

OEWD's partners store all the data on loan disbursals, so OEWD was not able to easily access information on loan disbursals by year for each program to include in this analysis. OEWD's grant agreement with Main Street Launch requires them to submit a monthly progress report to the City on loans disbursed, borrower's information, and funding source. MEDA's agreement similarly required quarterly reports on the loans and borrowers and funding source of loans. To the extent these reports are provided to OEWD, we did not review them in the preparation of this report.

OCII Loan Review and Processing

OCII reports that loan approval determination ultimately comes from the Successor Agency Commission, which reviews and decides on loans made under their ***Affordable Housing Loan Program*** at a public hearing. Prior to Commission approval, OCII staff, including Development Specialists, a Housing Program Manager, the General Counsel, and the Finance Division, review the loans. Additionally, OCII staff participate in a peer review process with MOHCD project managers to provide review of all OCII and MOHCD loans made for the development of affordable housing. The Credit Committee provides additional review, and the Citywide Affordable Housing Loan Committee reviews and approves the loans prior to Successor Agency Commission review.

Loan Repayment

Repayment rates for loans vary by program, as shown above in Exhibit 1 and in greater detail in Appendix II. MOHCD reports that over 99% of loans are compliant with their agreements. However, most of MOHCD's loan agreements for the programs reviewed are soft loans and therefore do not require regular principal and interest payments. Or, in the case of the ***Teacher Next Door*** program, if the terms of the loan are met, it is forgiven after 10 years. For the ***Dream Keeper Downpayment Assistance Loan Program*** and ***Homeowner Emergency Loan Program***, MOHCD reports that there is not enough historical data available to report on loan repayment compliance.

OEWD's partners report that for its ***Small Business Revolving Loan Fund*** and ***Emerging Business Loan Fund***, repayment rates are 87 percent and 86 percent, respectively. For the ***African American Revolving Loan Fund*** repayment is 100 percent. Across the three rounds of the ***SF Hardship Emergency Loan Fund*** the repayment rate is 98 percent; and the ***Latino Small Business Fund*** has a repayment rate of 100 percent. These repayment percentages are based on those who are current in their active repayment or paid in full.

OCII reports that repayment varies by project but is not a significant amount. OCII only receives repayment when an affordable housing project generates residual receipts, e.g., additional revenue after covering the project's operational costs. For projects providing supportive housing to individuals or families who were formerly unhoused, OCII receives no repayment because the City subsidizes operations.

Considerations for consolidating loan program operations under a public bank

Consolidating the City's loan programs under a future public bank may provide opportunities for increased efficiencies by serving as a central organization to administer the loan programs, helping standardize review processes, information collection, and oversight of the loans. Each City office we collected information from about their loan programs has developed their own process for reviewing loan applications. This is partially a result of loan programs serving different functions – how a loan for a multifamily housing development may be reviewed and approved will be different than how a loan to a small business for tenant improvements may be reviewed. However, underwriting loans is not a core function of any of the City offices reviewed as it would be for a bank.

OEWD has CDFI partners who manage the loan programs, which includes establishing procedures for reviewing and approving loan applications and leveraging federal and state funding to administer the programs. Based on the procedures reported used by Main Street Launch, MEDA, and Kiva, the review is thorough, but varies depending on the program, funding source(s), and partners involved in guaranteeing the loans. Loan approval terms are also often influenced by the state and/or federal funding that is being leveraged as part of the program. Having different community-based organizations conduct the lending helps reach customers in the community directly. However, there may be opportunities for a public bank to engage in lending these business loans and providing greater efficiency if procedures were standardized under one entity.

OCII is unique in that it serves as the Successor Agency to the former Redevelopment Agency, which means that the majority of their lending programs expired when the Redevelopment Agency was dissolved by the State. OCII staff report that it does not seem likely that a public bank could administer their loan programs because of the statutory obligations under Community Redevelopment Law related to the County Auditor-Controller and Successor Agency in receiving, allocating, and distributing funds. OCII staff report that while OCII utilizes the same Underwriting Guidelines as MOHCD does, the Redevelopment Agency loan programs were authorized under the California Community Redevelopment Law, and for the most part are separate from City programs. Standardizing a review process across these programs would be challenging and may not provide the efficiency gains that would be sought in centralizing processes under a public bank.

In addition, the repayment rates and the terms of the loan programs vary significantly. Most MOHCD and OCII loans are not amortizing and do not require regular payments, and in many cases, discussions with staff of those offices lead us to conclude that there is little expectation that these loans will be repaid. Despite this, MOHCD structures these affordable housing programs as loans because this is the best structure for low-income housing tax credit projects, as these projects require true debt on the property. In addition, MOHCD reports that the loan structure is designed to ensure that the project remains affordable in perpetuity. If a project were to convert from affordable to market rate housing it would be required to repay the City funded loans. This structure of affordable housing loans ultimately may be challenging for a public bank as there will be little repayment from the affordable housing loans administered by these two offices, and an unpredictable repayment schedule for down payment assistance loans.

The OEWD loan programs that are managed by community partners appear to have higher repayment rates, ranging from 86 percent to 100 percent. However, the capital leveraged by the loan programs OEWD engages with is primarily not City funding but is leveraged by CDFIs from other public and private sources. Rather than serving as loan capital, OEWD's City funds largely support other elements of the loan process, buying down interest to zero percent, and covering fee payments.

Consolidating the loans administered by OEWD, and currently managed by CDFI partners, may have potential to be incorporated into a public bank. These are programs that are currently managed across different partners who have implemented their own processes. These programs also appear to have higher, more reliable repayment rates. In addition, OEWD currently relies on their CDFI partners to manage much of the information about types of loans, how much has been distributed, how much is outstanding, etc. Consolidating the loans under a public bank could provide easier access to this information as it would be centralized. However, these partners reportedly have strong ties to the community and are often chosen to manage the loan programs because of their close relationships with the communities the loan programs are serving.

There is potential for a public bank to hold some of the available program funding prior to loan awards and distribution. OCII reports that their funding is held in two different banks depending on the revenue source. Their bond proceeds are currently held with their trustee at the Bank of New York and property tax or other sources (like fees) are held at OCII's bank accounts with JP Morgan Chase. Holding these funds at a public bank instead may be an option that is worth additional consideration. MOHCD's surplus funds are part of the City's pooled investment fund invested by the Treasurer's Office. Depositing MOHCD's funds or any part of the investment pool in a public bank requires approval by the Treasurer and assurance that the public bank meets the definition of a bank as defined in State law.

Policy Options

The Board of Supervisors should:

1. Request regular reporting from MOHCD, OEWD and its partner organizations, and OCII to the Board of Supervisors such as annually on the loan programs administered across all City departments. This reporting would provide information on how many loans have been disbursed and for what purpose, how much in funding, how much is outstanding, profile information about the individuals and organizations receiving the loans and rates of repayment. This reporting would allow the Board of Supervisors to better understand the City's loan programs, assess their performance, and shed more insight into the potential for consolidating the loan programs under a public bank.
2. Request assessments from OEWD and its CDFI partners on the potential to work with a public bank on business loan programs.

Appendix I. Overview of Current and Recently Active City Loan Programs

Exhibit 4. City Loan Programs Overview for Current and Recently Active Programs (within the previous five years)

Program	Description	Program Dates	Terms	Duration and Sources of Funding
MOHCD				
Multifamily Housing Development Loans	Funds new affordable housing development, acquisition of new affordable units, and preservation of existing housing. Funds predevelopment and permanent financing.	1980s – present	Interest Rate: 0-3% Loan terms range from 3 – 55 years. 55 years is a standard set by the State via the California Tax Credit Allocation Committee (CTAC) Repaid with residual receipts from cashflow (non-amortizing)	Varied, primary sources include the Housing Trust Fund, Impact Fees, General Obligation (GO) Bonds, Certificates of Participation, and General Fund. Funding sources are a combination of Charter-mandated funding (the Housing Trust Fund); one-time allocations (GO Bond appropriations) as well as ongoing allocations as appropriated through the General Fund.
Preservation and Seismic Safety Loans (PASS)	Funds acquisition and rehab of multifamily housing buildings. Focuses on funding buildings most at-risk of being removed from the rental market.	2019 – present All existing funds have been committed but there will be a third and final bond issuance, timing of which is to be determined.	Amortizing Interest Rates: Blended; 3.41% if it's the first tranche; 2.58% if it's the second tranche.	2016 GO Bond, which is one-time funding allocated from bond appropriations.
Downpayment Assistance Loan Program (DALP)	Funds down payment loans up to $500,000 to purchase a market rate home in San Francisco. Eligible participants must be at or below 200 percent of AMI.	1997 – present	No interest, no monthly payment loan. When the property is sold or transferred, the owner pays back the principal plus a share of the appreciated value that is in alignment with the percentage of assistance received.	Housing Trust Fund, 1996 GO Bond, 2015 GO Bond, BEGIN (former State-funded Redevelopment program), shared equity repayments. This funding is primarily one-time allocated funding.
City Second Loan Program	Down payment assistance of up to $500,000 to purchase from a collection of advertised properties in specific developments. Eligible participants must be at or below 143 percent of AMI.	1997 – present	Same as DALP	Mayor's Office of Housing Homeownership Assistance Loan program (MOHOAL), shared equity repayments. MOHOAL was a special revenue fund between 1994 and 2000.

Program	Description	Program Dates	Terms	Duration and Sources of Funding
Teacher Next Door	Housing loan for SFUSD educators (up to $40,000 for a market rate unit and $20,000 for a below-market rate unit). Eligible participants must be educators currently employed with SFUSD, first-time homebuyers, and at or below 200 percent AMI.	2008 – present	The loan is forgiven after 10 years. No interest and no shared appreciation	2015 GO Bond, which is one-time funding allocated from bond appropriations, as well as the Housing Trust Fund.
Below Market Rate Downpayment Assistance Loan Program (BMR-DALP)	Need-based down payment assistance for low- and moderate-income households to purchase below-market rate units. Eligible participants must be at or below 120 percent AMI.	2014 – present	Same as DALP	HOME Investment Partnerships Program - American Dream Down Payment Initiative (federal funding), CalHome (state funding), Housing Trust Fund, 1996 GO Bond, MOHOAL. These are a combination of ongoing and one-time funding sources from the city, state, and federal levels.
Dream Keeper Downpayment Assistance Loan Program (DK DALP)	Down payment assistance of up to $500,000 targeting San Francisco's most vulnerable residents who have been systematically disadvantaged and kept out of homeownership due to both government action and government-condoned policies to purchase market rate homes. Eligible participants must be at or below 200 percent of AMI.	2022 – present	Same as DALP	Discretionary General Fund annual appropriation.
Homeowner Emergency Loan Program (HELP)	Emergency assistance loans for homeowners needing assistance with mortgage support, property taxes, etc. Eligible participants must be at or below 120 percent of AMI.	2015 – present	Same as DALP	Housing Trust Fund, which is ongoing Charter-mandated funding.

OEWD				
Small Business Revolving Loan Fund (SF-RLF)	Provides $10,000-$50,000 microloans for business start-up expenses, furniture, fixtures, equipment, tenant improvements, working capital, and marketing.	2017 - present	Interest rates are fixed at 0% for Invest in Neighborhoods commercial businesses; in other areas, the rates range from 3-7% Term is up to 5-year loan amortization; no prepayment penalty	General Fund and Community Development Block Grant. This funding is ongoing but requires appropriation.
Emerging Business Loan Fund (EBLF)	$50,000-$350,000 loans to qualifying commercial projects for working capital, equipment, real estate, and tenant improvements. The purpose is to support high-impact businesses and projects that have the potential to increase economic activity in San Francisco.	2014 – present	Interest rate is adjusted to Prime + 2.75% (approx. 9.75% as of December 1, 2022), No application fee, low closing costs. Up to 10-year amortizations; longer with real estate loans.	General Fund, which is ongoing funding but requires appropriation.
African American Revolving Loan Fund	Provides capital to support African American businesses and businesses located in historically African American neighborhoods whose businesses were affected by COVID disruptions.	July 2020	0% interest Up to 5-year amortization	Give2SF Foundation; one-time funding.
SF Hardship Emergency Loan Program (SF HELP)	Provide businesses with funds to address urgent capital needs caused by sudden loss of revenue due to COVID. *Program no longer active.*	Three rounds of funding were provided between May 2020 and March 2021.	0% interest, no application fee, no closing costs Up to 6-year amortization	One-time funding from a variety of sources including Give2SF Foundation; Ally Bank, CDFI Fund, Northern Trust, and other financial partners.
Latino Small Business Relief Fund	Provides funding to address urgent capital needs for the City's Latino small business community in response to COVID-19. *The program, developed in partnership with MEDA and the City, is no longer active.*	December 2020 – September 2021	0% interest rate, no application fee, no closing costs Up to 6-year amortization	CDFI Rapid Response Program, Northern Trust 2020, and Silicon Valley Bank provided one-time capital for lending.

California Rebuilding Fund	Provides commercial loans to support California's small business owners as they adapt, reopen and recover from the effects of COVID-19. *The program, administered by KIVA, is not currently accepting loan applications.*	Program launched in 2020 and San Francisco partnered to buy down interest and leverage the loan capital in July 2021-Nov 2022.	0%-8.0% interest rates. 36 or 60 months in tenor.	
OCII				
Affordable Housing Loans	Funds gap financing and construction loan closing costs to mostly non-profit developers to build affordable housing projects in Mission Bay, Shipyard/Candlestick Point, and Transbay.	2012 – present (SF Redevelopment Agency and the California Department of Finance authorized OCII as the Successor Agency in 2012)	Non-amortizing. Repaid with residual receipts from cashflow. Interest rate ranging from 0-3%. Terms vary but all loans are for 55 years (in alignment with the state standard) and require the property be utilized as affordable housing for 99 years.	Property tax revenues deposited in the Redevelopment Property Tax Trust Fund (RPTTF) under Redevelopment Dissolution Law; bond proceeds secured by RPTTF; developer fees and other payments. Funding for the program expires once all housing projects designated as enforceable obligations are built.

Source: MOHCD, OEWD, Main Street Launch, MEDA, and OCII

Appendix II. Detailed Funding by City Loan Program

Exhibit 5. Funding Available, Distributed, and Outstanding for the City's Active or Recently Active Loan Programs

Program	Funding Disbursed	Number of Loans Disbursed	Loan Amounts Repaid	Loan Amount Outstanding	Number of Loans Outstanding	Funding Available
MOHCD						
Multifamily Housing Development Loans	$2,560,681,734	1,700	$439,561,454	$2,121,120,280	1,098	$72,000,000 (anticipated for the Small Sites Program)
Preservation and Seismic Safety Loans	$58,044,754	62	$2,758,667	$55,286,087	62	All current funding is committed
Downpayment Assistance Loan Program (DALP)	$93,465,263	640	$29,000,000	$64,465,263	354	$998,221
City Second Loan Program	$49,956,013	722	$12,810,206	$37,145,807	388	$963,817
Teacher Next Door	$2,725,000	109	$338,824	$2,386,176	93	$177,000
Below Market Rate Downpayment Assistance Loan Program (BMR-DALP)	$27,323,400	716	$9,700,000	$17,623,400	498	$927,000
Dream Keeper Downpayment Assistance Loan Program (DK DALP)	$730,285	2	$0	$730,285	2	$9,698,585
Homeowner Emergency Loan Program (HELP)	$173,243	8	$0	$173,243	8	$538,000
MOHCD Subtotal	*$2,793,099,692*	*3,959*	*$494,169,151*	*$2,298,930,541*	*2,503*	*$85,302,623*
OEWD						
Small Business Revolving Loan Fund (SF-RLF)	$1,926,729	41	$1,046,380	$880,349	30	$670,461
Emerging Business Loan Fund (EBLF)	$27,670,930	193	$15,657,990	$12,012,940	122	Unlimited

Program	Funding Disbursed	Number of Loans Disbursed	Loan Amounts Repaid	Loan Amount Outstanding	Number of Loans Outstanding	Funding Available
African American Revolving Loan Fund	$2,329,000	51	$2,284,556	$44,444	1	$2,300,00
SF Hardship Emergency Loan Fund (SF HELP)	$9,468,927	318	$3,757,031	$5,711,896	299	$0
Latino Small Business Relief Fund	$2,459,000	75	$822,771	$1,636,229	72	$0
California Rebuilding Fund	$11,428,796	163	$963,016	$10,465,780	163	$0
OEWD Subtotal	*$55,283,382*	*841*	*$24,531,744*	*$30,751,638*	*687*	*$2,970,461*
OCII						
Affordable Housing Loans	$241,000,000 awarded to projects and $166,000,000 has been disbursed	9	N/A	241,000,000	9	$304,000,000
OCII Subtotal	*$241,000,000*	*9*	*N/A*	*241,000,000*	*9*	*$304,000,000*

Source: MOHCD, OEWD, Main Street Launch, MEDA, Kiva, and OCII
Note: The loan amounts associated with the California Rebuilding Fund reflect the loan funding associated with loans that leverage OEWD funds. According to OEWD staff, the program dispersed over $32 million in loans across San Francisco businesses and $11,428,796 was associated with loans that leveraged OEWD funds for interest buy down.